Tax time definitions

Definitions to help you understand terms we use in your tax return instructions, schedules and referred publications.

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A B C D E F G H I J K L

Other ATO definitions

The tax time definitions are associated with the tax time instructions and referred publications that assist you to understand and complete your tax return or a schedule. These definitions are general in nature and there may be a more specific definition for the question. If the term is not in this list, see **ATO definitions**.

A

Terms we use starting with 'A'

Term	Definition
Accounting principles	A matter is in accordance with **accounting principles** if it is in accordance with: • accounting standards; or • if there are no accounting standards applicable to the matter – authoritative pronouncements of the Australian

	Accounting Standards Board that apply to the preparation of financial statements.
Accumulation SMSF fund	An SMSF is an **accumulation fund** if the SMSF provides its members with a benefit which is the total of: • contributions made into the fund by, or on behalf of, the member, **plus** • earnings on those contributions, **minus** • any costs attributed to the member. An SMSF is an accumulation fund even if the SMSF or any of its accounts is supporting a super income stream benefit.
Active member of an SMSF	A member is considered to be an **active member** of an SMSF if: • they are a contributor to the SMSF, or • contributions to the SMSF have been made on their behalf (and they are not covered by the next paragraph). A member on whose behalf contributions have been made to the SMSF is not an active member if: • they are not a resident of Australia • they are not currently a contributor, and • the only contributions that were made on their behalf after they ceased to be an Australian resident were made in relation to a time when they were an Australian resident.
Adjusted taxable income (ATI)	The sum of the following, **less** any child support payments you provide to another – that is:

	• your taxable income (excluding any assessable first home super saver released amount)
	• your reportable employer super contributions
	• your deductible personal super contributions
	• your adjusted fringe benefits total, which is the sum of
	  – reportable fringe benefits amounts from employers exempt from fringe benefits tax under section 57A of the *Fringe Benefits Tax Assessment Act 1986* multiplied by 0.53, and
	  – reportable fringe benefits amounts from employers not exempt from fringe benefits tax under section 57A of the *Fringe Benefits Tax Assessment Act 1986*
	• certain tax-free government pensions or benefits you receive
	• your target foreign income
	• your net financial investment loss
	• your net rental property loss.

Adjustable value	The adjustable value of a depreciating asset is its cost (excluding input tax credit entitlements) less its decline in value since you first used it or installed it ready for use for any purpose, including a private purpose.
Adjusted Division 6 percentage	A beneficiary's adjusted Division 6 percentage is the percentage of the income of the trust estate (disregarding any amount of a capital gain or a franked distribution to which any beneficiary or the trustee is specifically entitled) that they are presently entitled to.

Affiliate	An individual or company is an affiliate of your company if, for the affairs of their business, they act, or could reasonably be expected to act, in either of the following ways: • in accordance with your entity's directions or wishes • in concert with your entity. Two or more entities in partnership are not each other's affiliates just because one partner acts, or could reasonably be expected to act, in concert with the other partner about the affairs of their partnership business.
Aggregated turnover of R&D entity	Aggregated turnover is the sum of the annual turnover for all of the following: • the R&D entity • any entity during the period it is connected with the R&D entity (within the meaning of section 328-125 of the ITAA 1997) • any entity during the period it is affiliated with the R&D entity (within the meaning of section 328-130 of the ITAA 1997). Certain turnover amounts from dealings between these entities are excluded.
Airdrop	Airdrops are a marketing tool that distribute crypto assets through a group of people to build their use and popularity.
Amount of capital gains from a trust (including a managed fund)	Distributions from trusts can include different amounts but only the following types of amounts are relevant for CGT purposes:

	- distributions of all or a part of the trust’s income where the trust’s net income for tax purposes includes a net capital gain - distributions or other entitlements described as being referable to a specific capital gain or gains - distributions of non-assessable amounts.
Annual turnover	A company's annual turnover is the total ordinary income it derived in the income year in the ordinary course of carrying on its business activities. This amount does not include GST. Dealings with associates may be subject to adjustment. If a company didn't carry on a business at any time during the income year, its annual turnover is zero. If your company carried on a business for part of the income year, estimate what its annual turnover would have been if it had carried on a business for the whole income year.
Arms length income	Income is arm's length income unless it meets the definition of non-arm's length income in **section 295-550** of the *Income Tax Assessment Act 1997*. Complying SMSFs must consider each component of their income and decide if it is non-arm's length income.
Assessable balancing adjustment amount	An assessable balancing adjustment amount arises where the termination value of the depreciating asset is more than the adjustable value.
Assessable income	Assessable income is the income you pay tax on, if you earn enough to exceed the tax-free threshold

Associates	In broad terms, associates are entities with a family or business connection to another entity. This can include an individual's relatives, spouse or children. Some examples of an associate of a company, other than a company in the capacity of trustee, are: • a partner of the company • a partnership in which the company is a partner • a trustee of a trust estate under which the company or its associate benefits • an entity (including a natural person) that, acting alone or with another entity, sufficiently influences the company • an entity (including a natural person) that, either alone or together with associates, holds a majority voting interest in the company • a second company that is sufficiently influenced by the company or the company's associate • a second company in which a majority voting interest is held by the company or the company's associate.
Attribution CCIV sub-fund trust	An attribution corporate collective investment vehicle (CCIV) sub-fund trust is a CCIV sub-fund trust that is an AMIT for an income year because it satisfies specific AMIT eligibility requirements in Division 276 of the ITAA 1997 for that income year.
Attribution managed investment trust (AMIT)	An eligible managed investment trust (MIT) may choose to apply the AMIT rules. Special rules apply to

