

Individual tax return instructions supplement 2012

To help you complete the supplementary section of your tax return
1 July 2011 – 30 June 2012



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If you follow our information in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

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If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at ato.gov.au or contact us.

This publication was current at **May 2012**.

DO YOU NEED THIS SUPPLEMENT?

Individual tax return instructions supplement 2012 contains instructions for completing the supplementary section (pages 13–16) of the *Tax return for individuals 2012*. Two copies of the *Tax return for individuals (supplementary section) 2012* are at the back of this publication.

The items in the supplementary section of the tax return are those that our records show are least commonly used by taxpayers.

Check the contents list on the next page. If any of these items apply to you, follow the instructions in this supplement, including those that link the supplementary section of the tax return with the main part of the tax return (pages 1–12). You will need to attach the supplementary section to the main part to lodge your tax return.

Remember, *Individual tax return instructions supplement 2012* is used in conjunction with *Individual tax return instructions 2012*.

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Check the list of questions below to find out if you need to use the *Individual tax return instructions supplement 2012*.

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MORE INFORMATION

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* These questions have a related publication which you must read before you can complete the item on your tax return.

13

Partnerships and trusts

Did you receive or were you entitled to:

- income or a loss from a partnership
- income from a trust (including a managed fund)
- a credit for amounts of tax paid on or amounts withheld from partnership or trust income, or
- a share of the 'national rental affordability scheme' tax offset?

or

did you have an interest in a trust that made a loss from primary production activities?

No to both questions Go to question 14.
Yes to one or both questions Read on.

Answering this question

You need a statement of distribution or advice from the partnership or trustee. If you have not received a statement or advice for any of your trust entitlements, contact your trustee.

You also need *Business and professional items 2012* instructions which contains the *Business and professional items schedule for individuals 2012* (NAT 2816).

➤ **These publications are available at ato.gov.au/instructions2012**

If your partnership distribution or the statement of distribution or advice from your trust includes any of the following amounts, then these should instead be shown at the other items on your tax return as follows:

- show net capital gains from trusts at item **18**, unless instructed otherwise
- show attributed foreign income at item **19**
- show other foreign income at item **20**.

➤ You must go to ato.gov.au/instructions2012 and read question 13 for more information about:

- partnerships and trusts
- claiming franking credits
- income that is not included at this item
- deferred non-commercial business losses
- rules for debt deductions, such as interest and borrowing costs, for a distribution of more than \$250,000, or
- any of the specific steps covered in the question.

Completing your tax return

1

Were you a partner in a partnership that derived income or made a loss?

No Go to step 3.
Yes Read on.

Write at **N** the total of your distributions of primary production income or loss from partnerships. If you have a loss, print **L** in the box at the right of **N**.

2

Write at **O** the total of your distributions of non-primary production income or loss from partnerships. Include your share of any credits for tax withheld (including franking credits from franked dividends) from income the partnerships distributed to you.

If you have a loss, print **L** in the box at the right of **O**.

3

Did you receive or were you entitled to income from a trust, or did you have an interest in a trust that made a loss from primary production activities?

No Go to step 6.
Yes Read on.

Write at **L** the total of your distributions of primary production income or loss from trusts.

If you have a loss, print **L** in the box at the right of **L**.

If you are eligible for primary production income averaging and the trust has reported a loss, but you were otherwise not required to write an amount at this step, write a zero amount at **L**.

- 4** Write at **U** the total of your distributions of non-primary production income or loss from trusts excluding amounts of net capital gains, foreign income and franked distributions (if these amounts are separately shown on your statement of distribution). Make sure you include your share of any credits for tax withheld (including franking credits from franked dividends) from income the trusts distributed to you.

If you have a loss, print **L** in the box at the right of **U**.

- 5** Write at **C** your share of franked distributions from trusts. Also include at **C** any share of franking credits referable to those franked distributions. The franking credits are also shown at label **Q**.

6 **Can you claim deductions for a distribution from a partnership or trust?**

- No** Go to step 13.
- Yes** Read on.

If a trustee incurred eligible expenditure on landcare operations or water facilities, only the trustee, not a beneficiary of the trust, can claim deductions for that expenditure.

Primary production deductions

- 7** If you were a partner in a partnership that incurred eligible expenditure on landcare operations or water facilities, write your share of the total at **I** item **13** on your tax return.

- 8** Write at **X** item **13** the total of other deductions you can claim for your share of:
- primary production income or loss from a partnership, and
 - primary production income of a trust.

- 9** In the **TYPE** box at the right of **X**, print:
- **D** if the entire amount at **X** is a deferred non-commercial business loss from a prior year
 - **P** if only part of the amount at **X** is a deferred non-commercial business loss from a prior year.

Otherwise leave the **TYPE** box blank.

Non-primary production deductions

- 10** If you were a partner in a partnership that incurred eligible expenditure on landcare operations or water facilities, write your share of the total at **J** item **13** on your tax return.

- 11** Write at **Y** item **13** the total of other deductions you can claim for your share of:
- non-primary production income or loss from a partnership, and
 - non-primary production income of a trust, including any deductions relating to franked distributions from trusts.

- 12** In the **TYPE** box at the right of **Y**, print:
- **D** if the entire amount at **Y** is a deferred non-commercial business loss from a prior year
 - **P** if only part of the amount at **Y** is a deferred non-commercial business loss from a prior year.

Otherwise leave the **TYPE** box blank.

Work out net distribution from primary production and non-primary production

13 Net primary production distribution

Add the income amounts or loss amounts you showed at **N** and **L**. From that total take away the amounts at **I** and **X**. Write the answer at item **13**

Net primary production distribution.

If your answer is a loss, print **L** in the **LOSS** box at the right of **Net primary production distribution**.

14 Net non-primary production distribution

Add the income amounts or loss amounts you showed at **O** and **U**. Then add any amount at **C** and take away the amounts at **J** and **Y**. Write the answer at item **13**

Net non-primary production distribution.

If your answer is a loss, print **L** in the **LOSS** box at the right of **Net non-primary production distribution**.

Professional income

If the partnership or trust income you have received or to which you are entitled includes income from activities as an author of a literary, dramatic, musical or artistic work, or as an inventor, performing artist, production associate or active sportsperson, you must also show the amount of this taxable professional income at **Z** item **24**. You will not be taxed twice on this income.

Share of credits from income and tax offsets

15 If the partnership or trust income you have shown at **N**, **L**, **O**, **U** or **C** item **13** on your tax return includes or is attributable to:

- income from which an amount of tax was withheld because an Australian business number was not quoted, write your share of the distributed credit at **P** item **13**
- interest, dividends and unit trust distributions from which tax file number (TFN) amounts have been withheld, write the total of your share of credits for TFN amounts withheld at **R** item **13**

- payments from a closely-held trust from which TFN amounts have been withheld, then write the total of your credits for those amounts withheld at **M** item **13**
- national rental affordability scheme (NRAS) rent, then write your share of the NRAS tax offset at **B** item **13**
- credits for tax paid by a trustee on trust income, then write the total of your share of credits for tax paid by a trustee at **S** item **13**
- income that
 - you received when you were an Australian resident from which an amount of tax was withheld because of the imposition of non-resident withholding tax or managed investment trust withholding tax, or
 - you derived as a foreign resident from which an amount of tax was withheld because of the operation of the foreign resident withholding rules
 then write the total amount of these credits for amounts withheld at **A** item **13**.

Franking credits

16 Write at **Q** item **13** the amount of your share of franking credits you are entitled to claim as a tax offset through a partnership or trust.

17 You will need to complete a schedule of additional information if you were:

- an Australian resident in receipt of, or entitled to receive, Australian source income from a non-resident trust
- under a legal disability
- a foreign resident.

To do this, go to ato.gov.au/instructions2012 and read question 13 for further instructions.

14

Personal services income

Are you a sole trader?

No Go to question 15.

Yes Read on.

Did you receive income for personal services you provided as a sole trader?

Personal services income is income that is mainly a reward for an individual's **personal efforts or skills**.

This includes personal services income you received:

- under a pay as you go (PAYG) voluntary agreement
- under a labour hire arrangement as an independent contractor
- under a contract which is wholly or principally for your labour or services
- from which an amount was withheld because you did not quote your Australian business number (ABN)
- as a professional practitioner in a sole practice
- as a professional sportsperson or entertainer for sports or entertainment activities
- from the exercise of professional expertise as a consultant.

Your personal services income also includes payments (called **specified payments**) that you received for:

- providing tutorial services for the Indigenous Tutorial Assistance Scheme of the Department of Education, Employment and Workplace Relations
- providing translation and interpretation services for the Translating and Interpreting Service National of the Department of Immigration and Citizenship
- performing as a performing artist in a promotional activity.

Personal services income is **not** income you received:

- as an employee
- for supplying or selling goods (from retailing, wholesaling or manufacturing)
- generated by an income-producing asset (for example, from operating a bulldozer)
- for granting a right to use property (for example, the copyright to a computer program)
- generated by a business structure (for example, a large accounting firm).

No Go to question 15.

Yes Read on.

Answering this question

You must read the publication *Business and professional items 2012* instructions before you can complete this item. You may also need the *Personal services business self assessment checklist*. These publications are available at ato.gov.au/instructions2012

Completing your tax return

- 1 You must complete the *Business and professional items schedule for individuals 2012* and attach it to page 3 of your tax return.
- 2 If you received personal services income from which tax was withheld, complete the *Individual PAYG payment summary schedule 2012*.

3

Did you write an amount at A item P1 on your *Business and professional items schedule for individuals 2012*?

No Go to question 15.

Yes Read on.

4 Transfer the net personal services income or loss that you show at **A** item **P1** on your *Business and professional items schedule for individuals 2012* to **A** item **14** of your tax return.

If you made a loss, print **L** in the **LOSS** box at **A**.

5 Did you show an amount at **M, N** or **O** item **P1** on your *Business and professional items schedule for individuals 2012*?

No Go to question 15.

Yes Read on.

6 Did you have amounts of tax withheld under a pay as you go (PAYG) voluntary agreement?

No Go to step 8.

Yes Read on.

7 Add up all the amounts on your *Individual PAYG payment summary schedule 2012* at the **Tax withheld** boxes with a **V** in the **TYPE** box. These amounts must relate to the payments you show at **M** item **P1** on your *Business and professional items schedule for individuals 2012*.

Write the total at **G** item **14**.

8 Did you have amounts of tax withheld because you did not quote your ABN?

No Go to step 10.

Yes Read on.

9 Add up all the amounts on your *Individual PAYG payment summary schedule 2012* at the **Tax withheld** boxes with an **N** in the **TYPE** box. These amounts must relate to the payments you show at **N** item **P1** on your *Business and professional items schedule for individuals 2012*.

Write the total at **H** item **14**.

10 Did you have amounts of tax withheld because you received personal services income from:

- working under a labour hire arrangement, or
- a specified payment?

No Go to question 15.

Yes Read on.

11 Add up all the amounts on your *Individual PAYG payment summary schedule 2012* at the **Tax withheld** boxes with an **S** in the **TYPE** box. These amounts must relate to the payments you show at **O** item **P1** on your *Business and professional items schedule for individuals 2012*.

Write the total at **J** item **14**.

15

Net income or loss from business

Did you derive income or incur a loss from any business?

This question covers:

- income from being a sole trader
- income or a loss from a primary production business (For information about what is a primary production business, go to ato.gov.au/instructions2012 and read question 15.)
- income under a pay as you go (PAYG) voluntary agreement
- income from which an amount was withheld because you did not quote your Australian business number (ABN)
- income you derived as a foreign resident from which an amount was withheld because it was subject to foreign resident withholding
- income of an independent contractor working under a labour hire arrangement
- income from the following specified payments
 - payment for tutorial services provided for the Indigenous Tutorial Assistance Scheme of the Department of Education, Employment and Workplace Relations
 - payment for translation and interpretation services provided for the Translating and Interpreting Service National of the Department of Immigration and Citizenship
 - income as a performing artist in a promotional activity
- any other business income.

Do not show at this item personal services income included at item **14**.

No Go to question **16**.

Yes Read on.

