



Deduction questions D11-D15

How to complete the deduction questions D11 to D15 in your paper supplementary tax return.

D11 Deductible amount of undeducted purchase price of a foreign pension or annuity 2018



Complete question D11 to claim a deduction for the undeducted purchase price for a foreign pension or annuity.

D12 Personal superannuation contributions 2018



Complete question D12 to claim a personal superannuation contributions deduction.

D13 Deduction for project pool 2018



Complete question D13 to claim a deduction for certain capital expenditure allocated to a project pool.

D14 Forestry managed investment scheme deduction 2018



Complete question D14 to claim a deduction for payments made to a forestry managed investment scheme.

D15 Other deductions – not claimable at items D1 to D14 or elsewhere on your tax return 2018



Complete question D15 to claim expenses you haven't been able to claim at D1 to D14 or elsewhere in your tax return.

Total supplement deductions 2018



Complete the total supplement deductions section of your supplementary tax return.

QC 80701

D11 Deductible amount of undeducted purchase price of a foreign pension or annuity 2018

Complete question D11 to claim a deduction for the undeducted purchase price for a foreign pension or annuity.

Last updated 31 May 2018

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

No	Go to question D12 Personal superannuation contributions 2018, or return to main menu Individual tax return instructions 2018.
Yes	Read on.

You need to know

UPP of a foreign pension or annuity

If you showed income from a foreign pension or annuity at **D** item **20** on your tax return you may be entitled to claim a deduction to reduce the taxable amount of the pension or annuity income if your pension or annuity has a UPP. Only some foreign pensions and annuities have a UPP. The UPP is the amount you contributed towards the purchase price of your pension or annuity (your personal contributions).

That part of your annual pension or annuity income which represents a return to you of your personal contributions is free from tax. This tax-free portion is called the deductible amount of the UPP, and it is usually calculated by dividing the UPP of your pension or annuity by a life expectancy factor, according to life expectancy statistics.

If you already know your deductible amount, go to [Completing this item](#).

Austrian pensions

If you received an age, premature age, invalid, disability, widowed persons or orphans pension paid by an Austrian superannuation insurance fund under one of the Austrian social insurance acts, Allgemeines Sozialversicherungsgesetz (ASVG), Gewerbliches Sozialversicherungsgesetz (GSVG) or Bauern-Sozialversicherungsgesetz (BSVG), you are entitled to a deductible amount.

Where you have evidence of your actual contributions, actual monthly salary or you have received from the Austrian superannuation insurance fund a list of your insurance periods, you will need to complete a **Request for a determination of the deductible amount of UPP of a foreign pension or annuity**.

British pensions

If you received a category A pension or a category B widows pension from the United Kingdom State (UK State) Pension (previously known as the British National Insurance Scheme), you are entitled to a UPP deduction. These pensions are paid from Newcastle-upon-Tyne.

You can calculate your deduction by multiplying your UK State Pension (in Australian dollars) by 8%, or by using the exact method. For more information about the exact method, phone **13 10 20**.

Dutch pensions

If you received an old age pension, or a widows, widowers or orphans pension from the Sociale Verzekeringsbank (SVB) under the Netherlands social insurance system and you can obtain all the necessary information to determine the deductible amount of your UPP, claim the amount you have worked out. If you cannot determine the deductible amount, you can claim an annual deductible amount equal to 25% of your gross pension payment.

German pensions

If you received a German pension, you will need to provide a copy of the insurance resume (Versicherungsverlauf) from the pension provider. You will need to contact the pension provider directly to obtain this information. When you have evidence of your employment history and the salary income that you earned at those dates, you will need to complete a **Request for a determination of the deductible amount of UPP of a foreign pension or annuity**.

Italian pensions

If you received an Italian government pension, the Italian government authorities will send you an Article 10 letter each year giving you an estimate of the amount of pension income you will receive, and the amount that you contributed towards your pension. If you are unable to work out your deductible amount, you will need to complete a **Request for a determination of the deductible amount of UPP of a foreign pension or annuity**.

Pensions from another country

If you received a pension from another country, other than an Austrian, British, Dutch, German or Italian pension, and you think you are entitled

to claim a deductible amount, complete a **Request for a determination of the deductible amount of UPP of a foreign pension or annuity**.

Completing this item

Write the deductible amount of your UPP at **Y item D11** on your tax return.

