



myTax 2018 Small business income tax offset

How to complete the small business income tax offset sections of your tax return using myTax.

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On this page

Report your business income in two places


Eligible income

Income not eligible for this offset

Completing this section

You may be entitled to the small business income tax offset if you are a small business entity with a turnover less than \$5 million. The maximum offset is \$1,000 per year per person from all your sources of small business income.

See also:

- [Small business income tax offset](#)
- [Small business income tax offset calculator](#) 

Report your business income in two places

Amounts you enter at the **Small business income tax offset** question are only used to work out your tax offset. They are not included in your taxable income.

To make sure your taxable income and tax offset are correct, you must report your business income in two places:

- at **Business income or losses** in the **Business/sole trader, partnership and trust income (including loss details)** section – these amounts are included in your taxable income. You must also report the following business income/loss at the relevant sections:
 - foreign business income
 - net farm management deposits or repayments
 - interest and dividend income from carrying on your business
- at **Small business income tax offset** in the **Offsets** section – these amounts are only used to work out your tax offset.

Eligible income

Only include income that is eligible for the offset. The offset is worked out on your net income (not gross income), which is your:

- sole trader net small business income (business income after deductions)
- share of partnership or trust net small business income less your deductions relating to that share.

See also

- Sole traders
- Partnership and trust distributions


Income not eligible for this offset

The following types of income are not eligible:

- personal services income (unless from a personal services business)
- salary and wages
- director's fees
- government payments
- interest and dividends (unless related to a business activity).

For more information, see [Income and deductions you cannot include](#).

Completing this section

1. Work out the amounts to enter at this section using the [Small business income tax offset calculator](#) .

If you want to manually calculate your amounts, see:

- [Net small business income \(from sole trading activities\)](#)
 - [Partnership share of net small business income less deductions attributable to that share](#)
 - [Trust share of net small business income less deductions attributable to that share](#)
2. Enter information into the corresponding fields.
 3. Select **Save and continue** when you have complete the **Offsets** section.

QC 55666

Net small business income (from sole trading activities)

Use this guide to work out your net small business income so we can calculate your tax offset.

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If you are a small business entity with a turnover of less than \$5 million, you need to work out your net small business income so we can calculate your tax offset. The maximum offset is \$1,000 per year per person from all your sources of small business income.

Your net small business income is your assessable income from carrying on your business less your deductions to the extent that they are attributable to that assessable income.

If you carry on multiple businesses combine the profit or loss from each business activity to work out your net small business income

from all your businesses. If one or more of your business activities made a loss you must first apply the non-commercial loss rules to work out how each loss is to be treated. Any loss you are unable to claim because of these rules is not taken into account in working out net small business income.

Use your **Total primary production net income or loss from business** and **Total non-primary production net income or loss from business** amounts as your starting point for working out your net small business income. Any prior year deferred non-commercial losses being claimed as a deduction this year are already included in the amounts. You do not need to include them again in your net small business income calculation.

Do not include:

- any net capital gains you made from assets used in carrying on your business
- any personal services income unless you were a personal services business
- any of the following deductions
 - tax-related expenses
 - gifts or contributions
 - personal superannuation contributions
 - tax losses from prior years.

Working out your net small business income

Step 1

Did you have either of the following:

- business income or deductions shown at sections other than **Total primary production net income or loss from business** and **Total non-primary production net income or loss from business** (see [worksheet 1](#) for a list)
- business losses that are not deductible under the non-commercial loss rules?

No – Add the amount at **Total primary production net income or loss from business** and **Total non-primary production net income or loss from business**, a negative amount will offset a positive amount. This is the amount you need to show at **Net small business income (from sole trading activities)**.

Yes – go to **Step 2**.

Step 2

Use the worksheet below to adjust your **Total primary production net income or loss from business** and **Total non-primary production net income or loss from business** amounts. Show these amounts at rows **a** and **b** in the worksheet.

Step 3

If any business losses are not allowable deductions for non-commercial loss purposes show them at row **h**. If the loss includes a net capital gain, deduct the amount of net capital gain from the loss and show the result at row **h**.

Step 4

Add up all the amounts at rows **a** to **h** and deduct the amount at rows **j** and **k**. Show the result at row **m**. If the result is positive this is your net small business income. If the result is a loss, use **0**. This is the amount you need to show at **Net small business income (from sole trading activities)**.