Answering this question

You must read the *Business and professional items 2012* instructions and complete the *Business and professional items schedule for individuals 2012* (NAT 2816).

- You may also need:
 - *Information for primary producers 2012* (NAT 1712)
 - *Individual PAYG payment summary schedule 2012* (NAT 3647).

To get a copy of these publications and for details of other publications which may help you to complete this item, go to ato.gov.au/instructions2012

Completing your tax return

1 Complete the *Business and professional items schedule for individuals 2012* and attach it to page 3 of your tax return.

2 Did you receive business income from which tax was withheld?

No Go to step 3.

Yes Complete the *Individual PAYG payment summary schedule 2012* and attach it to page 3 of your tax return. Go to step 3.

3 Did you derive income or incur a loss from a primary production business?

No Go to step 4.

Yes Read on.

Transfer your net income or loss from a primary production business shown at **Y** item **P8** on your *Business and professional items schedule for individuals 2012* to **B** item **15** on your tax return.

If you made a loss, print **L** in the **LOSS** box at the right of **B** item **15**.

4 Did you derive income or incur a loss from any non-primary production business?

- No Go to step 5.
- Yes Read on.

Transfer your net income or loss from a non primary production business shown at **Z** item **P8** on your *Business and professional items schedule for individuals 2012* to **C** item **15** on your tax return.

If you made a loss, print **L** in the **LOSS** box at the right of **C**.

5 Do you show income from which tax was withheld at the **INCOME** items **A, B, C, D, E, F, N** or **O** at **P8** on the *Business and professional items schedule for individuals 2012*?

- No You have now finished this item. Go to question **16**.
- Yes Go to step 6.

6 Did you have tax withheld under a pay as you go (PAYG) voluntary agreement?

- No Go to step 7.
- Yes Read on.

Add up all the amounts shown in the **Tax withheld** boxes on your *Individual PAYG payment summary schedule 2012* where you have printed **V** in the **Type** box.

These amounts must correspond with the payments shown at **E** and **F** item **P8** on the *Business and professional items schedule for individuals 2012*.

Write this total at **D** item **15**.

7 Did you have tax withheld because you did not quote your Australian business number (ABN)?

- No Go to step 8.
- Yes Read on.

Add up all the amounts on your *Individual PAYG payment summary schedule 2012* shown in the **Tax withheld** boxes where you have printed **N** in the **Type** box.

These amounts must correspond with the payments shown at **C** and **D** item **P8** on the *Business and professional items schedule for individuals 2012*.

Write this total at **W** item **15**.

8 Did you have tax withheld because your income was subject to foreign resident withholding?

- No Go to step 9.
- Yes Read on.

Add up all the amounts on your *Individual PAYG payment summary schedule 2012* shown in the **Tax withheld** boxes where you have printed **F** in the **Type** box.

These amounts must correspond with the payments shown at **A** and **B** item **P8** on the *Business and professional items schedule for individuals 2012*.

Write this amount at **E** item **15**.

9

Did you have tax withheld because you received:

- income from working under a labour hire arrangement, or
- a specified payment?

No You have now finished this item.
Go to question 16.

Yes Read on.

Add up all the amounts on your *Individual PAYG payment summary schedule 2012* shown in the **Tax withheld** boxes where you have printed **S** in the **Type** box.

These amounts must correspond with the payments shown at **N** and **O** item **P8** on the *Business and professional items schedule for individuals 2012*.

Write this amount at **F** item 15.

16

Deferred 'non-commercial' business losses

'Non-commercial' losses are business losses that you cannot claim against other income this year. The losses must be deferred until next year, when you can claim them against any income that you generate from a business activity. You may be able to claim the losses against other income next year, depending on how the non-commercial loss rules apply to you then.

Did you conduct a business activity:

- as a sole trader that resulted in a loss, or
- as a partner in a partnership that resulted in a loss after deducting your expenses?

No Go to question 17.

Yes Read on.

Answering this question

You must read *Business and professional items 2012* instructions to answer this question. This publication is available at ato.gov.au/instructions2012

Completing your tax return

- 1 Complete the *Business and professional items schedule for individuals 2012*. You must attach it to page 3 of your tax return, then print **X** in the **Yes** box at *Taxpayer's declaration* question **2b** on page 12 of your tax return.

2

Were you a partner in a partnership that resulted in a loss after deducting your expenses?

No Go to step 5.

Yes Read on.

- 3 Write at **F** item **16** your total net losses (from business activities that you carried on in partnership with others) that are to be deferred.
- 4 Check that you included the amount that you wrote at **F** item **16** in your calculation when you worked out your net distribution at item **13** and **20**.
Otherwise, you will have overstated your taxable income.
- 5 Write at **G** item **16** your total net losses (from your business activities as a sole trader) that are to be deferred.
- 6 Check that you included the amount that you wrote at **G** item **16** in your calculation when you worked out your net income or loss at item **14**, **15** and **20**.
Otherwise, you will have overstated your taxable income.
- 7 Add up the amounts of **primary production** deferred losses at **F** and **G** item **16**. Write the total of primary production deferred losses at **I** item **16**.
- 8 Add up the amounts of **non-primary production** deferred losses at **F** and **G** item **16**. Write the total of non-primary production deferred losses at **J** item **16**.

17

Net farm management deposits or repayments

Did you make farm management deposits (FMDs) or receive repayments from your FMD Scheme account during 2011–12?

- No** Go to question **18**.
Yes Read on.

The law about FMDs has changed.

Before you complete this item you must:

- have your account statement from your FMD provider
- read *Information for primary producers 2012* (NAT 1712)
- read *Farm management deposits scheme* (NAT 8776).

➤ You must go to ato.gov.au/instructions2012 and read question 17 to complete this question.

Completing your tax return

- 1 Add up the deductible deposits you made.
Write the total at **D** item **17**.
- 2 Add up early repayments that qualify for the exceptional circumstances exemption.
Write the total at **C**.
- 3 Add up early repayments that qualify for the natural disaster exemption.
Write the total at **N**.
- 4 Add up FMDs you withdrew which you had held for 12 months or more.
Write the total at **R**.
- 5 Add up the amounts you showed at **C**, **N** and **R**, and take away the amount you showed at **D**.
Write the answer at **E**. If the amount is negative, print **L** in the **LOSS** box at **E**.

18

Capital gains

You will have had a **capital gains tax (CGT) event** during 2011–12 if you sold or gave away an asset or your asset was lost or destroyed. CGT assets include:

- real estate, such as a holiday home, investment property or vacant block of land
- shares
- units in a managed investment fund or unit trust
- collectables, for example, antiques and items of jewellery
- personal use assets (those used or kept mainly for personal use or enjoyment).

You may have also made a capital gain for 2011–12 if you were a beneficiary of, or had money invested in, a trust (including a managed investment fund) in 2011–12 and the trust made a capital gain during the year.

Generally speaking, you **disregard** a capital gain or capital loss on:

- an asset you acquired before 20 September 1985
- cars, motorcycles and similar vehicles
- your main residence
- a collectable you acquired for \$500 or less.

Disregard any:

- capital gain on a personal use asset you acquired for \$10,000 or less, and
- capital loss on a personal use asset, regardless of the asset's cost.

Did you have a capital gains tax event during the year?

Answer 'No' if you disregarded all of your capital gains and losses for the year.

- No** Go to step 6 to find out how to complete this item.
- Yes** Print **X** in the **YES** box at **G** item **18** and read on.

Did this CGT event relate to a forestry managed investment scheme interest that you held other than as an initial participant?

- No** Print **X** in the **NO** box at **Q** item **18** and read on.
- Yes** You must complete the *Capital gains tax (CGT) schedule 2012* (NAT 3423). Go to ato.gov.au/instructions2012 to get a copy of this schedule, then print **X** in the **YES** box at **Q** item **18** and read on.

Answering this question

You will need:

- details of any unapplied net capital losses from earlier years (the amount at **V** at the capital gains item on last year's tax return)
- documents showing the date you acquired the asset, the date of the CGT event, and the expenditure you incurred to acquire, hold and dispose of the asset
- distribution statements from any managed funds you invested in with net capital gains in 2011–12.

Do not show at this item a 'listed investment company capital gain amount' included in a dividend paid by a listed investment company. (This amount is taken into account in item **11** and item **D8**).

You must read one or more of the following publications to complete this question:

- *Introduction to capital gains*.
- *Personal investors guide to capital gains tax 2012*, which covers distributions of capital gains from managed funds and, the sale, gift or other disposal of shares in a company and units in a managed fund.
- *Guide to capital gains tax 2012*, which has a list of all CGT events and covers CGT issues such as the sale of real estate, collectables, personal use assets, forestry managed scheme interests, shares and units.
- *Capital gains tax (CGT) concessions for small business – overview*.

➤ These publications are available at ato.gov.au/instructions2012

Completing your tax return

- 1 You must go to ato.gov.au/instructions2012 and read the publication that is relevant to your circumstances.
- 2 Work out the amount of your capital gain or capital loss for each CGT event that occurred, and the amount of your capital gains from a trust for the 2011–12 income year.
- 3 Add up all your capital gains for the 2011–12 income year (except those that are disregarded) to work out your total current year capital gains. Do not apply capital losses, any CGT discounts or the small business concessions (other than the 15-year exemption) yet.

Write this amount at **H** item **18**.

- 4 Work out your net capital gain or net capital loss. This is the amount remaining after applying to your current year capital gains whichever of the following items are relevant to you (in the order listed):
 - capital losses from this year
 - unapplied net capital losses from earlier years
 - any CGT discounts
 - the small business 50% active asset reduction
 - the small business retirement exemption or rollover.

If you have capital losses to apply, you will find it to your advantage to apply them first to any capital gains that do not qualify for the CGT discount.

You can only use capital losses from collectables to reduce capital gains from collectables. You must disregard capital losses from personal use assets.

- 5 If the total amount remaining is positive or zero, write it at **A** item **18**. You have now finished this question, go to question **19**.

If you have a negative amount, **do not put anything at A**. You have net capital losses to carry forward to later income years.

Write the amount at **V** item **18**. You have now finished this question. Go to question **19**.

- 6 Print **X** in the **NO** box at **G** item **18** if:
 - you did not have a capital gain or capital loss, or
 - all of your capital gains or capital losses were disregarded.

Read on.

7 Did you have any unapplied net capital losses from earlier years?

You can use net capital losses from earlier years that you have not yet used to reduce a capital gain in later years.

No Go to question **19**.

Yes You have net capital losses from earlier years that are carried forward to later income years.

Write the amount at **V** item **18**.

19

Foreign entities

Are you an Australian resident who:

- had an interest in a foreign company over which you have some control, or
- has ever transferred, or caused the transfer of, property (including money) or services to a non-resident trust?

No Go to question 20.

Yes Read on.

Answering this question

To complete this item you must read the *Foreign income return form guide* (NAT 1840), go to ato.gov.au and search for 'Foreign income return form guide'.

Completing your tax return

1 Read chapter 1 of the *Foreign income return form guide*.

2 Did you have either a direct or indirect interest in a controlled foreign company (CFC)?

No Print **X** in the **NO** box at I item 19. Go to step 5.

Yes Read on.

3 Did you, alone or with associates:

- have direct or indirect controlling interests totalling 10% or more in a foreign company, or
- have effective control of a foreign company?

No Print **X** in the **NO** box at I item 19. Go to step 5.

Yes Print **X** in the **YES** box at I item 19. Read on.

4 Work out your attributed foreign income from these foreign companies and write the amount at **K**.

5 Read chapter 2 of the *Foreign income return form guide*.

6 Did you ever, directly or indirectly, transfer or cause the transfer of property (including money) or services to a non-resident trust?

No Print **X** in the **NO** box at **W**. Go to question 20.

Yes Print **X** in the **YES** box at **W**. Read on.

7 Work out your attributed foreign income from transferor trusts and write the amount at **B**.

8 On a separate sheet of paper, print:
■ SCHEDULE OF ADDITIONAL INFORMATION:
ITEM 19

■ your name, address and tax file number

■ the name of the non-resident trust and its trustees

■ the amount of any attributable income in relation to the trust.

Attach your schedule to page 3 of your tax return.