<table>
<tr><td></td><td>cost-base adjustments for unitholders of AMITs.</td></tr>
<tr><td>Attribution managed investment trust member annual statement</td><td>An attribution managed investment trust member annual statement (AMMA statement) is a member statement provided by an AMIT or attribution CCIV sub-fund trust to its members for an income year.</td></tr>
<tr><td>Australian self-managed super fund</td><td>If an SMSF satisfies all 3 of the following tests at the same time at any point in the income year, then it is an Australian super fund for the entire income year:

The SMSF was established in Australia, or at least one of the SMSF’s assets is located in Australia.
The central management and control of the SMSF is ordinarily in Australia.
Either

the SMSF has no active members, or
it has active members who are Australian residents and who hold at least 50% of

the total market value of the SMSF’s assets attributable to super interests held by active members, or
the sum of the amounts that would be payable to or in respect of active members if they voluntarily ceased to be members.

If the SMSF does not meet the definition of Australian superannuation fund at all times during the income year, the SMSF is not a complying SMSF and it will not receive the concessional rate of tax.</td></tr>
</table>

B

Terms we use starting with 'B'

Term	Definition
Block	A block is a group of transaction records grouped together. At regular intervals a new block is added to the chain.
Blockchain	A blockchain is a record of all transactions, made up of blocks, of a particular crypto asset. A blockchain is a form of digital ledger.
Bonus shares	Bonus shares are additional shares a shareholder receives for an existing holding of shares in a company. You maybe be required to pay an amount to get them.
Bonus units	Bonus units are additional units a unit holder receives from the trust. You may also be required to pay an amount to get them.
Business deductions	Business deductions are deductions which relate to a business that you carry on. This includes your share of a loss, from carrying on a business in a partnership, and any deductions relating to expenses that you incur in relation to a distribution from a business partnership.
Business income	Business income is income you earn from carrying on a business either solely or in partnership. For Government super contributions purposes, distributions of business income from a trust or from a company in which you hold shares are not regarded as your business income. Most business income is included in the *Business and professional items schedule for individuals 2024* at **P8 Business income and expenses**. However, that schedule instructs that some types of income should be included in other questions in your tax return. In order to determine eligibility for Government super contributions we need to know your total

	business income, not just the amounts included at **P8 Business income and expenses**. Accordingly, we ask you to calculate these amounts in **worksheets 1**, **3** and **5**.

C

Terms we use starting with 'C'

Term	Definition
Call on shares	A call is a demand made by a company on its shareholders to pay the whole or part of the unpaid amount of shares held by the shareholder. A company may sometimes issue a partly paid share and then make a call to pay up part or all of the remaining outstanding balance.
Capital gain	You may make a capital gain from a CGT event such as the sale of an asset. Generally, your capital gain is the difference between your asset's cost base (what you paid for it plus other costs you incur to purchase, hold and dispose of it) and your capital proceeds (what you received for it). You can also make a capital gain if a managed fund or other unit trust distributes a capital gain to you.
Capital gains disregarded by a foreign resident	If a foreign resident or the trustee of a foreign trust for CGT purposes had a CGT event happen to a CGT asset that is not considered to be **taxable Australian property**, any capital gain or capital loss made is disregarded under Division 855 of the *Income Tax Assessment Act 1997*.

Capital gains tax	Capital gains tax (CGT) refers to the income tax you pay on any net capital gain you make. You include the net capital gain on your annual income tax return. For example, when you sell (or otherwise dispose of) an asset as part of a CGT event, you are subject to CGT
Capital loss	Generally, you may make a capital loss as a result of a CGT event if you received less capital proceeds for an asset than its reduced cost base (what you paid for it plus other costs you incur to purchase and dispose of it). Your capital loss is your reduced cost base less your capital proceeds.
Capital proceeds	Capital proceeds is the term used to describe the amount of money or the value of any property you receive or are entitled to receive as a result of a CGT event. For shares or units, capital proceeds may be: • the amount you receive from the purchaser • the value of shares or units you receive on a demerger • the value of shares or units and the amount of cash you receive on a merger or takeover • the market value if you give the shares or units away.
Capped defined benefit income stream	**Capped defined benefit income streams** include: • lifetime pensions, regardless of when they start • lifetime annuities that existed prior to 1 July 2017 • life expectancy pensions and annuities that existed prior to 1 July 2017

	market-linked pensions and annuities that existed prior to 1 July 2017. Due to commutation restrictions, **transfer balance cap rules** apply differently to capped defined benefit income streams. Instead, a defined benefit income cap will limit the amount of tax-free income you can receive from one of these income streams.
Central management and control of an SMSF	The **central management and control** of an SMSF is ordinarily in Australia if the SMSF's strategic and high level decisions are regularly made in Australia. These decisions are generally made by the trustees of the SMSF. The SMSF will continue to meet the central management and control requirement in cases where the SMSF's central management and control is temporarily, that is for a period of 2 years or less, outside Australia. The SMSF will not continue to meet the central management and control requirement if the central management and control of the SMSF is **permanently** outside Australia.
CGT asset	CGT assets include collectables (such as jewellery), assets for personal use (such as furniture or a boat) and other assets (such as an investment property, vacant land, shares or a holiday home). If you have made a capital gain from the sale of one or more of these assets, see **Guide to capital gains tax 2025**.
CGT concession amount	This amount is the CGT discount component of any actual distribution from a managed fund.