Worksheet 1

Worksheet 1a – Total net income or loss from business

Row	Calculation elements	Amount
a	Total primary production net income or loss from business If this amount is a negative show it in brackets	\$
b	Total non-primary production net income or loss from business If this amount is a negative show it in brackets	\$

Worksheet 1b – Additions

Row	Calculation elements	Amount
c	'Early repayments – natural disaster and drought' or 'Other repayments' at Net farm management deposits or repayments relating to the business	\$
d	Foreign source business income at Foreign income, assets and entities	\$
e	Business interest income (do not include interest on an FMD as it is not business interest income)	\$
f	Business dividend income	\$
g	Other business income not already shown at Business income or losses	\$
h	Business losses which are not allowable deductions (excluding any net capital gains)	\$
i	Add the amounts at rows a to h above	\$

Worksheet 1c – Deductions

Row	Calculation elements	Amount
j	'Deductible deposits' at Net farm management deposits or repayments relating to the business	\$
k	Other business deductions not already claimed at Business income or losses	\$
l	Add the amounts at rows j and k	\$

Worksheet 1d – Net small business income (including foreign income)

Row	Calculation elements	Amount
m	Take the amount at row l away from the amount at row i . If the result is positive this is your net small business income. If the result is a loss use 0 .	\$

QC 55666

Partnership share of net small business income less deductions attributable to that share

Complete the section using this guide.

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Did either of the following apply:

- your partnership distribution or share of net income included a share of net small business income
- you had a farm management repayment or other amount you received as a partner in a small business entity?

No – You are not eligible for the small business income tax offset for partnerships.

Yes – You may be entitled to the small business income tax offset.
Read on.

Amounts you show at this field are not included in your income. They are only used for the purpose of working out your small business income tax offset.

Your statement of distribution or advice from the partnership should include details of your 'Share of net small business income' from each partnership that is a small business entity. If a partnership made an overall loss, you are not entitled to a tax offset in relation to that share of net small business income.

You are entitled to the offset only in respect of your share of net small business income from a small business entity partnership in which you are a partner, where the business income was derived by that partnership from carrying on its own business activities.

You must reduce your share of net small business income and other partner amounts by any deductions you are entitled to, to the extent they are attributable to that share of income or other income amounts.

The deductions you can claim against your share of net small business income are explained at **Partnerships**. Include any deductions for farm management deposits you made as a partner.

Your deductions from **Partnerships** plus your deductible farm management deposits cannot be greater than your share of net small business income from that partnership.

At this field also include any:

- farm management repayments included in your income this year as a partner
- other business income that is only included in your income because you were a partner, for example, a recoupment or reimbursement of a deduction that you previously claimed as a partner.

Do not include interest on your farm management deposits at this field.

Any deductions that are attributable to a farm management repayment, or other business income, cannot be greater than the amount to which the deduction relates.

Do not reduce your share of net small business income or other income amounts by any of the following deductions:

- tax-related expenses
- gifts or contributions
- personal superannuation contributions.

For more information, see **Small business income tax offset**.

Working out your partnership share of net small business income less deductions attributable to that share

To work out your partnership share of net small business income less deductions attributable to that share, use step-by-step instructions and [worksheet](#) below.

If you are a partner in a partnership the statement of distribution or advice should also include details of any business loss activities. If the partnership made an overall loss, treat your share of net small business income from that partnership as zero.

If the partnership carried on more than one business activity and one or more activities made a loss, the non-commercial business loss rules apply to that loss activity. If overall the partnership made a profit but your share of the partnership's net small business income has been reduced (but not to zero or below) by a loss you may be required to adjust your share of the partnership's net small business income.

Step 1

Add up all your 'share of net small business income' amounts that relate to partnership distributions at **Partnerships** and at **Other foreign income** and show this at row **a**.

Step 2

If the following applies show your share of that loss at row **b**:

- your distribution from a partnership included a share of a business loss that was not deductible this year due to the non-commercial loss rules, and
- your share of that loss reduced a 'share of net small business income' amount included at row **a** (but not to zero or below).

Step 3

Add up rows **a** and **b** and show the result at row **c**.

Step 4

Show any farm management repayments from 'Early repayments – natural disaster and drought' or 'Other repayments' that relate to your partnership share at row **d**.

Step 5

Show any other business income amounts included in your income because you were a partner at row **e**.

Step 6

Add up rows **c**, **d** and **e** and show the result at row **f**.

Step 7

Show any deductible farm management deposits from 'Deductible deposits' that are attributable to your partnership share of net small business income at row **g**.

Step 8

Show any **Landcare operations and business deduction for decline in value of water facility, fencing asset and fodder storage asset** and **Landcare operations expenses** claimed at **Partnerships** that are attributable to your partnership share at row **h**.

Step 9

Show any **Other deductions** claimed at **Partnerships** that are attributable to your partnership share at row **i**.

Step 10

Show any deductions that relate to your farm management repayments or other partner business amounts at row **j**.

Step 11

Add together rows **g**, **h**, **i** and **j** then show the total at row **k**.

Step 12

Subtract row **k** from row **f** and show this at row **l**. If the result is a loss, enter **0**.

The amount at row **l** is the amount you need to show at **Partnership share of net small business income less deductions attributable to that share**.