20

Foreign source income and foreign assets or property

Did you:

- receive income from foreign employment
- receive a foreign pension or annuity
- receive a lump sum payment from a foreign superannuation fund
- transfer money from a foreign superannuation fund to an Australian superannuation fund
- receive any other foreign source income including interest, dividends, royalties or rent
- at any time during 2011–12, own or have an interest in assets located outside Australia that had a total value of A\$50,000 or more?

You can receive income even if it is held overseas for you.

No Go to question 21.

Yes Read on.

Answering this question

You will need:

- Foreign tax assessments, *PAYG payment summary – foreign employment*
- Distribution advices from foreign companies, partnerships and trusts
- Details of any expenses you incurred in earning your foreign income

All foreign income, deductions and foreign tax paid must be converted to Australian dollars before you complete this item. You can go to ato.gov.au/instructions2012 and use the Foreign income conversion calculator.

You must include on your tax return your foreign employment income that is exempt from tax. This is taken into account in working out the amount of tax you have to pay on your other income. However, you do not include foreign employment income that is exempt because of:

- a privileges and immunities agreement or a law covering persons connected with international organisations
- specific exemptions for the pay and allowances of members of the Australian Defence Force, related to qualifying service in a declared operational area.

If you need to work out whether your foreign employment income is exempt from tax, go to ato.gov.au and search for:

- 'Exempt foreign employment income'
- 'Foreign income while working on an approved overseas project'.

Australian residents

If you received income from overseas, you must show your assessable foreign income here, even if tax was taken out in the country from which the income came.

If you received a lump sum payment from a foreign superannuation fund, phone **13 10 20**. Some of these payments are taxable and some are exempt from Australian tax.

Temporary resident

If you were a temporary resident, show only income that you earned from foreign employment while a temporary resident.

Completing your tax return

Did you receive a *PAYG payment summary – foreign employment*?

No Go to part A.

Yes Read on.

- 1 Add all the 'Gross payments' from each payment summary.
- 2 Add all the deductible expenses you incurred in earning your foreign employment income step 1. You would have included these deductible expenses at items **D1** to **D5**.
- 3 Take the total deductible expenses from step 2 away from the total gross payments from step 1.
Write the answer at **U** item **20**.
If the answer is a negative amount, print **L** in the **LOSS** box at the right of **U** item **20**.
If you received no other foreign income, go to part G. Otherwise, read on.

Part A

Did you receive income from foreign employment that was not shown on a *PAYG* payment summary – foreign employment?

- No** Go to part B.
Yes Read on.

- 1 Add up all your foreign employment income that is exempt from tax.
Take away any expenses you incurred earning that income.
Write the answer at **N** item **20**. If the answer is a negative amount, write **0**.
- 2 Add up all your gross foreign employment income that is assessable. Include any foreign tax that was taken out.
- 3 Add up any deductible expenses that you incurred in earning the foreign employment income.
The types of expenses you may be able to deduct against your foreign employment income are explained at questions **D1** to **D5** on pages 25–31, but do not claim these expenses at **D1** to **D5**.
Do not include any interest or borrowing costs.

- 4 Take the amount you worked out at step 3 away from the amount you worked out at step 2.
Write the answer at **T** item **20**.
If the answer is a negative amount, print **L** in the **Loss** box at the right of **T** item **20**.
If you received no other foreign income, go to part E. Otherwise read on.

Part B

Did you receive a foreign pension or annuity?

- No** Go to part C.
Yes Read on.

- 1 Add the amount of any foreign tax withheld to the amount of foreign pension or annuity you received.
- 2 Sort your foreign pensions and annuities into those with an undeducted purchase price (UPP) and those without a UPP.
- 3 Add up all foreign pensions and annuities **without** a UPP.
Add up any deductible expenses you incurred in gaining these foreign pensions and annuities. Do not include any interest or borrowing costs.
Take the deductions away from the amount of the foreign pensions and annuities.
Write the answer at **L** item **20**.
If the answer is a negative amount, print **L** in the **LOSS** box at the right of **L** item **20**.

4 Add up all foreign pensions and annuities with a UPP.

Add up any deductible expenses you incurred in gaining these foreign pensions and annuities. Do not include any interest or borrowing costs.

Take the deductions away from the amount of the foreign pensions and annuities.

Write the answer at **D** item **20**.

If the answer is a negative amount, print **L** in the **LOSS** box at the right of **D** item **20**.

If you received no other foreign income, go to part E. Otherwise, read on.

Part C

Did you receive any foreign rental income?

No Go to part D.

Yes Read on.

1 Add up your foreign rental income. Include any foreign tax that was withheld from it.

2 Add up all the deductible expenses that you incurred in relation to your foreign rental income.

3 Take the amount you worked out at step 2 away from the amount you worked out at step 1.

Write the answer at **R** item **20**.

If the answer is a negative amount, print **L** in the **LOSS** box at the right of **R** item **20**.

If you received no other foreign income, go to part E. Otherwise, read on.

Part D

Did you receive any other foreign source income, including:

- assessable foreign superannuation lump sums not included at item **4**
- interest, royalties or dividends
- income from carrying on a business wholly or partly overseas
- any other foreign income?

If you received a payment on termination of your foreign employment that you did not show at item **4**, include the payment at this item.

Include dividends you received from a New Zealand company, including any:

- non-share dividends
- supplementary dividends
- dividends you received or became entitled to during 2011–12 through a partnership or a trust.

Do not include any Australian franking credits from a New Zealand company that you received directly, or indirectly, through a trust or partnership. Show these amounts at part F.

No Go to part E.

Yes Read on.

1 Add up all of the assessable foreign income, including foreign tax withheld on that income, that you have not already shown on your tax return.

2 Add up all the deductible expenses that you incurred in earning the foreign income at step 1.

Do not include any interest and borrowing costs unless they related to income earned through a permanent establishment in an overseas country.

3 Take the amount at step 2 away from the amount at step 1.

4 Write the total at **M** item **20**.

If the answer is a negative amount, print **L** in the **LOSS** box at the right of **M** item **20**.

Part E

Working out your assessable foreign source income

- 1 Add up the amounts you showed at **T**, **L**, **D**, **R** and **M** at item **20** on your tax return.
- 2 Add up the deductions that you took into account in working out the amounts you showed at **T**, **L**, **D**, **R** and **M** at item **20**.
- 3 Add the amount you worked out at step 1 to the amount you worked out at step 2.

Write the total at **E** item **20**.

Make sure the amount you have shown at **E** does not include any exempt foreign income or income shown on a *PAYG payment summary – foreign employment*.

If you have Australian franking credits from New Zealand companies, go to part F. Otherwise, go to part G.

Part F

Working out your Australian franking credits from a New Zealand company

- 1 Add up all amounts of Australian franking credits from a New Zealand company that you are entitled to:
 - by way of franked dividends or franked non-share dividends paid to you by the company, or
 - indirectly through a trust or partnership.

Do not include New Zealand imputation credits.

In certain circumstances you may have to reduce your Australian franking credits from a New Zealand company where the company paid a supplementary dividend in connection with the franked dividend. You must go to ato.gov.au/instructions2012 and read question 20 before completing step 2.

- 2 Write the total at **F** item **20**.

Part G

Working out your foreign income tax offset

The *Guide to foreign income tax offset rules* (NAT 72923) explains how to work out your foreign income tax offset.

You must read this publication before completing part G if:

- you are claiming a tax offset of more than \$1,000 for foreign tax paid, or
- the amount of foreign tax you have paid relates to an amount that differs from the amount included in your assessable income. For example, where you have both capital losses and foreign capital gains, the net capital gain included in your assessable income will be less than the foreign capital gain on which you paid foreign tax.

In certain circumstances a credit in the form of a foreign income tax offset may also be allowed against your liability to pay the flood levy. This may apply if foreign tax was paid in a country which has a tax treaty with Australia. Read the *Guide to foreign income tax offset rules* to work out if you are eligible.

If you think you are eligible for this credit, or you showed exempt foreign employment income at **N** item **20**, you must complete a schedule of additional information. Go to ato.gov.au/instructions2012 and read question 20 to find out how to complete the schedule, then read on.

If you showed exempt foreign employment income at **N** item **20**, go to part H. Otherwise, read on.

1

Did the total amount of foreign tax you paid during 2011–12 exceed \$1,000?

- No** Write the total of foreign tax paid at **O** item **20**. Show cents. Go to part H.
- Yes** Read on.

21

Rent

- 2 If the total amount of foreign tax you paid during 2011–12 is greater than \$1,000 you can either:
- simply claim \$1,000 by printing \$1,000 at **O** item 20, or
 - work out the full amount of foreign income tax offset that you are entitled to claim and then complete **O** item 20. You must read the *Guide to foreign income tax offset rules* to work this out.

Part H

At any time during 2011–12, did you own or have an interest in assets located outside Australia that had a total value of A\$50,000 or more?

Assets include real estate, shares in companies, bonds, interests in partnerships or trusts, funds held in accounts or by other parties, and loans to other parties.

If all the assets you held overseas are covered under question 19, your answer to this question is **No**.

No Print **X** in the **NO** box at **P** item 20. You have now finished this question. Go to question 21.

Yes Read on.

Determine the value of all your overseas assets and whether or not you received any income from those assets during 2011–12. Use:

- the historical cost or market value, whichever is greater
- the exchange rate at 30 June 2012 to convert the value of the assets to Australian dollars or, if you disposed of the assets during the year, the exchange rate at the time of disposal.

Print **X** in the **YES** box at **P** item 20 if the value of your overseas assets was A\$50,000 or more.

You have now finished this question. Go to question 21.

Did you earn rental income or was your property available for rent?

No Go to question 22.

Yes Read on.

Do not include rental income from properties located outside Australia.

Answering this question

You must read the publication *Rental properties 2012* (NAT 1729) to work out the amounts you include at this item. To get a copy of this publication, go to ato.gov.au/instructions2012

You may also need the following publications:

- *Guide to depreciating assets 2012* (NAT 1996)
- *Deductions for prepaid expenses 2012* (NAT 4170)

You will need details of:

- all rental income earned
- interest charged on money you borrowed for the rental property
- other expenses relating to your rental property
- any expenditure on capital works to your rental property.

If you derived rent from a jointly held property, show only your share of the rent and expenses at this item.

22

Bonuses from life insurance companies and friendly societies

Completing your tax return

- 1 You must read *Rental properties 2012* to work out the amounts you show at this item.
- 2 Write your share of the total amount of gross rent at **P** item **21**.
- 3 Write your share of the interest expenses that can be claimed as a deduction at **Q**.
- 4 Write your share of the capital works deductions that can be claimed as a deduction at **F**.
- 5 Write your share of the other rental expenses that can be claimed as a deduction (except any low-value pool deduction) at **U**.
- 6 Add up the amounts at **Q**, **F** and **U**. Take away the total from the amount at **P**.

Write this amount at **Net rent**.

If you have made a rental loss, print **L** in the **LOSS** box at **Net rent**.

Did you receive a bonus because your life insurance policy or friendly society insurance bond:

- matured, or
- was terminated, forfeited, or surrendered in full or in part?

No Go to question **23**.

Yes Read on.

Answering this question

Show a bonus amount at this item if **all** the following conditions apply:

- You received the bonus amount or directed how it is to be dealt with, within 10 years from when the policy started.
- Your life insurance policy or friendly society insurance bond matured, was partly or fully terminated, forfeited, or surrendered.
- The bonus amount was in addition to the premiums you paid to the life insurance company or friendly society.

Do not show:

- bonus amounts received after the 10th year of the policy
- benefits you received from a friendly society that are bonuses from income bonds
- life insurance bonuses from policies that
 - you started before 28 August 1982
 - matured due to the death of the person insured
 - you surrendered due to an accident, illness or other disability of the person insured
 - you surrendered due to severe financial hardship, or
 - are retirement savings accounts.

22 Bonuses from life insurance companies and friendly societies

- You must go to **ato.gov.au/instructions2012** and read question 22 if you:
- received a bonus from a policy that started on or after 28 August 1982 and before 8 December 1983
 - increased the amount of your premiums by more than 25% during the term of the policy.