CGT discount	The CGT discount is the amount (or percentage) by which a capital gain may be reduced under the discount method.
CGT event	A CGT event happens when a transaction takes place such as the sale of a CGT asset. The result is usually a capital gain or capital loss.
Chain split	A chain split occurs where there are two or more competing versions of a crypto asset blockchain. The core rules of the new chain develop independently to those of the original chain.
Chain swap	A chain swap is a process that allows the movement of crypto assets from one blockchain to another.
Child	A person's child includes: • their adopted child, stepchild or ex-nuptial child • their child born or adopted in 2024-25 • their spouse's child • someone who is the person's child within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of the person under a State or Territory court order giving effect to a surrogacy arrangement).
Collectables (CGT)	A collectable is an artwork, an item of jewellery, an antique, a coin, a medallion, a rare folio, a rare manuscript, a rare book, a postage stamp or a first day cover that is used or kept mainly for personal use or enjoyment. Collectables also include an interest in any of the

	listed items, a debt that arises from any of those items or an option or right to acquire any of those items.
Compassionate grounds for Super	An early release of super on **compassionate grounds** is a lump sum payment paid to a member in order to meet an eligible expense. Eligible expenses include: • medical treatment or medical transport for you or your dependant • preventing foreclosure of forced sale of your home • modifying your home or vehicle to accommodate special needs arising from your or your dependant's severe disability • palliative care for you or your dependant • expenses associated with the death, funeral or burial of your dependant. The ATO is responsible for determining whether a person has satisfied the criteria for a release of super benefits under compassionate grounds. A member needs to apply to the ATO and receive an approval determination from the ATO before the amount can be paid. These determinations only permit a single payment of super up to the amount approved. The payment needs to be taxed as a normal super lump sum, with any tax withheld being in addition to the amount approved.
Complying SMSF	The compliance status of an SMSF affects how you report income and the tax rates that apply. An SMSF is a complying super fund if:

	- it is an Australian superannuation fund at all times during the income year, and - we haven't issued the SMSF with a *Notice of non-compliance*. A tax rate of 45% applies to the taxable income of a non-complying SMSF. In the year that an SMSF becomes a non-complying SMSF, the SMSF will typically pay additional tax as a result of that change in its status.
Concessional contributions for Super	Concessional contributions include: - employer (super guarantee) contributions - For people over 18, contributions by - a spouse living separately and apart from you on a permanent basis - a parent, child, relative or friend - any other third party other than an employer or your spouse. - salary sacrifice contributions - personal contribution amounts where you have been allowed a deduction - notional taxed contributions for individuals with a defined benefit interest **but** do not include - contributions to constitutionally protected funds. For more information, see **Caps, limits and tax on super contributions**.

Connected with an entity for small business	Your company is connected with another entity if either of the following applies: • either entity controls the other entity • both entities are controlled by the same third entity. For a detailed definition of control, see **section 328-125** of the *ITAA 1997*.
Consolidation rules	Consolidation refers to taxing wholly owned groups as single entities, which enables assets to be transferred between members of a group without triggering capital gains or requiring cost base adjustments for membership interests. Subsidiary members are treated as part of the head company with intra-group transactions disregarded for income tax purposes.
Contribution for Super	A contribution to a self-managed superannuation fund (SMSF) can be anything of value that increases the capital of an SMSF provided by a person whose purpose is to benefit one or more members of the SMSF.
Convertible note	A convertible note is a type of investment you can make in a company or unit trust. A convertible note earns interest on the amount you pay to acquire the note until the note's expiry date. On expiry of the note, you can either ask for the return of the money paid or convert that amount to acquire new shares or units.
Corporate collective investment vehicle (CCIV)	A corporate collective investment vehicle (CCIV) is a collective investment vehicle which is in legal form a registered company limited

	by shares. It comprises one or more sub-funds and is operated by a single corporate director. A sub-fund of a CCIV is all or part of the CCIV's business that is registered as a sub-fund of the CCIV by ASIC.
Corporate collective investment vehicle (CCIV) sub-fund trust	For taxation purposes, a CCIV sub-fund is taken to be a separate unit trust with: • the CCIV as trustee, and • members of the CCIV as beneficiaries, of the CCIV sub-fund trust in accordance with their shareholding that is referable to the sub-fund. Each CCIV sub-fund trust is subject to the existing rules for the taxation of trusts.
Cost addition amounts for depreciating assets	Cost addition amounts included in the second element of the cost of a depreciating asset include the cost of capital improvements to assets and costs reasonably attributable to disposing of or permanently ceasing to use an asset (this may include advertising and commission costs or the costs of demolishing the asset).
Cost base for CGT	The cost base of an asset is generally what is costs you. It is made up of 5 elements: • money you paid or property you gave for the asset • certain incidental costs of acquiring or selling it (for example, brokerage, stamp duty, investment consultants fees and legal fees) • the costs of owning it if you can't claim a deduction for them and they were incurred on or after 21 August 1991

	• costs associated with increasing or preserving its value or installing or moving it • what it has cost you to establish, preserve or defend your ownership or rights to it (for example, if you paid a call on shares). The cost base for a share or unit may need to be reduced by the amount of any non-assessable payment you receive from the company or fund.
Crypto	Crypto is shorthand for (or an abbreviation of) crypto asset.
Crypto asset	Crypto assets are a form of digital asset that include cryptocurrencies, digital or virtual currencies, virtual assets and non-fungible tokens that use cryptography to secure transactions and don't rely on a financial intermediary.
Crypto mining	Crypto mining is the process of validating transactions on the blockchain and creating new blocks. The users who create new blocks in this system are known as miners.