Worksheet

Row	Calculation	Amount
a	Partnership share of net small business income	
b	Your share of a non-commercial business loss that had reduced your share of net small business income (but not below zero)	

c	Add up rows a and b and show the result at row c .	
d	Farm management repayments	
e	Other business income because you were a partner	
f	Add up rows c , d and e and show the result at row f .	
g	Farm management deposits	
h	Deductions claimed at Landcare operations and business deduction for decline in value of water facility, fencing asset and fodder storage asset and Landcare operations expenses at Partnerships	
i	Other deductions claimed at Partnerships	
j	Deductions that relate to your farm management repayment or other partner business income	
k	Add up rows g , h , i and j then show the total at row k .	
l	<p>Subtract row k from f and show the result at row l.</p> <p>If the result is a loss, enter 0.</p> <p>This is your partnership share of net small business income less deductions attributable to that share.</p>	

QC 55666

Trust share of net small business income less deductions

attributable to that share

Follow this guide to complete the section.

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Did either of the following apply:

- your trust distribution or share of net income included a share of net small business income
- you had a farm management repayment or other amount you received as a beneficiary in a small business entity?

No – You are not eligible for the small business income tax offset for trusts.

Yes – You may be entitled to the small business income tax offset.
Read on.

Amounts you show at this field are not included in your income. They are only used for the purpose of working out your small business income tax offset.

Your statement of distribution or advice from the trustee should include details of your 'Share of net small business income' from each trust that is a small business entity.

You are entitled to the offset only in respect of your share of net small business income from a small business entity trust in which you are a beneficiary, where the business income was derived by that trust from carrying on its own business activities.

You must reduce your share of net small business income and other beneficiary income amounts by any deductions you are entitled to, to the extent they are attributable to that share of income or other income amounts.

The deductions you can claim against your share of net small business income are explained at **Trusts**. Include any deductions for farm management deposits you made as a beneficiary.

Your deductions from **Trusts** plus your deductible farm management deposits cannot be greater than your share of net small business income from that trust.

At this field also include any:

- farm management repayments included in your income this year as a beneficiary
- other business income that is only included in your income because you were a beneficiary, for example, a recoupment or reimbursement of a deduction that you previously claimed as a beneficiary.

Do not include interest on your farm management deposits at this field.

Any deductions that are attributable to a farm management repayment, or other business income, cannot be greater than the amount to which the deduction relates.

Do not reduce your share of net small business income or other income amounts by any of the following deductions:

- tax-related expenses
- gifts or contributions
- personal superannuation contributions.

For more information, see [Small business income tax offset](#).

Working out your trust share of net small business income less deductions attributable to that share

To work out your trust share of net small business income less deductions attributable to that share, use step-by-step instructions and [worksheet](#) provided below.

If the trust made an overall loss, treat your share of net small business income from that trust as zero.

If you are a beneficiary who is a minor (under 18 years old and you are not an **excepted person**) you are not entitled to this offset.

If you are the beneficiary of a discretionary trust you would not normally be able to claim a deduction for expenses you incurred in relation to your share of any net income of the trust under the general deduction provisions. This is because at the time you incurred the expense, you would not have been entitled to any income of the trust.

Step 1

Add up all your 'share of net small business income' amounts that relate to trust distributions you have shown at **Trusts** and at **Other foreign income** and show this at row **a**.

Step 2

Show any farm management repayments from 'Early repayments – natural disaster and drought' or 'Other repayments' that relate to your trust share at row **b**.

Step 3

Show any other business income amounts included in your income because you were a beneficiary at row **c**.

Step 4

Add together rows **a**, **b** and **c** and show the result at row **d**.

Step 5

Show any deductible farm management deposits from 'Deductible deposits' that are attributable to your trust share of net small business income at row **e**.

Step 6

Show any deductions claimed at **Other deductions** at **Trusts** that are attributable to your trust share at row **f**.

Step 7

Show any deductions that relate to your farm management repayments from 'Early repayments – natural disaster and drought' or 'Other repayments' or other beneficiary business amounts at row **g**.

Step 8

Add together rows **e**, **f** and **g** then show the total at row **h**.

Step 9

Subtract row **h** from row **d** and show this at row **i**. If the result is a loss, enter **0**.

The amount at row **i** is the amount you need to show at **Trust share of net small business income less deductions attributable to that share**.

Worksheet

Row	Calculation	Amount
a	Trust share of net small business income from trusts	
b	Farm management repayments	
c	Other business income because you were a beneficiary	
d	Add rows a , b and c and show the result at row d .	
e	Farm management deposits	
f	Other deductions claimed at Trusts	
g	Deductions that relate to your farm management repayment or other beneficiary business income	
h	Add up rows e , f and g then show the total at row h .	
i	Subtract row h from row d and show this at row i . If the result is a loss, enter 0 . This is your trust share of net small business income less deductions attributable to that share.	

QC 55666

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