You will need your:

- life insurance policy and bonus advice
- friendly society policy and bonus advice.

Completing your tax return

- 1 Write at **W** item 22:
- the whole bonus amount you received in 2011–12 if you received it during the first eight years of the policy
 - two-thirds of the bonus amount you received in 2011–12 if you received it during the ninth year of the policy, or
 - one-third of the bonus amount you received in 2011–12 if you received it during the 10th year of the policy.

Do not include any bonus amount received after the 10th year of the policy.

You will get a tax offset equal to 30% of the amount you show at this item. We will work out this tax offset for you.

23

Forestry managed investment scheme income

Did you receive income from a forestry managed investment scheme (FMIS)?

- No** Go to question 24.
Yes Read on.

Answering this question

- You must go to **ato.gov.au/instructions2012** to complete this question.

Completing your tax return

- 1 Go to **ato.gov.au/instructions2012** and read question 23 to work out the total amount of your forestry managed investment scheme income.
- 2 Write the amount at **A** item 23.

24

Other income

Did you receive any other income?

Other income includes:

Category 1 income

- lump sum payments in arrears, except for those relating to superannuation income streams
- foreign exchange gains
- benefits or prizes from investment-related lotteries and some game-show winnings
- reimbursement or recoupment of tax-related expenses or election expenses which you are claiming as a deduction
- any assessable balancing adjustment when you stop holding a depreciating asset for which you have claimed a deduction for depreciation or decline in value in previous years
- a gain on the disposal or the redemption of traditional securities
- work-in-progress amounts that you have not included at item **15**.

Category 2 income

- jury attendance fees
- royalties
- bonus amounts distributed from friendly society income bonds
- taxable scholarships, bursaries, grants or other educational awards
- income from activities as a special professional
- payments made to you under an income protection, sickness or accident insurance policy where the premiums were deductible and the payments replaced income, that you have not already shown at item **1** or **2**
- interest from infrastructure borrowings if you intend to claim a tax offset at item **T14**
- allowances or payments you received as a member of a local government council that you have not shown at item **1** or **2**
- other taxable allowances or payments you received from Centrelink that you have not shown at item **5** or **6**

- an amount released by one or more of your superannuation funds greater than the excess contributions tax liability stated on the release authority
- any other amount of income not already shown on your tax return.

For an explanation of some of these types of income, see **Answering this question** below.

➤ Go to ato.gov.au/instructions2012 and read question 24 if you have income not listed here that you are unsure about.

No Go to **Total supplement income or loss**.
Yes Read on.

Answering this question

Lump sum payments in arrears

These payments relate to earlier income years. They appear at **E** on your:

- *PAYG payment summary – individual non-business*, or
- *PAYG payment summary – foreign employment*.

You need to provide additional information.

➤ You must go to ato.gov.au/instructions2012 and read question 24.

Jury attendance fees

Show here jury attendance fees you received. Do not include:

- attendance fees if you had to pay the fees to your employer because you received your normal income while on jury duty
- any travel and meal allowances you have already shown on your tax return.

Foreign exchange gains

Show here any foreign exchange gains you have not already shown at item **15** or **20**.

Royalties

If you were an Australian resident for tax purposes in 2011–12, show here income from royalties you have not already shown at item **15** or **20**.

Bonus amounts distributed from friendly societies

Show here bonus amounts distributed from a friendly society income bond. Your friendly society income bond distribution statement will advise you of the amount to report.

Taxable scholarships, bursaries, grants and other educational awards

Show here income from a scholarship, bursary, grant or other award that you have to pay tax on, unless you have already shown it at item **1**, **2** or **15**. If you are not sure about a payment, contact the organisation that paid you.

Benefits or prizes from investment-related lotteries and some game-show winnings

Show here the value of benefits or prizes you received from an investment-related lottery offered by an investment body such as a bank, building society or credit union. Prizes may include cash, low-interest or interest-free loans, holidays or cars.

Do not include prizes won in ordinary lotteries, for example, lotto draws, caskets and raffles. Do not include prizes won in game shows unless you regularly receive appearance fees or game-show winnings.

Income from activities as a special professional

If you are a special professional, you must show here your taxable professional income.

A special professional is an author of a literary, dramatic, musical or artistic work, an inventor, a performing artist, a production associate or an active sportsperson.

Amounts you have already included at item **1**, **2**, **13**, **14** or **15** may also have to be shown here. You will not be taxed twice on these amounts.

You must read *Income averaging for special professionals 2012* (NAT 2475) available at ato.gov.au/instructions2012 before you complete this item.

Reimbursements of election and tax-related expenses

Show here:

- reimbursement of election expenses for which you are claiming a deduction
- refund of tax-related expenses for which you are claiming a deduction
- any remission of an ATO interest or underestimation charge. Go to ato.gov.au/instructions2012 and read question 24 for more information.

Assessable balancing adjustment

Show here the assessable balancing adjustment when you stop holding a depreciating asset for which you have claimed a deduction for decline in value in previous years. The publication *Guide to depreciating assets 2012* explains how to make these calculations. Go to ato.gov.au/instructions2012 to get a copy of this publication.

Gains derived on disposal or redemption of traditional securities

Show here gains you made when you disposed of or redeemed traditional securities.

For more information, see the section on **Sale or disposal of company bonds and convertible notes** in *You and your shares 2012* (NAT 2632).

Completing your tax return

- 1 Print a description in the relevant **Type of income** category box at item **24**.

If you received more than one type of either category of income, you will need to provide additional information. Go to ato.gov.au/instructions2012 and read question 24 to find out how to complete this item.

- 2 If you received lump sum payments in arrears, write the amount of any tax withheld from these payments at **E**. Do not show here any tax withheld that you show elsewhere on your tax return.
- 3 If you are a special professional, write the taxable professional income you received at **Z**. We take this amount into account for income averaging.

- 4 Add up your category 1 income and write the total at **Y**.
- 5 Add up your category 2 income. Include the amount you show at **Z** (but do not include amounts you have shown at item **1, 2, 13, 14** or **15**) and write this total at **V**.

Total supplement income or loss

Completing your tax return

- 1 Add up all the income amounts in the right-hand column of items **13** to **24** on your tax return. Include any primary production and non-primary production deferred non-commercial business losses added back at item **16**.
- 2 Add up all the loss amounts, if any, in the right-hand column of items **13, 14, 15, 17, 20** and **21**.
- 3 Take away the amount you worked out at step 2 from the total income amount you worked out at step 1.
- 4 Write your answer from step 3 at **TOTAL SUPPLEMENT INCOME OR LOSS** on page 15 of your tax return. If you made an overall loss, print **L** in the **LOSS** box at the right of **TOTAL SUPPLEMENT INCOME OR LOSS**.
- 5 Transfer the amount you wrote at **TOTAL SUPPLEMENT INCOME OR LOSS** to **I** on page 3 of your tax return. If the amount is a loss, print **L** in the **LOSS** box at the right of the amount.

D11

Deductible amount of undeducted purchase price 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 **D12**.
Yes Read on.

Answering this question

To claim this deduction you must show income from a foreign pension or annuity at **D** item **20** (on the supplementary section of your tax return).

The UPP is the amount you contributed towards your pension or annuity. Only some foreign pensions and annuities have a UPP.

If you need information about pensions from particular countries, go to ato.gov.au/instructions2012 and read question D11.

Completing your tax return

- 1 If you already know the deductible amount, go to step 2.
 Otherwise, you must go to ato.gov.au/instructions2012 and read question D11 to work out the deductible amount.
- 2 Write the deductible amount at **Y** item **D11**.

D12

Personal superannuation contributions

Did you make personal superannuation contributions to a complying superannuation fund or a retirement savings account (RSA)?

- No** Go to question **D13**.
Yes You may be able to claim a deduction. Read on.

Answering this question

You may claim a deduction for personal contributions you made to your complying superannuation fund or RSA if:

- you gave them a valid notice to tell them how much you intend to claim as a deduction
- your fund or RSA acknowledged your notice
- either of the following applied to you
 - you were fully self-employed and not working under a contract principally for your labour
 - the salary, wages and other remuneration, which you received in return for your personal labour or skills, make up less than 10% of the sum of the following:
 - your reportable employer superannuation contributions (shown at item **IT2**)
 - your total reportable fringe benefits amounts (shown at item **IT1**)
 - your assessable income.

Your assessable income is the amount you wrote at **Total income or loss** on page 3 of your tax return unless:

- you had a distribution from a partnership or trust, income or losses from rent or business (including personal services income), capital gains or capital losses or foreign source income
- you claimed a deductible amount for a foreign pension or annuity at item **D11** on your tax return, or
- you have a deductible farm management deposit amount at item **17** label **D**.

In any of these cases, phone **13 10 20** for help to work out your assessable income.

Generally, you cannot claim a deduction for personal superannuation contributions if:

- you made the contributions after you turned 75 years old
- you were under 18 years old on 30 June 2012 and you were not carrying on a business and did not receive remuneration for your personal labour or skills, or
- you were under 55 years old and the contribution was attributable to a capital gain to which the small business retirement exemption applied.

➤ Go to ato.gov.au/instructions2012 and read question **D12** for more information, including:

- whether you qualify to claim a deduction
- splitting your contributions
- the meaning of 'personal labour or skills'
- contribution caps and co-contribution
- completing an additional information schedule if you received
 - a parental leave payment which you showed at item **1**
 - a payment under an income protection, sickness or accident insurance policy which you showed at item **1**.

Are you eligible to claim a deduction for personal superannuation contributions?

- No** Go to question **D13**.
Yes Read on.

Completing your tax return

If you contributed to more than one fund or RSA, you will need to provide additional information. Go to ato.gov.au/instructions2012 and read question **D12** for instructions on how to complete this item.

- 1** Add up all your eligible contributions for 2011–12 and write the amount at **H** item **D12**. The deduction you claim can reduce your taxable income to nil, but it cannot add to or create a loss.
- 2** Print in the boxes at item **D12**:
 - the full name of your fund or RSA
 - either its Australian business number (ABN) or its tax file number (TFN)
 - your account number with the fund or RSA.

D13

Deduction for project pool

Did you have capital expenditure directly connected with a project?

You may be able to claim a deduction for capital expenditure allocated to a project pool for a project you:

- operated in 2011–12 for a taxable purpose
- carried on, or proposed to carry on, for a taxable purpose which was abandoned, sold or otherwise disposed of in 2011–12, before or after it started to operate.

Examples of this capital expenditure include:

- site preparation for depreciating assets (other than in draining swamp or low-lying land or for clearing land for horticultural plants)
- feasibility studies or environmental assessments for the project.

No Go to question **D14**.

Yes Read on.

Answering this question

- You must go to ato.gov.au/instructions2012 to complete this question and for more information.

Completing your tax return

- 1 Go to ato.gov.au/instructions2012 and complete worksheet 1 in question D13.
- 2 Write your project pool deduction amount at **D** item **D13**.

D14

Forestry managed investment scheme deduction

Did you make payments to a forestry managed investment scheme (FMIS)?

No Go to question **D15**.

Yes You may be able to claim a deduction. Read on.

You can claim a deduction at this item only if the forestry manager has advised you that the FMIS satisfies the 70% direct forestry expenditure rule.

- You must go to ato.gov.au/instructions2012 to complete this question.

Completing your tax return

- 1 To work out the total amount of your deductible payments, go to ato.gov.au/instructions2012 and read question D14.
- 2 When you have worked out the total amount of your deductible payments, write that amount at **F** item **D14**.
- 3 If your interests in an FMIS are covered by a product ruling, then at item **D14**:
 - print the code **PR** at **U**
 - write the year of the product ruling at **V**
 - write the product ruling number at **W** (do not include the year of the product ruling or the slash).Otherwise, if your interests in an FMIS are covered by private rulings, at item **D14**:
 - print the code **AN** at **U**
 - leave the year of the private ruling **V** blank
 - write the authorisation number printed on the front page of your notice of private ruling at **W**.

D15

Other deductions

Did you have any other expenses that you have not been able to claim as deductions elsewhere on your tax return?

No Go to **Total supplement deductions**.
Yes Read on.