D

Terms we use starting with 'D'

Term	Definition
Death benefit from SMSF	A **death benefit** is a lump sum benefit payment or income stream

	benefit payments made by a super fund to a person other than the member because of the death of the member of the fund.
Death benefits dependant for Super	You are a death benefits dependant of the deceased if, at the time they died, you were: • the surviving spouse • a former spouse • a child of the deceased and you were under 18 years old • any other person who was financially dependent on the deceased • any other person in an interdependency relationship with the deceased. For **question 8** in the individual tax return, you are also a death benefits dependant when you receive a superannuation lump sum payment because a member of the Australian Defence Force or of an Australian police force, including the Australian Protective Service, died in the line of duty.
Death benefit employment termination payment	A death benefit employment termination payment (ETP) is a lump sum payment which is paid to you because you are the beneficiary of a person who has died. If the ETP was paid to you as the trustee of a deceased estate, you must show the ETP in the tax return of the deceased estate, not in your personal tax return. If you received a death benefit ETP from a deceased person's employer, the information provided on your *PAYG payment summary – employment termination payment* will depend on whether you were a death benefits dependant.

Death benefit income stream	A death benefit income stream is a superannuation income stream paid to you as a death benefits dependant of a deceased member.
Debt forgiveness	A debt is forgiven if you are freed from the obligation to pay it. A commercial debt that is forgiven may reduce your capital loss, your cost base or your reduced cost base.
Decline in value for depreciating assets	Decline in value (previously depreciation) is the value that an asset loses over its effective life.
Deductible balancing adjustment amount	A deductible balancing adjustment amount arises where the termination value of the depreciating asset is less than the adjustable value.
Defined benefit fund	A super fund is a **defined benefit fund** if the fund provides its members with a benefit that is calculated from a formula based on a combination of factors, including the years of membership in the fund and average salary level over a specific time.
Defined benefit income cap	The defined benefit income cap applies, if you receive one or more superannuation income stream benefits that are 'defined benefit income' to which 'concessional tax treatment' applies. For 2024–25, the **defined benefit income cap** is $118,750 (the $1.9 million general transfer balance cap divided by 16), though this may be reduced in certain circumstances, including if you: • are receiving a capped defined benefit income stream and turn 60 years old part-way through the year, and therefore begin

	receiving concessional tax treatment for that income • start a capped defined benefit income stream with concessional tax treatment for the first time part-way through the year • start receiving a death benefit (reversionary) defined benefit income stream with concessional tax treatment part-way through the year • are under 60 years old and receive more than one capped defined benefit income stream where at least one is a death benefit income stream where the deceased died age 60 or older and one is not a death benefit income stream where the deceased died age 60 or older. The defined benefit income cap is indexed in line with the general transfer balance cap.
Demerger	A demerger involves the restructuring of a corporate or trust group by splitting its operations into 2 or more entities or groups. Under a demerger, the owners of the head entity of the group acquire a direct interest in the demerged entity that was formerly part of the group.
Demerger exemption	A demerger exemption applies to disregard certain capital gains or capital losses made by a demerging entity in a demerger group. A demerger group comprises the head entity of a group of companies or trusts and at least one demerger subsidiary. Discretionary trusts and superannuation funds can't be members of a demerger group.
Demerger rollover	This may apply to CGT events that happen on or after 1 July 2002 to interests that you own in the head entity of a demerger group where a

	company or fixed trust is demerged from the group. Generally, the head entity undertaking the demerger will advise owners whether demerger rollover is available, but you should seek our advice if you are in any doubt. We may have provided advice in the form of a class ruling on a specific demerger, confirming that the rollover is available. This rollover allows you to defer your CGT obligation until a later CGT event happens to your original or your new shares or units.
Demutualisation	A company demutualises when it changes its membership interests to shares. If you received shares as part of a demutualisation of an Australian insurance company (for example, AMP, IOOF or NRMA), you are not subject to CGT until you sell the shares, or another CGT event happens. Usually, the company will advise you of your cost base for the shares you received. The company may give you the choice of keeping the shares they have given you or of selling them and giving you the capital proceeds. If you hold a policy in an overseas insurance company that demutualises, you may be subject to CGT at the time of the demutualisation.
Dependant (check the relevant question for this definition)	For the purposes of the individuals tax return. A **dependant** must be an Australian resident for tax purposes and can be: • a child who is under 21 years old and is not a student • a student under 25 years old who is studying full time at school, college or university

	• an invalid or an invalid carer. If you want to claim a tax offset for your dependants, you may need to work out your and your **dependants' adjusted taxable income (ATI)** for the relevant period to determine whether you are eligible for a tax offset and the amount of the tax offset. For Medicare levy surcharge A **dependant** must be an Australian resident for tax purposes and is: • a spouse • a child who is under 21 years old and is not a student • a student under 25 years old who is studying full time at school, college or university For Medicare levy A **dependant** must be an Australian resident for tax purposes and is: • a spouse • a child who is under 21 years old and is not a student • a student under 25 years old who is receiving full-time education at a school, college or university and whose adjusted taxable income for the period you maintained the child was less than the total of $282 plus $28.92 for each week you maintained them. For Private Health insurance Dependants may be up to 32 years old depending on the rules of the health insurance fund.
Dependant (SMSF)	For the purposes of the SMSF annual return.