If you do not know your deductible amount:

- leave **Y item D11** blank
- complete a **Request for a determination of the deductible amount of UPP of a foreign pension or annuity**
 - sign it
 - attach it to page 3 of your tax return
- provide the additional documentation required
- print **X** in the **Yes** box at **Taxpayer's declaration** question 2 on page 10 of your tax return.

We will address your request in the form of a private binding ruling (PBR) which is legally binding on the Commissioner. We will process your tax return once the PBR is finalised.

If you need information or assistance with this question, phone **13 10 20**.

Where to go next

- Go to question **D12 Personal superannuation contributions 2018**.
- Return to main menu **Individual tax return instructions 2018**.
- Go back to **Total supplement income or loss 2018**.

D12 Personal superannuation contributions 2018

Complete question D12 to claim a personal superannuation contributions deduction.

Last updated 10 October 2018

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

No	Go to question D13 Deduction for project pool 2018, or return to main menu Individual tax return instructions 2018.
Yes	You may be able to claim a deduction. Read below.

This question has changed

The government has changed the eligibility rules to allow more people to claim a deduction for personal superannuation contributions (super contributions). Previously, only those who earned less than 10% of

their total income as an employee were eligible to claim this deduction. This 10% rule has been removed which means most Australians under 75 years old can claim an income tax deduction for after-tax personal super contributions made into an eligible superannuation fund (super fund).

What can you claim?

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

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

- the compulsory superannuation guarantee (super guarantee)
- salary sacrifice amounts
- reportable employer super contributions shown on your payment summary.

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

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

There are other [eligibility criteria](#) that you must meet – continue reading.

Are you eligible to claim a deduction?

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

- you satisfied the age-related conditions
- you gave a valid **notice of intent** to your super fund or RSA provider, in the approved form, and advised them of the amount you intend to claim as a deduction (you must give this notice on or before the day

you lodge your 2018 tax return or 30 June 2019, whichever is earlier)

- your fund or RSA provider acknowledged your valid notice
- your fund was not a
 - Commonwealth public sector superannuation scheme (super scheme) with a defined benefit interest
 - constitutionally protected fund or other untaxed fund that would not include the contributions in their assessable income
 - super fund that notified the Commissioner before the start of the income year that they elected to treat all member contributions to the
 - super fund as non-deductible
 - defined benefit interest within the fund as non-deductible.

See also

- Claiming deductions for personal super contributions
- How do I change an amount previously included on a valid notice?

You **cannot** claim a deduction for personal superannuation contributions if:

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

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

- the contribution was attributable, either in whole or in part, to a capital gain and a company or trust chose to apply the small business capital gains tax retirement exemption to all or part of that capital gain, and you were under 55 years old just before the contribution was made
- you did not provide your super fund with a valid notice of intent to claim a deduction in the approved form, **or**
- you provided your super fund with a valid notice of intent to claim a deduction in the approved form but you have not received an acknowledgment of this notice from your super fund (see below).

See also

- **Small business CGT concessions**

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

You need to know

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

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

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

The deduction you claim may also be used in the income tests for eligibility for certain tax offsets and government benefits. See **Income tests 2018**.

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

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

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

See also

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

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

Superannuation contributions splitting

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

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

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

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

A **spouse** can be of any sex.

See also

- Contributions splitting
- Special circumstances and glossary 2018

Superannuation contribution caps and government super contributions

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

- your employer contributions
- any amount you salary sacrificed into super (these are known as Reportable employer superannuation contributions, and appear on your payment summary and are shown at item **IT2** on your tax return).

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

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

See also

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

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

government super contribution for low income earners who make a personal super contribution.

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

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

See also

- Super co-contribution

Answering this question

You will need to provide the following details of the super fund that you made your personal contributions to and that provided you with an acknowledgment of your **notice of intent**:

- Full name of fund
- Account number
- Fund ABN or TFN.

This information is available in our **ATO online services for individuals and sole traders**, or you can contact your super fund.

Completing this item

Step 1

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

Yes	Go to step 2 .
No	Send this notice to your fund or RSA provider before you lodge your tax return. You are not entitled to claim a

deduction for personal superannuation contributions unless you have given the notice and received an acknowledgment from your fund or RSA provider.

You can download a notice of intent to claim or vary a deduction for personal super contributions form from ato.gov.au or contact your super fund as they may have their own form you can use.