Answering this question

Expenses you may be entitled to claim

You may claim at this item:

- election expenses
- premiums you paid for insurance against the loss of your income
- foreign exchange losses
- debt deductions incurred in earning assessable income that have not been claimed elsewhere
- debt deductions incurred in earning certain foreign non-assessable non-exempt income
- amounts you can deduct over five years under section 40-880 for certain business-related capital expenditure not claimed before you stopped carrying on a business
- a deduction for the net personal services income loss of a personal services entity that related to your personal services income
- certain capital expenditure not claimed before ceasing a primary production business where a deduction can be claimed in a subsequent year or years
- losses incurred on the disposal or redemption of a traditional security; see **Sale or disposal of company bonds and convertible notes** in *You and your shares 2012* (NAT 2632) at ato.gov.au/instructions2012
- interest incurred on money borrowed to invest under the infrastructure borrowings scheme if you intend to claim a tax offset at item **T14**

- small business pool deductions for depreciating assets that you cannot claim at item **P8** on the *Business and professional items schedule for individuals 2012* (NAT 2816) because you did not carry on a business in 2011–12; see *Concessions for small business entities* (NAT 71874) at ato.gov.au/instructions2012
- self-education expenses incurred in satisfying the study requirements of a bonded scholarship.

Legislation has been introduced into Parliament to prevent deductions being claimed against government assistance payments, from 1 July 2011. This means that you will no longer be able to claim deductions for expenses incurred in actively seeking paid work if in receipt of a Newstart allowance or Youth allowance as a job seeker. At the time of printing the changes had not become law. For more information on the progress of the legislation, go to ato.gov.au/jobsearchexpenses then 'How to claim' and read 'Claims for 2012 and later years'.

Election expenses

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

Foreign exchange losses

Claim your foreign exchange losses (forex) at this item, except for:

- those you have included at item **15**
- foreign source forex losses you have included at item **20**
- losses of a private or domestic nature or that relate to exempt income, which are not deductible.

➤ **For more information about foreign exchange losses and exchange rates, you can go to ato.gov.au/instructions2012 and read question D15.**

Debt deductions

Claim at this item 'debt deductions' you incurred in earning:

- assessable income you have not claimed elsewhere on your tax return, or
- certain types of foreign non-assessable non-exempt income that were payments out of attributed controlled foreign company income and attributed foreign investment fund income.

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

If you incur expenses in borrowing money that you use for producing assessable income (such as, establishment fees and legal costs for preparing loan documents) and the total of these expenses is more than \$100, you have to deduct the expenses over the shorter of the following periods:

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

If the total of these expenses is \$100 or less, you can deduct them immediately.

If you have debt deductions that exceed \$250,000 in the income year, they may be reduced. For more information, go to ato.gov.au and read the *Guide to thin capitalisation*.

Section 40-880 deductions

You can claim a deduction for certain business-related capital expenditure over five income years.

Claim a deduction at this item if:

- you incurred the relevant capital expense and
 - the expenditure relates to a business that was proposed at the time the expense was incurred
 - the business commenced before 30 June 2012, and
 - you are carrying on the business through a company or trust, or
- you incurred the relevant capital expense and the expenditure relates to a business which ceased in a previous income year and you carried on the business through a company or trust.

If you incurred relevant expenses and you carried on the business as a sole trader or through a partnership, claim the amount at item **P8** on the *Business and professional items schedule for individuals 2012*.

If you incurred these expenses but had not commenced the business by 30 June 2012, your deduction is deferred until the year in which the business activity commences.

For more information about these deductions, see the *Guide to depreciating assets 2012* (NAT 1996).

 **Go to ato.gov.au/instructions2012 to get a copy of these publications.**

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

Personal services income is income that is mainly a reward for your personal efforts or skills and is generally paid to you or to a personal services entity (being a company, partnership or trust).

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

For more information about net personal services income losses, see the *Personal services income schedule 2012* (NAT 3421).

Self-education expenses related to a bonded scholarship

You can claim a deduction at this item for expenses you incurred in meeting the study requirements of a taxable bonded scholarship where you were not an employee of the scholarship provider.

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

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

T7

Superannuation contribution on behalf of your spouse

Completing your tax return

1 Election expenses

Add up all your deductible election expenses. Write the total amount at **E** item **D15**. If you have no other expenses, you have finished this question. Otherwise, read on.

2 Other expenses

Print the type of expense you are claiming in the **Description of claim** box at item **D15**. If you are claiming for more than one type of expense, print **additional information** in the **Description of claim** box.

On a separate piece of paper, print SCHEDULE OF ADDITIONAL INFORMATION – ITEM D15. Include your name, address and tax file number. Show the type and amount of each expense you are claiming. Print **X** in the **Yes** box at *Taxpayer's declaration* question **2a** on page 12 of your tax return. Attach your schedule to page 3 of your tax return. Read on.

3 Add up all the other expenses that you are claiming at this item (excluding election expenses).

4 Write the amount from step 3 at **J** item **D15**.

Total supplement deductions

Completing your tax return

1 Add up any deduction amounts in the right-hand column of items **D11** to **D15** on your tax return.

2 Write the amount from step 1 at **TOTAL SUPPLEMENT DEDUCTIONS** on page 15 of your tax return.

3 Transfer the amount you wrote at **TOTAL SUPPLEMENT DEDUCTIONS** to **D** on page 4 of your tax return.

Did you make contributions to a complying superannuation fund or a retirement savings account (RSA) on behalf of your spouse who is earning a low income or not working?

No Go to question **T8**.

Yes You may be eligible for a tax offset. Read on.

Answering this question

You are entitled to a tax offset of up to \$540 per year if:

- the sum of your spouse's assessable income, total reportable fringe benefits amounts and reportable employer superannuation contributions was less than \$13,800
- the contributions were not deductible to you
- the contributions were made to a superannuation fund that was a complying superannuation fund for the income year in which you made the contribution
- both you and your spouse were Australian residents when the contributions were made, and
- when making the contributions you and your spouse were not living separately and apart on a permanent basis.

For the meaning of spouse, see **Definitions** on page 74.

T7 Superannuation contribution on behalf of your spouse

In answering this question, your spouse's assessable income is the amount your spouse wrote at **TOTAL INCOME OR LOSS** on page 3 of their tax return, unless:

- they had a distribution from a partnership or trust
- they had income or losses from rent or business (including personal services income)
- they had a capital gain or foreign source income
- they made a deposit into a Farm Management Deposit Scheme Account, or
- they claimed a deductible amount for a foreign pension or annuity at item **D11** on their tax return (supplementary section).

If any of these apply phone **13 10 20** for help to work out your spouse's assessable income before completing this item.

Your spouse's reportable fringe benefits amounts and reportable employer superannuation contributions are shown at items **IT1** and **IT2** on their tax return.

Completing your tax return

- 1** Write the total of your contributions at **Contributions paid** item **T7**.
- 2** Add up your spouse's assessable income, total reportable fringe benefits amounts and reportable employer superannuation contributions.
If the total was \$10,800 or less, use **worksheet 1**.
If the total was more than \$10,800 but less than \$13,800, use **worksheet 2**.

3

Worksheet 1

Maximum spouse contributions eligible for the tax offset	\$3,000	(a)
Contributions paid (from step 1)	\$	(b)
Write the lesser of (a) or (b).	\$	(c)
Multiply (c) by 18 and divide by 100.	\$	(d)

Worksheet 2

Maximum spouse contributions eligible for the tax offset	\$3,000	(a)
The amount of your spouse's income worked out at step 2	\$	(b)
Base amount	\$10,800	(c)
Take (c) away from (b).	\$	(d)
Take (d) away from (a).	\$	(e)
Contributions paid (from step 1)	\$	(f)
Write the lesser of (e) or (f).	\$	(g)
Multiply (g) by 18 and divide by 100.	\$	(h)

- 4** The tax offset is the amount shown at (d) on **worksheet 1** or (h) on **worksheet 2**. Write this amount at **A**.

If you had more than one spouse during the year, complete steps 1 to 4 for each spouse. Your tax offset is the lesser of:

- the sum of the tax offset you are entitled to for each spouse, or
- \$540.

Write the lesser amount at **A**.

T8

Zone or overseas forces

Are you entitled to claim a zone tax offset or an overseas forces tax offset?

You may be able to claim a tax offset if you:

- lived or worked in a remote or isolated area of Australia, not including an offshore oil or gas rig, or
- served overseas as a member of the Australian Defence Force or a United Nations armed force.

No Go to question **T9**.

Yes Read on.

Answering this question

If you qualify for both an overseas forces tax offset and a zone tax offset, you can claim only one of them. Claim the one that gives you the higher tax offset.

Zone tax offset

To qualify for the tax offset, you must have lived or worked in a remote area (not necessarily continuously) for 183 days or more during:

- 2011–12, or
- the period 1 July 2010 to 30 June 2012 (including at least one day in 2011–12), and you did not claim a zone tax offset in your 2011 tax return.

If you lived in a zone for less than 183 days in 2011–12, you may still be able to claim a tax offset if all the following conditions apply:

- you lived in a zone for a continuous period of less than five years after 1 July 2006
- you were unable to claim in the first year because you were there less than 183 days, and
- the total days you were there in the first year and in 2011–12 is 183 or more.

Remote areas are classed as either zone A or zone B. There are also special areas within these zones. If you do not know which zone your area is in, see **table 2** on the next page. If your area is not listed, go to ato.gov.au and search for 'Australian zone list' to check whether it is in a zone.

Overseas forces tax offset

You may be eligible for an overseas forces tax offset if you served in a specified overseas locality as a member of the Australian Defence Force or a United Nations armed force in 2011–12, and your income relating to that service was not specifically exempt from tax. Periods of service for which your income was 'exempt foreign employment income' are excluded in working out your eligibility for the tax offset.

Your employer will be able to advise you whether you served in a locality that qualifies for the overseas forces tax offset or you can check at ato.gov.au/instructions2012

If your overseas service was less than 183 days, you may be able to claim part of the tax offset.

To claim the full overseas forces tax offset:

- you must have served in the overseas locality for 183 days or more in 2011–12, or
- the total number of days served in the overseas locality, when added to the number of days spent in one or more zones, must be 183 days or more.

If you served as a member of the Australian Defence Force, days spent in a zone must be defence force service.

Completing your tax return

- 1 Your tax offset is the relevant amount in **table 1** on the next page if **all** the following apply:
 - you lived or worked in only one zone or served in only one specified overseas locality for at least 183 days
 - you are either not claiming any tax offsets for your dependants or a housekeeper, or the only dependant you are claiming a tax offset for is your spouse
 - you either did not have a dependent child or student at any time in 2011–12, or if you did have a dependent child or student, their ATI was equal to or greater than \$282 plus \$28.92 for each week you maintained them, and
 - your circumstances are shown in **table 1** on the next page.

Table 1: Tax offset amounts

Your circumstances	Zone A	Zone B	Special area	Overseas forces
You were single	\$338	\$57	\$1,173	\$338
You are eligible to claim the maximum dependent spouse tax offset (\$2,355) at item T1 or the maximum invalid or carer spouse tax offset (\$2,355) at item T10 .	\$1,516	\$528	\$2,351	\$1,516

For the meaning of spouse, child, student, invalid spouse and carer spouse, see **Definitions** on pages 71–4.

These instructions reflect legislation introduced into Parliament which prevents the claiming of more than:

- one amount of offset for the same spouse as a component of the zone or overseas forces tax offsets
- the full offset amount for an invalid spouse or a carer spouse if you are eligible for both the zone and overseas forces tax offsets.

At the time of printing these changes had not become law. For more information on the progress of the legislation, go to ato.gov.au and search for 'Dependent spouse tax offset phase-out'.

Do the circumstances in step 1 apply to you?

- No** You must use the Zone or overseas forces tax offset calculator at ato.gov.au/instructions2012 to work out your tax offset, and then go to step 3.
- Yes** Read on.

2 If you are claiming an overseas forces tax offset, go to step 3.

If you are claiming a zone tax offset and you received a remote area allowance from Centrelink or the Department of Veterans' Affairs, or an equivalent amount was included in an exceptional circumstances relief payment, take this amount away from your zone tax offset. The answer is your zone tax offset. Go to step 3.