	A **dependant** for death benefit purposes is any of the following: • a spouse or de facto spouse of the deceased • a former spouse or de facto spouse of the deceased • a child of the deceased under 18 years of age • a person who, at the time of death, relied on the deceased for financial maintenance • any person who, at the time of death, lived with the deceased in a close personal relationship where one or both of them provided the other with financial and domestic support and personal care. A **non-dependant** for super death benefit purposes is a person who doesn't fall into one of the categories of dependants listed above.
Depreciating asset	A depreciating asset is an asset with a limited effective life which declines in value over that life.
Digital ledger	A digital ledger is a digital system for recording the transaction of assets in which the transactions and their details are recorded in multiple places at the same time.
Digital wallet	A digital wallet (for crypto assets) is on online or software-based place to store your private keys.
Direct control	For the purposes of working out aggregated turnover, your company controls another entity if either of the following applies to your company, its affiliates or both: • they own or have the right to acquire the ownership of

interests in the other entity that carry between them the right to receive at least 40% of any distribution of
  - income
  - capital
  - net income of the partnership if the other entity is a partnership
- if the other entity is a company, they own or have the right to acquire the ownership of interests in the company with at least 40% of the voting power in the company.

Different rules apply for a discretionary trust.

Unless you are a deductible gift recipient or an exempt entity, your company will control a discretionary trust if the trustee of the trust acts or could reasonably be expected to act in accordance with the directions or wishes of:

- your company,
- its affiliates or,
- both.

If your company, your affiliates, or both in any of the past 4 income years have received at least 40% of the total amount of income or capital of the trust, your company is taken to control the discretionary trust.

If you are working out whether you have ownership by exempt entities, treat references to 40% above as references to 50%.

The Commissioner can decide that your company does not control another entity, where your control percentage is at least 40%, but less than 50%. See **subsection 328-125(6)** of the ITAA 1997.

	For more information about the meaning of 'connected with' and 'control', see **section 328-125** of the ITAA 1997.
Discount method for CGT	The discount method is one of the ways to calculate your capital gain if: • the CGT event happened after 11:45 am AEST on 21 September 1999 • you acquired the asset at least 12 months before the CGT event. If you use the discount method, you don't index the cost base but you can reduce your capital gain by the CGT discount of 50%. However, you must first reduce your capital gains by the amount of any capital losses made in the income year and any unapplied net capital losses from earlier income years. You discount any remaining capital gain. If you acquired the asset before 11:45 am AEST on 21 September 1999, you can choose either the discount method or the indexation method, whichever gives you the better result.
Discounted capital gain	A discounted capital gain is a capital gain that has been reduced by the CGT discount. If the discounted capital gain has been received from a managed fund, you will need to gross up the amount before you apply any capital losses and the CGT discount.
Disposal of assets by a trust to a company	If you are an individual or a trustee, you can choose to obtain a rollover to defer the capital gain if: • you dispose of a CGT asset, or all the assets of a business, to a company in which you own all the shares, or you create a CGT asset in such a company

	• all the partners in a partnership dispose of partnership property to a company in which they all own shares or the partners create a CGT asset in such a company.
Dividend reinvestment plans	Under these plans, shareholders can choose to use their dividend to acquire additional shares in the company instead of receiving a cash payment. For CGT purposes, you are treated as if you received a cash dividend and then used it to buy additional shares. Each share (or parcel of shares) received in this way is treated as a separate asset when the shares are issued to you.
Dwelling	A dwelling for the purpose of the main residence exemption is anything that is used wholly or mainly for residential accommodation. Examples of a dwelling are: • a home • an apartment • a strata title unit • a unit in a retirement village • a caravan, houseboat or other mobile home.

E

Terms we use starting with 'E'

Term	Definition
Early stage innovation company	You may be entitled to the early stage investor tax incentives for eligible investments you make in an

	early stage innovation company (ESIC). A company will qualify as an ESIC if it meets both: • the early stage test • either the – 100-point innovation test – Principles-based innovation test.
Economic group	An economic group includes all entities (for example, companies, trusts and partnerships) that lodge an Australian tax return under a direct or indirect Australian or foreign ultimate holding company or other majority controlling interest. This includes all entities under a single ultimate holding company or under the ownership of a single individual, trust or partnership.
Eligible income for government super contributions	One of the requirements you need to satisfy to be eligible for Government super contributions, is to have 10% or more of your total income (without a reduction for allowable business deductions) eligible income. Eligible income is income from running a business, eligible employment or a combination of both. To get a Government super contribution for 2024–25, you must be an employee or in business during 2024–25. Common examples of eligible income are salary, allowances, lump sum payments, employment termination payments, reportable fringe benefits and reportable employer super contributions. Personal services income you show at question P1 of your Business and professional items schedule for individuals 2025 is treated as eligible income if the income is attributed to

	employment or business. However, if your personal services income does not relate to employment or the carrying on of a business, then it is ineligible income.
Employee share schemes	Employee share schemes (ESS) give employees benefits such as shares or the opportunity to buy shares (such as rights or options) in the company they work for at a discounted price. These benefits are known as ESS interests. In most cases, ESS interests are exempt from CGT implications until the discount on the ESS interest has been taxed. When you sell your ESS interests (or resulting shares), they are taxed under the CGT rules (or if you are a share trader, the trading stock rules).
Eligible employment income for government super contributions	One of the requirements you need to satisfy to be eligible for Government super contributions, is to have 10% or more of your total income (without a reduction for allowable business deductions) from either business income or eligible employment income. Eligible employment income is required for question **A3** in the individual tax return and is any income attributable to engaging in any of the following activities: • holding an office or appointment • performing functions or duties • engaging in work • doing acts or things Income attributable to activities that result in you being treated as an employee are also treated as eligible employment income. An employee, which in addition to its ordinary meaning, also includes a person who:

	- works under a contract that is wholly or principally for their labour - is paid as a member of an executive body of a company (for example, a director of the company) - is paid to perform or present, or to participate in the performance or presentation of, any music, play, dance, entertainment, sport, display or promotional activity or any similar activity involving the exercise of intellectual, artistic, musical, physical or other personal skills, or provides services in connection with such activities - is paid to perform services in, or in connection with, the making of any film, tape or disc or of any television or radio broadcast - holds an appointment, office or position under a Commonwealth, state or territory law, or under the Constitution - is in the service of the Commonwealth, or a state or territory (including members of the defence forces, or police force) - is a member of parliament (Commonwealth, state or territory). A person who holds office as a member of a local government council is not necessarily regarded as an employee of the council. They are only regarded as an employee if the local government council has decided that the salary of its members is subject to pay as you go (PAYG) withholding. For the purposes of determining eligibility for Government super

	contributions, income that is attributable to employment is included as eligible income. This means that eligible income can include amounts that are compensatory (for example, lost earnings) or government incentives (for example, paid parental leave), where there is a connection between the employment activities and the payment. However, these payments are only eligible income for 2024–25 if the person remains an employee of the relevant employer for at least some part of 2024–25.
Exchange of shares or units in same company or unit trust	A rollover may be chosen to defer the capital gain if you exchange shares in the same company or units in the same unit trust. This rollover is a type of replacement asset rollover.
Excluded foreign resident for CGT	An excluded foreign resident is a person who, at the time of the CGT event, is a foreign resident and has been a foreign resident for tax purposes for a continuous period of more than 6 years.
Exempt current pension income	If the SMSF paid retirement phase superannuation income stream benefits to one or more members during the current income year, some or all of its otherwise assessable income is tax exempt under the 'exempt current pension income' rules, unless it is non-arm's length income or assessable contributions. This tax exempt income is known as 'exempt current pension income' or ECPI.
Exempt entity	Exempt entity means either: • an entity that is exempt from income tax under the ITAA 1936,

	ITAA 1997 or any other Commonwealth law • an untaxable Commonwealth entity – for example, an entity that is exempt from income tax under **section 50-1** of the ITAA 1997 is an exempt entity.
Extra capital gain	A beneficiary of a trust who has a share of a capital gain that was included in the net income of the trust for tax purposes, will include an amount of extra capital gain when working out their own net capital gain. The amount of extra capital gain will depend on the beneficiary's share of a capital gain, the amount of the taxable income of the trust that relates to the beneficiary's share of the capital gain and whether any discounts or concessions were applied by the trustee when working out the amount of the capital gain for tax purposes.

F

Terms we use starting with 'F'

Term	Definition
Feedstock input expenditure for R&D	Feedstock input expenditure refers to the R&D expenditure incurred in one or more income years in acquiring or producing goods, or materials transformed or processed during R&D activities in producing one or more tangible products.
Feedstock outputs	Feedstock outputs refers to the tangible products produced as a result of the R&D activities (through

	the transformation or processing of feedstock inputs).
Feedstock revenue	When the feedstock output is immediately supplied or applied, the feedstock revenue will be its market value at that point. If further expenditures are incurred on the feedstock output between the R&D activity and the point of supply, then the feedstock revenue will be a proportion of the value of the marketable product that is supplied. In these circumstances the feedstock revenue is calculated as follows: market value of the marketable product × (cost of producing feedstock output ÷ cost of producing marketable product)
Financial statements	Financial statements are the documents that represent the financial position and financial performance of an entity, prepared in accordance with accounting principles. They include: • financial reports prepared pursuant to **Chapter 2M** of the *Corporations Act 2001* • statements (however described) that cover the activities of the Australian operations, where the taxpayer is a foreign resident operating through a permanent establishment in Australia • reports prepared for submission to the Australian Prudential Regulation Authority (APRA) that cover the activities of the Australian operations, where the taxpayer is a foreign bank with an Australian permanent establishment. If there are one or more sets of financial statements relevant for an entity, the financial statements that

	apply are those that recognise or disclose the uncertainty about taxes payable or recoverable to which the position relates. For guidance on what is considered a financial statement, see **How to prepare a general purpose financial statement**.
First home super saver scheme	The First Home Super Save scheme (FHSS) scheme allows individuals to make voluntary contributions (both before-tax concessional and after-tax non-concessional) into their super fund to save for their first home. Individuals can apply to have a maximum of $15,000 of their voluntary contributions from any one income year included in their eligible contributions to be released under the FHSS scheme, up to a total of $50,000 contributions across all years. To use the scheme, all of the following conditions must be satisfied: • Individuals need to be 18 years old or older to request a FHSS determination or a release of amounts under the FHSS scheme. • Individuals cannot have owned any property in Australia before including land, investment or commercial property (unless financial hardship applies). • The individual's name must be on the title of the property you buy. • The individual doesn't have a completed release request in relation to a FHSS determination made in relation to you. Individuals can only use the scheme once.