Step 2

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

Yes	Print X in the Yes box at item D12 on page 15 of your tax return. Go to step 3 .
No	<p>Until you receive an acknowledgment from your fund, you are not entitled to a deduction for personal superannuation contributions. You may either wait to lodge your tax return until you receive the acknowledgment, or you may lodge now (without claiming the deduction) and request an amendment once your acknowledgment has been received. If your fund has rejected your notice or advised that it is not valid, you are not entitled to claim a deduction.</p> <p>Go to question D13 Deduction for project pool 2018.</p>

Step 3

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

Yes	Go to step 5 .
No	Go to step 4 .

Step 4

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

Yes	Go to step 7 .
No	You are not entitled to a deduction for personal superannuation contributions. Go to question D13 Deduction for project pool 2018.

Step 5

Did you turn 75 years old before 1 June 2017?

Yes	You are not eligible to claim a deduction for personal superannuation contributions for 2017–18. Go to question D13 Deduction for project pool 2018.
No	Go to step 6 .

Step 6

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

Yes	Add up all the contributions you made between 1 July 2017 and the 28th day of the month following the month in which you turned 75 years old (inclusive) which you are eligible to claim as a tax deduction. This is the amount you write at H item D12 on page 15 of your tax return (supplementary section). Go to step 7 .
No	Go to step 7 .

Step 7

Add up all your 2017–18 contributions which you are eligible to claim as a tax deduction, and write the amount at **H item D12** on page 15 of your tax return. Go to [step 8](#).

Step 8

If you contributed to only one fund or RSA, print its full name, its Australian business number (ABN) or tax file number (TFN), and your account number in the boxes at item **D12**. Remember, your fund or RSA

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

If you contributed to more than one fund or RSA, print 'Additional information' in the **Full name of fund** box at item **D12** and follow the instructions at *Schedule of additional information*. In the other boxes, provide details of the fund or RSA provider to which you made the largest contribution and from which you have received an acknowledgment.

You cannot write an amount at **H** that is higher than the amount your superannuation funds or RSA providers acknowledged.

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

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

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

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

See also

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

Schedule of additional information

If you are claiming a deduction at this item you may need to provide a schedule of additional information.

If you contributed to more than one fund or RSA, you must provide additional information. On a separate sheet of paper, print **Schedule of**

additional information – Item D12, your name, address and tax file number.

For each superannuation fund or RSA provider from which you have received an acknowledgment of your notice of intent to claim the deduction, print the full name of that fund or RSA provider, the fund ABN or TFN of that fund or RSA provider, your account number and the amount that you are claiming as a deduction.

Print **X** in the **Yes** box at **Taxpayer's declaration** question 2 on page 10 of your tax return. Attach your schedule to page 3 of your tax return.

If you need more information, phone **13 10 20**.

Check that you have...

- kept your notice of intent to claim a deduction and the acknowledgment of your notice from your superannuation fund or RSA provider, as we may ask to see them
- attached to page 3 of your tax return your **Schedule of additional information – Item D12**, if you need to send us one.

Where to go next

- Go to question D13 Deduction for project pool 2018.
- Return to main menu Individual tax return instructions 2018.
- Go back to question D11 Deductible amount of undeducted purchase price of a foreign pension or annuity 2018.

QC 54283

D13 Deduction for project pool 2018

Complete question D13 to claim a deduction for certain capital expenditure allocated to a project pool.

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Did you have capital expenditure directly connected with a project?

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

- operated in 2017–18 for a taxable purpose
- carried on, or proposed to carry on, for a taxable purpose which was abandoned, sold or otherwise disposed of in 2017–18, before or after it started to operate.

No	Go to question D14 Forestry managed investment scheme deduction 2018, or return to main menu Individual tax return instructions 2018.
Yes	Read on.

You cannot claim a deduction at this item for:

- private or domestic expenditure such as the cost of constructing a driveway at your home
- capital expenditure directly connected with a project undertaken in carrying on a business.

You need to know

A **depreciating asset** is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used.

A **taxable purpose** is the purpose of producing assessable income, the purpose of exploration or prospecting, the purpose of mining site rehabilitation or environmental protection activities.

Certain capital expenditure you incurred after 30 June 2001, which was directly connected with a project that you carried on (or proposed to carry on) for a taxable purpose, can be allocated to a project pool and written off over the 'project life'. The expenditure must not otherwise be deductible or form part of the cost of a depreciating asset you hold or held.

Such capital expenditure, known as a 'project amount', is expenditure incurred:

- to create or upgrade community infrastructure for a community associated with the project; this expenditure must be paid, not just incurred, to be a project amount
- for site preparation for depreciating assets (other than in draining swamp or low-lying land or for clearing land for horticultural plants)
- for feasibility studies or environmental assessments for the project
- to obtain information associated with the project
- in seeking to obtain a right to intellectual property
- for ornamental trees or shrubs.