3 Write the amount of your tax offset at **R** item **T8** on your tax return. Go to question **T9**.

Table 2

Western Australia			
Town	Zone	Town	Zone
Balladonia	Special	Madura	Special
Bidyadanga (Lagrange)	A	Marble Bar	A
Boulder	B	Meekatharra	Special
Broome*	A	Mount Magnet	Special
Carnarvon	A	Mullewa	B
Coolgardie	B	Newman*	A
Dampier	A	Norseman	B
Deakin	Special	Northampton	B
Denham	Special	Onslow	Special
Derby	A	Pannawonica	A
Esperance	B	Paraburdoo	A
Eucla	Special	Port Hedland*	A
Exmouth	Special	Ravensthorpe	B
Fitzroy Crossing	Special	Rawlinna	Special
Goldsworthy	A	Roebourne	A
Halls Creek	Special	Shay Gap	A
Kalgoorlie*	B	Southern Cross	B
Kambalda	B	Tom Price*	A
Karratha	A	Turkey Creek (Bow River)	Special
Kununurra	Special	Wiluna	Special
Laverton	Special	Wittenoom	A
Leinster	Special	Wyndham	Special
Leonora	B		

* Locations within 250 kilometres of these localities are also in the relevant zone.

Queensland			
Town	Zone	Town	Zone
Airlie Beach	B	Hughenden	Special
Atherton	B	Ingham	B
Augathella	B	Innisfail	B
Ayr	B	Julia Creek	Special
Barcaldine	B	Karumba	Special
Blackall	B	Kowanyama	Special
Boulia	Special	Longreach	B
Bowen	B	Mackay	B
Burketown	Special	Mareeba	B
Cairns	B	Mossman	B
Camooweal	A	Mount Isa*	A
Cardwell	B	Normanton	Special
Charleville	B	Port Douglas	B
Charters Towers	B	Proserpine	B
Clifton Beach	B	Quilpie	B
Cloncurry	A	Sarina	B
Collinsville	B	Stamford	Special
Cooktown	Special	Tambo	B
Coppabella	B	Thargomindah	Special
Cunnamulla	B	Townsville	B
Doomadgee	Special	Tully	B
Georgetown	Special	Weipa	Special
Greenvale	B	Windorah	Special
Helen Vale	Special	Winton	B
Home Hill	B		

* Locations within 250 kilometres of these localities are also in the relevant zone.

Northern Territory			
Town	Zone	Town	Zone
Alice Springs*	A	Nguiu	Special
Alyangula	Special	Ngukurr	Special
Angurugu	Special	Nhulunbuy (Gove)	Special
Batchelor	A	Numbulwar	Special
Borroloola	Special	Oenpelli	Special
Darwin	A	Papunya	Special
Elliott	Special	Pine Creek	A
Galiwinku	Special	Ramingining	Special
Hermannsburg	A	Santa Teresa	A
Jabiru	Special	Tennant Creek	Special
Katherine*	A	Tindal	A
Lajamanu (Hooker Creek)	Special	Yirrkala	Special
Maningrida	Special	Yuendumu	Special
Millikapiti	Special	Yulara	Special
Milingimbi	Special		

* Locations within 250 kilometres of these localities are also in the relevant zone.

South Australia			
Town	Zone	Town	Zone
Amata	Special	Nullarbor	Special
Aboriginal Community			
Coober Pedy	Special	Oodnadatta	Special
Cook	Special	Penong	Special
Innaminka	Special	Roxby Downs	Special
Leigh Creek	Special	Tarcoola	Special
Marree	Special	Woomera	B

New South Wales			
Town	Zone	Town	Zone
Bourke	B	Lightning Ridge	B
Brewarrina	B	Menindee	B
Broken Hill	B	White Cliffs	Special
Cobar	B	Wilcannia	B
Collarenebri	B		

T9

20% tax offset on net medical expenses

You can claim 20% of your net medical expenses over \$2,060. There is no upper limit on the amount you can claim.

Net medical expenses are your total medical expenses less refunds from Medicare and private health insurers which you, or someone else, received or are entitled to receive. The medical expenses must be for:

- you
- your spouse (regardless of their income)
- your children under 21 years old (including your adopted children, stepchildren, ex-nuptial children and children of your spouse) regardless of their income
- other dependants (see **Definitions** on page 73).

You and your dependants must be Australian residents for tax purposes, but you can include medical expenses paid while travelling overseas.

You can include medical expenses relating to an illness or operation you paid to:

- legally qualified doctors, nurses and chemists
- public and private hospitals.

You can include payments:

- to dentists, orthodontists or registered dental mechanics
- to opticians or optometrists, including for the cost of prescription spectacles or contact lenses
- to a carer who looks after a person who is blind or permanently confined to a bed or wheelchair
- for therapeutic treatment under direction of a doctor
- for medical aids prescribed by a doctor
- for artificial limbs or eyes and hearing aids
- for maintaining a properly trained dog for guiding or assisting people with a disability (but not for social therapy).

Tasmania			
Town	Zone	Town	Zone
Furneaux Group Islands	Special	Queenstown	B
King Island	Special	Rosebery	B

Islands and territories	
Town	Zone
Australian Antarctic Territory	Special
Cocos (Keeling) Islands	Special
Heard Island	Special
Lord Howe Island	Special
Macquarie Island	Special
McDonald Islands	Special
Norfolk Island	Special
Palm Isles Group	Special

If your area is not listed, go to ato.gov.au and search for 'Australian zone list' to check whether it is in a zone.

T9 20% tax offset on net medical expenses

You can also include payments you made for personal or nursing care to approved residential aged-care providers (such as nursing homes and hostels, but not retirement homes). You can include payments for:

- daily fees
- extra services fees
- respite care
- accommodation charges, periodic payments of accommodation bonds or amounts drawn from accommodation bonds paid as a lump sum.

You cannot include the following expenses:

- contributions to a private health insurer
- ambulance charges and subscriptions
- travel or accommodation expenses associated with medical treatment
- inoculations for overseas travel
- cosmetic operations for which a Medicare benefit is not payable
- dental services or treatments that are solely cosmetic
- therapeutic treatment where the patient is not formally referred by a doctor
- purchases from a chemist that are not related to an illness or operation, chemist-type items, such as tablets for pain relief, purchased in retail outlets or health food stores, non-prescribed vitamins or health foods.

➤ For more information about medical expenses, go to ato.gov.au/instructions2012 and read question T9.

Did you have net medical expenses over \$2,060 in 2011–12?

No Go to question T10.

Yes Read on.

Answering this question

To work out your claim, you can go to ato.gov.au/instructions2012 and use the Net medical expenses tax offset calculator.

Completing your tax return

1 Complete the worksheet to work out how much you can claim.

Worksheet

Total of all your eligible medical expenses	\$ <input type="text"/>	(a)
Total of all the refunds which you or someone else has received or is entitled to receive for these medical expenses	\$ <input type="text"/>	(b)
Take (b) away from (a).	\$ <input type="text"/>	(c)
If (c) is \$2,060 or less, you cannot claim. Go to question T10.	\$ -2,060	
Take \$2,060 away from (c).	\$ <input type="text"/>	(d)
Divide (d) by 5.	\$ <input type="text"/>	(e)

2 Write the amount from (e) at X item T9.

T10

Dependent relative

Did you maintain your:

- invalid spouse
- carer spouse
- invalid relative (including your spouse's invalid relative)
- parent, or
- spouse's parent?

No Go to question **T11**.

Yes Read on.

Answering this question

For the meaning of spouse, invalid spouse, carer spouse, invalid relative and what is maintaining a dependant, see **Definitions** on pages 71–4.

Before you complete this item, you need to work out your **Adjusted taxable income (ATI)** and the ATI of the invalid spouse, carer spouse, invalid relative or parent you maintained. For the meaning of ATI, see **Definitions** on page 70.

If you maintained an invalid spouse or carer spouse

You cannot claim this tax offset for them if:

- your ATI* for 2011–12 was more than \$150,000, or
- you can claim a dependent spouse tax offset for them at item **T1** for the same period.

* These instructions reflect legislation introduced into Parliament under which your spouse's ATI is not to be counted against the \$150,000 limit. At the time of printing this change had not become law. For more information on the progress of the legislation, go to ato.gov.au and search for 'Dependent spouse tax offset phase-out'.

Your claim will be reduced for any period that you or your spouse were:

- eligible for family tax benefit (FTB) Part B, or
- receiving parental leave pay.

You can only claim for your spouse as an invalid spouse or a carer spouse, not both.

If you maintained your or your spouse's invalid relative or parent

You cannot claim this tax offset for them if:

- your ATI for 2011–12 was more than \$150,000, or
- you had a spouse for all of 2011–12 and the combined ATI of you and your spouse was more than \$150,000, or
- you had a spouse for only part of the year and the sum of the following is more than \$150,000
 - your ATI
 - your spouse's ATI for 2011–12 multiplied by the number of days they were your spouse divided by 366.

Completing your tax return

To work out the tax offset, you can use the Parent, spouse's parent or invalid relative tax offset calculator at ato.gov.au/instructions2012. Complete the calculator for each dependant, add the totals if necessary and go to step 4.

Alternatively, follow the steps below.

- 1 If you are claiming for an invalid spouse or carer spouse, complete **worksheet 1**.

Otherwise, go to step 2.

Worksheet 1

Working out your dependent invalid spouse or carer spouse tax offset

If you had a spouse for the whole year and neither of you were eligible for FTB Part B or received parental leave pay at any time during the year, write \$2,355 at (d), then continue on from there.

If you had a spouse for only part of the year and neither of you were eligible for FTB Part B or received parental leave pay during that period, work out the number of days you had a spouse and multiply this number by \$6.43. Write the amount at (a).

\$ (a)

If you or your spouse were eligible for FTB Part B or parental leave pay at any time during the year, for the period you had a spouse, work out the number of days that **neither** of you were eligible for FTB Part B or received parental leave pay. Multiply this number by \$6.43. Write the amount at (b).

\$ (b)

If you or your spouse were eligible for FTB Part B at a shared-care rate at any time during the year, work through (p) to (s) below for the period you had a spouse. (If your FTB shared-care percentage changed during the year, work through (p) to (s) for each period it was different.)

Write down the number of days that you or your spouse was eligible for FTB Part B at a shared-care rate.

(p)

Multiply the number of days at (p) by \$6.43 and write the answer at (q).

\$ (q)

Take your FTB shared-care percentage away from 100%.

% (r)

Multiply the amount at (q) by the percentage at (r). Write the answer at (s).

\$ (s)

Write the amount from (s) at (c). If your FTB shared-care percentage changed during the year, add up the amounts from (s) and write the total at (c).

\$ (c)

Add up the amounts at (a), (b) and (c). Write the answer at (d). This is your maximum invalid spouse or carer spouse tax offset.

\$ (d)

If your spouse's ATI for the period you are claiming the invalid spouse or carer spouse tax offset was less than \$286, the amount at (d) is your spouse tax offset. Write this amount at (f) and go to step 2.

If your spouse's ATI was \$286 or more for the period you are claiming the invalid spouse or carer spouse tax offset, deduct \$282 from their ATI and divide the amount remaining by 4. Round this down to the nearest dollar.

Write the answer at (e).

\$ (e)

Take (e) away from (d). Write the answer at (f).

\$ (f)

If you are also claiming for your or your spouse's invalid relative or parent, read on. Otherwise, go to step 4.

2 If you are claiming for an invalid relative or parent and their ATI was \$285 or less and you maintained them for the whole year, you can claim the maximum tax offset of \$864 for each invalid relative and \$1,726 for each parent or spouse's parent. Go to step 4.

If their ATI was \$285 or less and you maintained them for part of the year, go to **worksheet 3**.

Otherwise, read on.

3 If the invalid relative or parent's ATI for the year was \$286 or more and you maintained them for:

- the whole year, use **worksheet 2**
- part of the year, use **worksheet 3**.