Foreign employment termination payment	An employment termination payment (ETP) that you received due to termination of your employment overseas is a foreign employment termination payment (foreign ETP): • where you were an Australian resident for the period of your employment • where the payment was exempt from income tax under that country's laws • whether or not your foreign employer has an Australian business number (ABN) or has given you a *PAYG payment summary – employment termination payment*. A foreign ETP is different from a foreign termination payment (FTP).
Foreign resident capital gains withholding	For foreign residents who enter into a contract on or after 1 January 2025 onwards, a 15% withholding obligation applies to the disposal of: • taxable Australian real property • an indirect Australian real property interest • an option or right to acquire such property or such an interest. For foreign residents who enter into a contract between 1 July 2017 and 31 December 2024, a 12.5% withholding obligation applies to the disposal of any of the following if the market value is $750,000 or more: • taxable Australian real property • an indirect Australian real property interest • an option or right to acquire such property or such an interest.

Foreign termination payment	An FTP is a payment that: • you received in consequence of the termination of your employment in a foreign country and the payment relates only to a period of employment when you were a foreign resident, or • was not exempt from income tax in the foreign country, you were an Australian resident during the period of the employment or service, and you received the payment as a result of the termination of either your – employment in a foreign country where the foreign earnings were exempt from Australian tax for the period of employment – qualifying service on an approved project and the eligible foreign remuneration was exempt from Australian tax during the period of engagement. The payment is not an FTP if it is a superannuation benefit paid from a superannuation fund, retirement savings account or an approved deposit fund or if it is a payment of a pension or an annuity. Foreign termination payments are non-assessable non-exempt income, that is, tax-free income. Don't show them anywhere in your tax return.
Forestry managed investment scheme initial participant	The taxpayer is an **initial participant** in a forestry managed investment scheme (FMIS) if: • the taxpayer obtained its forestry interest in the FMIS from the **forestry manager** of the scheme, and • the taxpayer's payment to obtain the **forestry interest** in the FMIS

	results in the establishment of trees. The **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 the benefits produced by the FMIS (whether the right is actual, prospective or contingent and whether it is enforceable or not).
Forestry managed investment scheme subsequent participant	The taxpayer is a **subsequent participant** in an FMIS if it acquired its interest through secondary market trading. This means it acquired its interest other than as an initial participant, usually by purchasing that interest from an initial participant in the scheme.
Forger	A forger of crypto assets (similar to a miner) is someone who validates transactions and creates new blocks in a proof of stake system.
Franking credit	A franking credit is your share of tax paid by a company on the profits from which your dividends or distributions are paid. A franking credit is also known as an: • imputation credit • imputation tax credit • imputed credit • imputed tax credit • Australian imputed tax credit • Australian franking credit • Class C imputation credit, or • Class C imputed credit.
Franked dividend	Franked dividends are paid to shareholders and holders of non-share equity interests out of profits

	on which the company has already paid tax.

G

Terms we use starting with 'G'

Term	Definition
Government super contributions	Government super contributions include both super co-contributions and low income super tax offset.
Gross up discounted capital gain for unit holders	Unit holders who are entitled to a share of the fund's income that includes a capital gain reduced by the CGT discount, must 'gross up' their capital gain. This is done by multiplying by 2 your share of any discounted capital gain you have received from the fund.

H

Terms we use starting with 'H'

Term	Definition
Hardware wallet	A hardware wallet is a secure physical device which stores the user's private keys.
Hybrid mismatch rules	Hybrid mismatch rules operate to neutralise the double non-taxation outcomes that arise under arrangements that exploit the tax treatment of an entity or instrument under the laws of 2 or more tax jurisdictions. The hybrid mismatch rules collectively refer to Division 832 of the *Income Tax Assessment Act 1997* (ITAA 1997) and amendments to:

	• Division 15 of the ITAA 1997 • Division 207 of the ITAA 1997 • Subdivision 768-A of the ITAA 1997 • Section 23AH of the *Income Tax Assessment Act 1936* (ITAA 1936) • Part IIIB of the ITAA 1936

I

Terms we use starting with 'I'

Term	Definition
Income for surcharge purposes for Medicare levy surcharge)	Income for surcharge purposes is the sum of: • Taxable income (excluding any assessable First home super saver released amount) • Total reportable fringe benefits amount • Amount on which family trust distribution tax has been paid • Net financial investment loss • Net rental property loss • Reportable employer superannuation contributions • Deductible personal superannuation contributions
Income statement	If you are an employee, your income statement will set out your gross salary and wage income, pay as you go (PAYG) amounts withheld, allowances and other payments paid to you by your employer. If your employer is reporting through Single

	Touch Payroll, your **income statement** replaces your payment summary.
Income year	An income year is: • the same time-period as a financial year (a period of 12 months beginning on 1 July and ending on the next 30 June), and • the period covered by your tax return. In particular circumstances, the Commissioner of Taxation may allow a company or other entity to adopt another 12-month period.
Indeterminate	Indeterminate refers to any person who does not exclusively identify as either male or female – for example, a person of a non-binary gender. A person may use a variety of other terms to self-identify.
Indexation factor	For CGT purposes, the indexation factor is worked out based on the consumer price index (CPI). The indexation of the cost base of an asset is frozen as at 30 September 1999. For CGT events after that time, the indexation factor is the CPI for the September 1999 quarter (68.7) divided by the CPI for the quarter in which you incurred costs relating to the asset. The result is taken to 3 decimal places, rounding up if the fourth decimal place is 5 or more. You may have different indexation factors for different amounts included in your cost base.
Indexation method for CGT	The indexation method is one of the ways to calculate your capital gain if you bought a CGT asset before 11:45 am AEST on 21 September 1999, and you owned the asset for