The project amounts are allocated to a 'project pool'. Each project has a separate project pool.

If you are unsure if the capital expenditure you incurred qualifies as a project amount, see **Guide to depreciating assets 2018** (NAT 1996).

You spread your deduction for project amounts allocated to a project pool over the project life:

- The project life is the period from when the project starts to operate until when it stops operating.
- The project life is not determined by how long you intend to carry on the project. Factors outside your control, such as something inherent in the project such as a legislative or environmental restriction that limits the project's operating period, are relevant to estimating the project life.
- If there is no finite project life, there is no project and therefore no deduction is available under these rules.

You start to deduct amounts for a project pool for the income year when the project starts to operate. So, if you started to operate a

project in the 2017–18 income year for a taxable purpose, a deduction is available for that year.

If your project operated in 2017–18 for purposes other than taxable purposes, you must reduce the deduction amount by a reasonable amount for the extent to which the project operated for other than taxable purposes.

If, in the 2017–18 income year, you:

- recouped an amount of expenditure allocated to the project pool, or
- derived a capital amount in relation to a project amount or something on which a project amount was expended

then the amount is assessable income and must be shown at item 24 Other income 2018.

Completing this item

Step 1

Did you conduct transactions in a foreign currency for your project in 2017–18?

No	Go to step 2.
Yes	See Foreign exchange rules . Go to step 2.

Step 2

Was your project abandoned, sold or otherwise disposed of in 2017–18?

No	Go to step 3.
Yes	If your project was abandoned, sold or otherwise disposed of in 2017–18 (whether or not the project had started to operate), you can claim a deduction for the 2016–17 closing pool value (if any) plus any project amounts allocated to the pool in the 2017–18 income year. You must reduce the deduction to the extent the project operated for a non-taxable purpose during the year. Any amount you received for the abandonment, sale

or other disposal is assessable income and must be shown at item 24 Other income 2018. Go to [step 4](#).

Step 3

Use the following worksheet to calculate your deduction.

- The deduction is worked out on the value of the project pool at 30 June 2018. This is the closing pool value for the 2016–17 income year (if any) plus the sum of any project amounts allocated to the pool in 2017–18.
- You must estimate the project life in years, including fractions of years.
- The deduction rate at **d** in the worksheet could be 200% or 150%
 - Your deduction rate is 200% where your project pool contains only project amounts incurred on or after 10 May 2006, and the project started to operate on or after that date.
 - Your deduction rate is 150% where your project started to operate before 10 May 2006, or where your project started to operate on or after 10 May 2006 but the project pool contains project amounts incurred before that date.
 - You cannot use the higher rate if you abandon, sell or otherwise dispose of an existing project on or after 10 May 2006 and then start operating it again, just so that you can work out deductions at the higher rate.

Example – Project pool deduction (post 9 May 2006)

Row	Calculation	Amount
a	Value of project pool at 30 June 2018	\$30,000
b	Estimated project life (in years)	7.5 years
c	Divide row a by row b .	\$4,000
d	Deduction rate	200%

e	Multiply row c by row d .	\$8,000
f	Take row e away from row a .	\$22,000

Worksheet – Project pool deduction

Row	Calculation	Amount
a	Value of project pool at 30 June 2018	\$
b	Estimated project life (in years)	
c	Divide row a by row b .	\$
d	Deduction rate	%
e	Multiply row c by row d .	\$
f	Take row e away from row a .	\$

- If row **f** is zero or more, your deduction amount for 2017–18 is the amount at row **e** and the closing pool value for 2017–18 is the amount at row **f**.
- If row **f** is less than zero, your deduction amount for 2017–18 is the amount at row **a** (because your deduction amount cannot be greater than the value of the project pool) and the closing pool value for 2017–18 is zero.
- If your project operated for purposes other than taxable purposes in 2017–18, your deduction amount for 2017–18 is not the full amount at row **e** or row **a** as applicable. Instead, your deduction amount is the amount at row **e** or row **a** as applicable, reduced by a reasonable amount for the extent to which the project operated in 2017–18 for purposes other than taxable purposes.

You will need the closing pool value for 2017–18 to work out your deduction for project amounts for next year.

Step 4

Write your project pool deduction amount at **D** item **D13** on your tax return.

Foreign exchange rules

The pool value can be subject to adjustments. An adjustment could happen under foreign exchange (forex) rules that apply to transactions conducted in foreign currency.