Worksheet 2

Your invalid relative, your parent or your spouse's parent's ATI for the whole of 2011–12.	\$ <input style="width: 100px;" type="text"/> (a)
Take \$282 away from (a).	\$ <input style="width: 100px;" type="text"/> (b)
Divide (b) by 4.	\$ <input style="width: 100px;" type="text"/> (c)
If the amount at (c) is \$864 or more for each invalid relative, or \$1,726 or more for each parent or spouse's parent, you cannot claim a tax offset for them. If you have an amount from worksheet 1 to claim, go to step 4. Otherwise, go to question T11 .	
If the amount at (c) is less than \$864 for each invalid relative, or less than \$1,726 for each parent or spouse's parent, read on.	
Take (c) away from \$864 for an invalid relative, or from \$1,726 for your parent or your spouse's parent.	\$ <input style="width: 100px;" type="text"/> (d)

The amount at (d), if it is more than zero (0), is your tax offset. Go to step 4.

Worksheet 3

Work out the number of days in the year you maintained an invalid relative, your parent or your spouse's parent.	<input style="width: 100px;" type="text"/> (a)
Multiply the number of days at (a) by the following daily rate:	
■ \$2.36 if you had an invalid relative	
■ \$4.72 if you had a parent or spouse's parent.	\$ <input style="width: 100px;" type="text"/> (b)
If your invalid relative, your parent or spouse's parent's ATI was \$285 or less for the period you are claiming for them, the amount at (b) is your tax offset. Go to step 4.	
Otherwise, read on.	
If your invalid relative, your parent or your spouse's parent's ATI was \$286 or more, write their ATI for that period at (c).	\$ <input style="width: 100px;" type="text"/> (c)
Take \$282 away from (c).	\$ <input style="width: 100px;" type="text"/> (d)
Divide (d) by 4.	\$ <input style="width: 100px;" type="text"/> (e)
Take (e) away from (b).	\$ <input style="width: 100px;" type="text"/> (f)

The amount at (f), if it is more than zero (0), is your tax offset. Go to step 4.

4 If any other person contributed to the maintenance of your invalid spouse, carer spouse, invalid relative, parent or spouse's parent, multiply the tax offset by the percentage that you maintained them for the period. If you used the calculator on our website this has already been done.

Write your tax offset at **B** item **T10**.

5 You must complete Income test items **IT1** to **IT7**. If you had a spouse, you must also complete **Spouse details – married or de facto**.

T11

Landcare and water facility

Do you have an unused 'landcare and water facility' tax offset from a previous year that you can use this year?

The amount of your unused tax offset is shown on your notice of assessment for the year ending 30 June 2011.

- No** Go to question **T12**.
Yes Read on.

Answering this question

There is no limit to the number of years you can carry forward any balance of landcare and water facility tax offset.

Completing your tax return

- 1 To work out your offset if you had exempt income in the year the offset arose or in any subsequent year, you must go to ato.gov.au/instructions2012 and read question T11.
- 2 Write the amount of 'landcare and water facility' tax offset that you want to use this year at **T** item **T11**.

T12

Net income from working – supplementary section

Were you an Australian resident 55 years old or older on 30 June 2012?

- No** Go to question **T13**.
Yes Read on.

Answering this question

You may be eligible for the mature age worker tax offset based on your net income from working. We will automatically calculate the offset using the information you provide on your tax return. Information you provide at this item ensures that when working out your offset we take into account relevant amounts of income you included in the supplementary section of your tax return.

Completing this item

- 1 Complete **worksheet 1**. Show a loss as a negative amount.

Worksheet 1

Total income	
Net personal services income (PSI) from A item 14	\$ <input type="text"/> (a)
Net income or loss from business (primary production) from B item 15	\$ <input type="text"/> (b)
Net income or loss from business (non-primary production) from C item 15	\$ <input type="text"/> (c)
Deferred non-commercial business losses from primary production from I item 16	\$ <input type="text"/> (d)
Deferred non-commercial business losses from non-primary production from J item 16	\$ <input type="text"/> (e)

T12 Net income from working – supplementary section

Total farm management repayments from C , N and R item 17	\$ <input type="text"/>	(f)
Add up all the amounts from (a) to (f).	\$ <input type="text"/>	(g)
From N item 13 , your share of distributions of primary production income or losses from partnerships	\$ <input type="text"/>	(h)
From O item 13 , your share of distributions of non-primary production income or losses from partnerships that relate to income from working, not including any foreign income	\$ <input type="text"/>	(i)
From T item 20 , other net foreign employment income	\$ <input type="text"/>	(j)
From M item 20 , other net foreign source income, but only the amount relating to income from working	\$ <input type="text"/>	(k)
From V item 24 , only the following income:		
■ income from activities as a special professional that you have not included at items 1 , 2 , 13 , 14 or 15	\$ <input type="text"/>	(l)
■ income protection, sickness and accident policy payments	\$ <input type="text"/>	(m)
■ allowances or payments received as a member of a local government council	\$ <input type="text"/>	(n)
Add the amounts from (h) to (n).	\$ <input type="text"/>	(o)
Total income Add (g) and (o).	\$ <input type="text"/>	(p)

2 Complete **worksheet 2**.

Worksheet 2

Total deductions	
Landcare operations and deduction for the decline in value of water facility (from I item 13)	\$ <input type="text"/> (a)
Landcare operations expenses (from J item 13)	\$ <input type="text"/> (b)
Add (a) and (b).	\$ <input type="text"/> (c)
From X item 13 , deductions that relate to your share of primary production income or losses from partnerships you included at (h) in worksheet 1	\$ <input type="text"/> (d)
From Y item 13 , deductions that relate to your share of non-primary production income or loss from a partnership you included at (i) in worksheet 1	\$ <input type="text"/> (e)
From item D15 , only the following deductions:	
■ income protection, sickness and accident insurance premiums	\$ <input type="text"/> (f)
■ interest and borrowing expenses you incurred in earning assessable income from working	\$ <input type="text"/> (g)
■ section 40-880 deductions relating to income from working	\$ <input type="text"/> (h)
■ net personal services income (PSI) loss of a personal services entity that related to your PSI	\$ <input type="text"/> (i)
Add all the amounts from (d) to (i).	\$ <input type="text"/> (j)
Total deductions Add (c) and (j).	\$ <input type="text"/> (k)

3 Complete **worksheet 3**. If (s) is a loss, show it as a negative amount.

Worksheet 3

Net income or loss from working	
(p) total income from worksheet 1	\$ <input type="text"/> (q)
(k) total deductions from worksheet 2	\$ <input type="text"/> (r)
If the amount at (q) is a loss then add the amounts at (q) and (r). The total amount will be a loss.	
If (q) is not a loss then take the amount at (r) from the amount at (q). The result may be a loss.	
	\$ <input type="text"/> (s)

4 Write the amount at (s) at **M** item **T12**. If you had a loss, print **L** in the box at the right of **M**.

T13

Entrepreneurs tax offset

Were you a sole trader with an aggregated turnover of less than \$75,000 or did you receive business income from a partnership or trust with an aggregated turnover of less than \$75,000?

No Go to question **T14**.

Yes Read on.

Answering this question

You may be eligible to receive the Entrepreneurs tax offset (ETO) if you are:

- a sole trader and the aggregated turnover for all your sole trader businesses is less than \$75,000
- a partner in a small business partnership which had an aggregated turnover of less than \$75,000
- a beneficiary of a small business trust which had an aggregated turnover of less than \$75,000.

We will automatically calculate your ETO from the information you provide at this item and at other items on your tax return.

- Go to ato.gov.au/instructions2012 and read question **T13** if you need more information to determine your eligibility and to work out the amounts you show at this item.

Completing your tax return

1

Are you eligible for more than one ETO?

No Go to step 7.

Yes Read on.

2 Did you carry on a business as a sole trader and was your aggregated turnover less than \$75,000?

If you carried on more than one business activity, your aggregated turnover must include all your sole trader activities.

- No** Go to step 5.
- Yes** Read on.

3 Complete **worksheet 1**. If you carried on more than one business as a sole trader, add together the value of the business income earned from each business when calculating your small business entity turnover and your net small business income as a sole trader.

Worksheet 1

Your total small business entity turnover	\$ <input type="text"/>	(a)
Allowable deductions that directly relate to the small business entity turnover	\$ <input type="text"/>	(b)
Take (b) away from (a).	\$ <input type="text"/>	(c)

The amount at (c) is your **net small business income**.

4 Is the amount at (c) in worksheet 1 greater than zero?

- No** You are not eligible to claim the ETO. Go to question T14.
- Yes** Read on.

You need to complete item **T13**:

- write the amount of your aggregated turnover at **K**
- write the amount of your net small business income at **N**
- print **S** in the **CODE** box beside the amount at **N**.

Go to step 8.

5 Did you receive a share of the net small business income of a partnership with an aggregated turnover of less than \$75,000?

- No** Go to step 6.
- Yes** Read on.

You need to complete item **T13**:

- write the amount of the partnership's aggregated turnover at **K**
- write the amount of your share of the net small business income at **N** (do not reduce this amount by any deductions that you are entitled to claim for income tax purposes)
- print **P** in the **CODE** box beside the amount at **N**.

Go to step 8.

6 Did you receive a distribution of net small business income from a trust with an aggregated turnover of less than \$75,000?

- No** You are not eligible to claim the ETO. Go to question T14.
- Yes** Read on.

You need to complete item **T13**:

- write the amount of the trust's aggregated turnover at **K**
- write the amount of your distribution of net small business income from the trust at **N** (do not reduce your distribution by any deductions that you are entitled to claim for income tax purposes)
- print **T** in the **CODE** box beside the amount at **N**.

Go to step 8.

T14

Other tax offsets

7 You need to provide a schedule of additional information. Go to ato.gov.au/instructions2012 and read question T13 to find out how to complete the schedule, then go to step 8.

8 To allow us to correctly calculate your ETO you will need to complete the following items in the **Income tests** section on page 8 of your tax return:

- **W** item **IT1** if you received any reportable fringe benefits
- **T** item **IT2** if you had a reportable employer superannuation contribution
- **X** item **IT5** if you had a net financial investment loss
- **Y** item **IT6** if you had a net rental property loss.

9 **Did you have a spouse on 30 June 2012?**

No Go to step 10.
Yes Read on.

At item **T13**, print **M** in the **MARITAL STATUS** box at **O**.

You have finished this question.

10 **Did you have a qualifying dependant on any day during 2011–12?**

No At item **T13**, print **S** in the **MARITAL STATUS** box at **O**.
Yes At item **T13**, print **F** in the **MARITAL STATUS** box at **O**.

You have finished this question.

Part A

Were you entitled to a tax offset for interest from the infrastructure borrowings scheme?

You may be able to claim a tax offset of 30% if you elected to have interest derived from your investment in infrastructure borrowings included as part of your assessable income.

No Go to Part B below.
Yes Read on.

- 1** Work out the amount of interest you received from infrastructure borrowings.
- 2** Multiply the amount from step 1 by 30, then divide by 100. This is the 30% tax offset for the interest you received. Keep a record of this amount. Read on.

Part B

Did you receive income for work or services performed in the Joint Petroleum Development Area (JPDA) of the Timor Sea?

No If you have a tax offset under Part A, go to **Completing this item**. Otherwise, go to **Total supplement tax offsets**.
Yes Read on.

You will need a copy of the *Timor Sea Treaty – Joint Petroleum Development Area instructions 2012* (NAT 8277) to work out your tax offset amount. Go to ato.gov.au to get a copy of this publication.

A4

Amount on which family trust distribution tax has been paid

Completing your tax return

- 1 Add up all your tax offset amounts for this item. Write the total at **C** item **T14**.
- 2 Complete the **CLAIM TYPE** box at the right of **C** item **T14** as follows:
 - If you are only claiming a tax offset under the infrastructure borrowings scheme under part A, print **I** in the **CLAIM TYPE** box.
 - If you are only claiming a JPDA tax offset under part B, print **H** in the **CLAIM TYPE** box.
 - If you are claiming for more than one type of tax offset and code letters **H** and **I** both apply, choose the code letter that applies to the largest amount and print it in the **CLAIM TYPE** box.

Total supplement tax offsets

Completing your tax return

- 1 Add up any tax offset amounts in the right-hand column of items **T7**, **T8**, **T9**, **T10**, **T11** and **T14** on your tax return.
- 2 Write the amount from step 1 at **TOTAL SUPPLEMENT TAX OFFSETS** on page 16 of your tax return.
- 3 Transfer the amount you wrote at **TOTAL SUPPLEMENT TAX OFFSETS** to **T** on page 5 of your tax return.

In 2011–12 did a trust, partnership or company distribute anything to you on which family trust distribution tax has been paid?

Distributions on which family trust distribution tax is payable include:

- income or property from a trust or partnership
- dividends or property from a company
- the use of property owned by the trust, partnership or company for which you have not paid full value, such as the free use of a holiday house.

The trust, partnership or company should be able to tell you if family trust distribution tax has been paid on a distribution to you.

- No** Go to question **C1**.
Yes Read on.

Completing your tax return

- 1 Add up the amounts or value of all distributions to you on which family trust distribution tax has been paid.
- 2 Add up any expenses which you would have been able to claim as a deduction if the distributions had been included in your assessable income. Do not include expenses you have already claimed as a deduction at another question.
- 3 Take away your step 2 amount, if any, from your step 1 amount.
- 4 Write the amount from step 3 at **X** item **A4**. If the amount from step 3 is zero or less than zero, do not write anything.

C1

Credit for interest on early payments

During 2011–12, did you make any payments to the ATO more than 14 days before the due date?

No Go to the *Taxpayer's declaration* on page 12 of your tax return.

Yes Read on.

If you have already requested payment of interest on your early payment, do not claim it at this item.

You can claim interest on early payments made for:

- income tax (including Medicare levy and Medicare levy surcharge) shown on your notice of assessment
- compulsory Higher Education Loan Program (HELP) repayment shown on your notice of assessment
- compulsory Student Financial Supplement Scheme (SFSS) debt repayment shown on your notice of assessment
- interest on distributions from non-resident trust estates
- shortfall interest charge.

You cannot claim interest on early payments made for the following:

- pay as you go (PAYG) withholding amounts including:
 - amounts withheld from interest, dividends and royalties
 - amounts withheld by payers including those withheld for the Higher Education Loan Payment Scheme and SFSS
- PAYG instalments.

Interest rates for early payments calculation

Period	Interest rate (% pa)
1 July 2011 to 30 September 2011	5.00
1 October 2011 to 31 December 2011	4.86
1 January 2012 to 31 March 2012	4.62
1 April 2012 to 30 June 2012	4.37

You will need:

- your notice of assessment from the ATO
- details of your date of payment.

➤ **Go to ato.gov.au/instructions2012 and read question C1 for more information on:**

- **interest rates, and**
- **the period for which you can receive interest.**

Completing your tax return

If the early payment extends over two or more interest periods, you will need to complete steps 1 to 4 for the number of days in each period.

- 1 Work out by how many days your payment was early. This is the number of days:
 - from the later of
 - the date you paid the amount
 - the issue date on your notice informing you of the amount of tax, debt, interest or instalment
 - to and including the date when the payment was due.
- 2 Divide the number of days from step 1 by 366.
- 3 Multiply the answer you got at step 2 by the amount of the payment.
- 4 Multiply the answer from step 3 by the rate of interest for the period and divide by 100.
- 5 Add up the amounts for each period in step 4.
- 6 If the amount from step 5 is equal to or greater than 50 cents, write the total at **L** item **C1**. If the amount is less than 50 cents, you cannot claim.

More information

WEBSITE

Go to ato.gov.au/instructions2012 for information on anything that you read in the *Individual tax return instructions supplement 2012*.

Our tools and calculators at ato.gov.au/calculators can help you complete your tax return.

PUBLICATIONS

To get publications, taxation rulings, practice statements and forms referred to in the *Individual tax return instructions supplement 2012* you can:

■ **go to our website** ato.gov.au/publications

■ **phone our Publications Distribution Service** **1300 720 092**

An automated self-help publications ordering service is available 24 hours a day, every day where you know the title of the publication. For each publication you order, quote the full title printed in the *Individual tax return instructions supplement 2012*.

■ **visit an ATO shopfront.**

For our shopfront addresses you can visit our website. Phone **13 28 61** for an appointment.

PHONE

We can offer a more personalised service if you provide your tax file number (TFN) and have your last notice of assessment with you when you phone us. If you require access to your ATO records you will be asked to prove your identity by providing your TFN and either details from your last notice of assessment or some personal details.

Our phone lines are open Monday to Friday 8.00am to 6.00pm except where otherwise indicated.

You can find a list of our phone lines in your White Pages.

ATO personal self-help **13 28 65**

Our automated phone service is available 24 hours a day, every day, so you can:

- check the progress of your refund
- find lost superannuation
- make an arrangement to pay a tax debt
- lodge your application for a refund of franking credits.

Note: Although providing your TFN is voluntary, you need to quote your TFN to use these self-help services.

Individuals **13 28 61**

Phone between 8.00am and 6.00pm Monday to Friday. You can enquire about the following subjects from this service:

- *e-tax* – our free online tax preparation and lodgment software
- pay as you go (PAYG), including instalment activity statements
- student loan schemes (HELP and SFSS)
- questions in the *Individual tax return instructions supplement 2012*

- capital gains, rental income, foreign income and other questions in the *Individual tax return instructions supplement 2012*
- lodging your return
- your notice of assessment
- your income tax account, payment arrangements and lost refund cheques
- binding oral advice.

Phoning from overseas

If you are phoning us from overseas, phone **+61 2 6216 1111** during our business hours, 8.00am to 5.00pm (Australian Eastern Standard or Daylight-saving Time) Monday to Friday. Note that our phone numbers may not work from all countries.

You can also fax us: **+61 2 6216 2830**

Aboriginal and Torres Strait Islander **13 10 30**

Specialises in helping Indigenous clients with their personal tax matters

People with a hearing, speech or vision impairment

If you are deaf or have a hearing or speech impairment, you can phone us through the **National Relay Service** on one of the numbers listed below, and ask for the ATO number you need:

- TTY users, phone **13 36 77**. For ATO 1800 free call numbers, phone **1800 555 677**.
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need. For ATO 1800 free call numbers, phone **1800 555 727**.
- Internet relay users, connect to the NRS at relayservice.com.au

For information about the *Individual tax return instructions supplement 2012* in accessible formats for the vision impaired, go to the outside back cover.

Business **13 28 66**

Complaints

Go to our website and go to 'Contact us' ato.gov.au
Phone **1800 199 010**
Fax **1800 060 063**

EFT **1800 802 308**

For enquiries about direct deposit of your tax refund

Department of Human Services Families and Parents line (previously the Family Assistance Office contact number) **13 61 50**

Superannuation **13 10 20**

To report tax evasion confidentially

Phone (FREECALL) **1800 060 062**
Fax (FREECALL) **1800 804 544**
Go to our website ato.gov.au/reportevasion
Mail Locked Bag 6050, Dandenong VIC 3175

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service (TIS) on 13 14 50. TIS staff can assist with interpreting in more than 170 languages.

Arabic

إذا كنت لا تتحدث باللغة الإنجليزية وكنت في حاجة إلى مساعدة من مكتب المترجم، الرجاء الاتصال بخدمة الترجمة الخطية والشفهية (TIS) على الرقم 13 14 50.

Assyrian

ئێ کۆ ئی پێشێنێ بێپێشێنێ بێقێب سێبێنی مەن، لەتێنێکێ بێ ATO، مێجمە، ئێ کۆ مێجمە دەدەنێ مێجمەتێ (TIS: Translating and Interpreting Service) ئێ ١٣ ١٤ ٥٠.

Burmese

အကယ်၍ သင်ဟာ အင်္ဂလိပ်ဘာသာစကား ကောင်းစွာပြောနိုင်သူမဟုတ်ဘဲ အကူအညီလိုအပ်ခဲ့ရင်၊ ဘာသာပြန်နဲ့ စကားပြန်ဝန်ဆောင်မှု (TIS: Translating and Interpreting Service) ကို ၁၃ ၁၄ ၅၀ မှာ ဖုန်းဆက်ပါ။

Chinese

如果你的英语说得不好而需要税务局的帮助，请拨打13 14 50 联系翻译及传译服务处。

Dari

اگر لسان انګلیسی را خوب ګپ نمیزنید و به کمک اداره ما نیاز دارید، به اداره خدمات ترجمان کتبی و شفاهی به نمبر ۱۳۱۴۵۰ تلیفون کنید.

Dinka

Naa cĩ ye jam nē thoŋ ë Diŋëli̯th apath ku gōr koony tēnë māktāb de tek, ke yi yub Kidīma de Tarjama ku Wërēthok (TIS) Tālapun: 13 14 50.

Hindi

यदि आप अंगरेजी अच्छी तरह से नहीं बोल पाते और आपको ATO से मदद की जरूरत है, तो अनुवाद और व्याख्या सेवा (TIS: Translating and Interpreting Service) को 13 14 50 पर फ़ोन करें.

Indonesian

Jika bahasa Inggris Anda kurang baik, dan membutuhkan bantuan dari ATO (Kantor Pajak Australia), teleponlah Layanan Penerjemahan dan Juru Bahasa (TIS: Translating and Interpreting Service) di 13 14 50.

Japanese

英語でお困りの方で、国税庁のサポートが必要な場合は、翻訳通訳サービス(TIS) 13 14 50 にお電話ください。

Khmer

ប្រសិនបើលោកអ្នកមិនសូវចេះនិយាយភាសាអង់គ្លេសទេ ហើយត្រូវការជំនួយពីការិយាល័យពន្ធដារ សូមទូរស័ព្ទទៅកិច្ចបម្រើបម្រុងភាសា (TIS) តាមលេខ 13 14 50.

Korean

영어를 잘하지 못하지만 국제 청으로부터 도움을 받고자 한다면, 번역 및 통역 서비스 (TIS) 13 14 50 번으로 전화하십시오.

Persian

اگر بخوبی انګلیسی صحبت نمیکنید و به کمک اداره ما نیاز دارید، به اداره خدمات ترجمه کتبی و شفاهی به شماره ۱۳۱۴۵۰ تلفن فرمائید.

Russian

Если Вы недостаточно хорошо говорите по-английски, и Вам требуется помощь Налоговой Службы, позвоните в Службу Переводов (TIS) по телефону 13 14 50.

Serbian

Ako ne говорите добро енглески и треба вам помоћ од Пореске управе (Tax Office), назовите Службу преводилаца и тумача (TIS) на 13 14 50.

Somali

Haddii aadan si fiican ugu hadlin Ingiriiska aadna caawimo uga baahan tahay ATO, wac Adeega Tarjumida Qoraalka iyo Afcelinta (TIS: Translating and Interpreting Service) telefoon 13 14 50.

Thai

หากท่านพูดภาษาอังกฤษได้ไม่คล่อง และต้องการความช่วยเหลือจากกรมสรรพากร กรุณาติดต่อฝ่ายบริการล่ามและแปลภาษา (Translating and Interpreting Service - TIS) ที่หมายเลข 13 14 50.

Turkish

İyi İngilizce konuşmıyorsanız ve Vergi Dairesi'nden yardıma ihtiyacınız varsa, 13 14 50 numaralı telefondan Yazılı ve Sözlü çeviri Servisi'ni (TIS) arayın.

Vietnamese

Nếu quý vị không nói rành tiếng Anh và cần sự giúp đỡ của Văn Phòng Thuế Vụ, xin gọi cho Dịch Vụ Thông Ngôn và Phiên Dịch (TIS) ở số 13 14 50.

Individual tax return instructions in accessible formats for the vision impaired

E-tax 2012

Prepare your tax return on a computer using screen reader software, and lodge online. Download e-tax from ato.gov.au/etax

TaxCD

Audio summaries of *Individual tax return instructions 2012* and *Individual tax return instructions supplement 2012* on CD.

TaxDisk

Individual tax return instructions 2012 and *Individual tax return instructions supplement 2012* on disk formatted for computers with screen reader and speech synthesiser software.

TaxDAISY

Audio format of *Individual tax return instructions 2012* and *Individual tax return instructions supplement 2012* for use in a DAISY player.

These products are available free from the ATO – phone **13 28 61**.