If during the income year you met or otherwise ceased to have an obligation to pay in a foreign currency a project amount which you allocated to a project pool, you might have derived a gain or incurred a loss under these rules. If the amount in foreign currency became due for payment within 12 months after the time you incurred it, usually the pool value will be reduced by any such gain (known as a forex gain) and it will be increased by any such loss (known as a forex loss).

If the forex gain exceeds the pool value, the pool value is reduced to zero and the residual gain is assessable income which you should include at item **24**. If you had previously elected that this treatment (known as 'the 12-month rule') should not apply, any gain will be assessable and should be included at item **24** and any loss will be deductible and should be included at item **D15**.

For more information about the forex rules, see:

- question 24 Other income 2018
- D15 Other deductions 2018, or
- Foreign exchange gains and losses.

Where to go next

- Go to question D14 Forestry managed investment scheme deduction 2018.
- Return to main menu Individual tax return instructions 2018.
- Go back to question D12 Personal superannuation contributions 2018.

D14 Forestry managed investment scheme deduction 2018

Complete question D14 to claim a deduction for payments made to a forestry managed investment scheme.

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

No	Go to question D15 Other deductions 2018, or return to main menu Individual tax return instructions 2018.
Yes	You may be able to claim a deduction. Read on.

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

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

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

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

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

See also:

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

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

You need to know

You are an initial participant in an FMIS if:

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

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

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

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

Participant payments under an FMIS

Initial participant

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

Subsequent participant

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

Excluded payments

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

- payments for borrowing money
- interest and payments in the nature of interest (such as a premium on repayment or redemption of a security, or a discount of a bill or bond)
- payments of stamp duty
- payments of goods and services tax (GST)
- payments that relate to transportation and handling of felled trees after the earliest of the following
 - sale of the trees
 - arrival of the trees at the mill door
 - arrival of the trees at the port
 - arrival of the trees at the place of processing (other than where processing happens in-field)
- payments that relate to processing
- payments that relate to stockpiling (other than in-field stockpiling).

Completing this item

Work out the total amount of your deductible:

- initial and ongoing payments made under an FMIS, if you are an initial participant, or
- ongoing payments made under an FMIS, if you are a subsequent participant.

Write the amount at **F** item **D14** on your tax return.

Where to go next

- Go to question D15 Other deductions 2018.
- Return to main menu Individual tax return instructions 2018.
- Go back to question D13 Deduction for project pool 2018.

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D15 Other deductions – not claimable at items D1 to D14 or elsewhere on your tax return 2018

Complete question D15 to claim expenses you haven't been able to claim at D1 to D14 or elsewhere in your tax return.

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Did you have any other expenses that you have not been able to claim as deductions at items D1 to D14 or elsewhere on your tax return?

No	Go to Total supplement deductions 2018, or return to main menu Individual tax return instructions 2018.
Yes	Read on.

Do not show at this item:

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

Other questions deal with these matters.

You need to know

Expenses you may be entitled to claim

You may claim at this item:

- election expenses for local, territory, state or federal candidates
- income protection, sickness and accident insurance premiums
- foreign exchange losses
- debt deductions incurred in earning assessable income that are not disallowed under the thin capitalisation rules and have not been claimed elsewhere
- debt deductions incurred in earning certain foreign non-assessable non-exempt income that are not disallowed under the thin capitalisation rules
- amounts deductible for certain business-related capital expenditure under section 40-880 of the *Income Tax Assessment Act 1997* (ITAA 1997)
 - over five income years relating to a business you carried on through a company or a trust, or
 - immediately as start-up expenses relating to the structure or the operation of the business that is proposed to be carried on.
- a deduction for the net personal services income loss of a personal services entity that related to your personal services income

- certain deductible capital expenditure not claimed in full before ceasing a primary production business where a deduction can be claimed in a subsequent year or years; for example, water conservation expenditure, which may be deducted over a three-year period
- non-capital losses incurred on the disposal or redemption of a traditional security which are deductible under section 70B of the *Income Tax Assessment Act 1936* (ITAA 1936); for more information, see the section on **Sale or disposal of company bonds and convertible notes** in *You and your shares 2018* (NAT 2632)
- interest incurred on money borrowed to invest under the infrastructure borrowings scheme if you intend to claim a tax offset at item **T10 Other non-refundable tax offsets 2018**
- small business pool deductions for depreciating assets of your small business pool that you cannot claim at item **P8 Business income and expenses** on the *Business and professional items schedule for individuals 2018* because you did not carry on a business in 2017–18; for more information, see **Small business entity concessions**
- self-education expenses you incurred in doing a course to satisfy the study requirements of a taxable scholarship.

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

Election expenses

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

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

You must show as income at item **24** on your tax return a reimbursement in 2017–18 of any election expenses that you have claimed as a deduction in 2017–18 or a previous year.

Income protection, sickness and accident insurance premiums

You can claim the cost of any premiums you paid for insurance against the loss of your income. You must include any payment you received under the policy for loss of your income at items **1**, **2** or **24** on your tax return.

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

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

Foreign exchange losses

Unless you carried on a business and have included all your foreign exchange losses (forex losses) in calculating your business net income or loss at item **15**, your deductible forex losses must be shown at this item (except any foreign source forex losses that you have included at item **20**). Show any assessable foreign exchange gains (forex gains) at item **24** on your tax return.

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

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

Some forex losses are not deductible, for example, forex losses of a private or domestic nature, or those relating to exempt income. In some cases, forex losses on the acquisition of capital or depreciating assets, or on the disposal of capital assets, are also not deductible. In

these cases, the losses are integrated into or matched with the taxation treatment of the underlying asset.

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

Debt deductions

You may claim 'debt deductions' incurred in earning assessable income (for example, foreign source income that has been included at item **20** on your tax return) at this item, if you have not claimed them elsewhere on your tax return.

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

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

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

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

You can find more information at [Thin capitalisation](#).

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

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

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

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

Section 40-880 deductions

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

Expenditure deductible over five income years

Claim a section 40-880 deduction at this 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 2018, and
 - you are carrying on the business through a company or trust, or
- you incurred the relevant capital expense and the expenditure relates to a business which ceased in a previous income year and you carried on the business through a company or trust.

If you incurred relevant section 40-880 expenses in relation to a business which ceased in a previous income year and you carried on the business as a sole trader or through a partnership, claim the amount at item **P8** Business income and expenses on the *Business and professional items schedule for individuals 2018*. If this applies to you, then you must lodge your tax return using *myTax* or a registered tax agent.

Certain start-up expenses

From 1 July 2015, section 40-880 of the ITAA 1997 allows a taxpayer who is not in business, or who is a small business entity, to

immediately deduct certain start-up expenses relating to the structure or operation of a business that is proposed to be carried on.

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

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

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

For more information about section 40-880 deductions, see **Guide to depreciating assets 2018 (NAT 1996)**.

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

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

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

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

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

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

You may claim at this item expenses you incurred in meeting the study requirements of a taxable scholarship. However do not claim these expenses here if you were an employee of the provider; claim them at **D4 Work-related self-education expenses 2018**.

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.

For more information go to **Self-education expenses calculator**.

Print 'Scholarship expenses' in the **Description of claim** box.

Completing this item

Step 1: Election expenses

Add up all your deductible election expenses. Write the total amount at **E** item **D15** on page 15 of your tax return. Do not show cents. If you have no other expenses, go to [Check that you have...](#) otherwise, read on.

Step 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 'multiple expenses' in the **Description of claim** box.

Step 3

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

Step 4

Write the amount from step **3** at **J** item **D15**. Do not show cents.

Check that you have...

- Written on your tax return the total amount of your deductible election expenses, if any
- Printed on your tax return the type of other expenses you are claiming
- Written on your tax return the total amount of all other expenses you are claiming

Where to go next

- Go to Total supplement deductions 2018.
- Return to main menu Individual tax return instructions 2018.
- Go back to question D14 Forestry managed investment scheme deduction 2018.

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Total supplement deductions 2018

Complete the total supplement deductions section of your supplementary tax return.

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[Step 1](#)

[Step 2](#)

[Step 3](#)

[Step 4](#)

[Where to go next](#)

Did you claim any deductions at items D11 to D15?

No	Go to step 4.
Yes	Go to step 1.

Step 1

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

Step 2

Write the total from step 1 at **Total supplement deductions** on page 15 of your tax return.

Step 3

Transfer the amount you wrote at **Total supplement deductions** to **D** on page 4 of your tax return.

Step 4

Go to Total deductions 2018; then work through the Losses section.

Where to go next

- Go to question T2 Australian superannuation income stream 2018.
- Return to main menu Individual tax return instructions 2018.
- Go back to question D15 Other deductions - not claimable at items D1 to D14 or elsewhere on your tax return 2018.

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