	12 months or more. This method allows you to increase the cost base by applying an indexation factor to each item of expenditure in your cost base (based on increases in the CPI up to 30 September 1999).
Indirect control	If your entity directly controls a second entity, and the second entity controls (whether directly or indirectly) a third entity, your entity is taken to control the third entity. There are some exceptions to this rule, see **subsection 328-125(8)** of the ITAA 1997.
Inter-company asset rollover	A same asset rollover is available where a company transfers or creates (CGT event) a CGT asset in another company that is a member of the same wholly-owned group, but one of the companies is a non-resident.
International related parties	International related parties are persons: • not dealing wholly independently with one another in their commercial or financial relations • whose dealings or relations can be subject to Subdivision 815–B of the ITAA 1997 or the associated enterprises article of a relevant double tax agreement (DTA). The term includes any overseas entity or person: • who participates directly or indirectly in your entity's management, control or capital • who your entity participates directly or indirectly in the management, control or capital • who has the same entity or person participating directly or

	indirectly in its management, control or capital as your entity.
Invalid and invalid carer tax offset	This offset is for those who are supporting: • an invalid receiving a certain type of government payment • a carer (an invalid carer) receiving a certain type of government payment • a carer (an invalid carer) caring for an invalid receiving a certain type of government payment There are also income thresholds and age requirements, to check your eligibility see **Invalid and invalid carer tax offset calculator**.

J

Terms we use starting with 'J'

Term	Definition
Joint income	Joint income is income you earned in conjunction with another person or entity. This may be interest from a jointly held bank account, dividends from jointly owned shares or rental income from a jointly owned rental property.
Joint income group	For Government super contribution purposes, you are in a joint income group if you owned income-producing assets with another person or persons. For example, you are in **2** joint income groups if: • your parents and you have a joint bank account

	• your spouse and you co-own rental properties.

K

No terms starting with 'K' defined.

L

Terms we use starting with 'L'

Term	Definition
Late termination payment	A late termination payment is a lump sum payment, similar to employment termination payments (ETPs), which you received more than 12 months after the time you retired or ceased employment. Generally late termination payments do not receive concessional tax treatment, and the amount should be included at question 1 (salary or wages) in your individual tax return. However, a late termination payment can be treated as an ETP and receive concessional tax treatment where either of the following apply: • legal action about your entitlement to the ETP or about the amount of the ETP was commenced within 12 months of the termination of your employment • the payment was made by a person who was appointed within 12 months of your employment termination as a liquidator, receiver or trustee

	in bankruptcy for the employer • the payment was due to a person's membership in a redundancy trust and the application for payment was made within 12 months of becoming entitled to the payment under the rules of the trust. The trustee of the redundancy trust must make the payment as soon as practicable after receiving the application and within 2 years of the termination of the employment that led to the entitlement. For more information see **ETP 2018/1** *Income Tax Employment Termination Payments (12 month rule) Determination 2018* and **ETP 2019/1** *Income Tax: Employment Termination Payments Redundancy Trusts (12 month rule) Determination 2019*.
Listed investment company (LIC) capital gain amount	This is an amount notionally included in a dividend from a listed investment company (LIC) which represents a capital gain made by that company.
Loan amount	For loans or borrowings, trade financing and other types of debt interests under **Division 974** of the ITAA 1997, the average balance of the loan, borrowing or other debt interest during the income year is calculated the same way as quarterly balances of borrowings and loans shown at Question 11a and 11b of the *International dealings schedule 2025*. This calculation is performed by:

	• adding up the loan balance amount at the start of the year and the loan balance amounts at the end of each quarter; and • dividing the result by 5.
Low income superannuation amounts (LISA)	Low income superannuation amounts (LISA) can be either a low income superannuation contribution (LISC) or a low income superannuation tax offset (LISTO). LISC applied for the 2012–13 to 2016–17 income years and was replaced with LISTO from 1 July 2017. Eligibility criteria for LISTO remained essentially the same as for LISC.
Low income superannuation tax offset (LISTO)	This is a government measure to boost super savings. You are eligible for a low income super tax offset if all of the following apply: • a concessional contribution is made by you or on your behalf, to a complying super fund or retirement savings account after 1 July 2012 (concessional contribution is as defined in the Income Tax Assessment Act 1997) • your adjusted taxable income (ATI) is $37,000 or less • 10% or more of your total income (without allowable business deductions) is from employment income, carrying on a business or a combination of both • you don't hold an eligible temporary resident visa at any time during the year, unless you are a New

	Zealand resident or holder of a prescribed visa. The payment is 15% of the amount of your concessional contributions up to a maximum of $500. If the calculated amount is less than $10, then the payment is $10.
Low-rate cap amount for taxable components of superannuation lump sum payments	This concession applies only to superannuation lump sums paid to you when you have reached your preservation age but before you turn 60 years old. The low-rate cap amount is the maximum amount of taxable components (taxed and untaxed elements) that can be taxed at a concessional lower rate. The low-rate cap amount is a 'lifetime' limit. This means that the **taxed element** and **untaxed elements** of **all** superannuation lump sum payments that you receive (as well as the amount of any eligible termination payments for which you became entitled to a rebate before 1 July 2007) when you have reached your preservation age but before you turn 60 years old will be taxed at a concessional rate until your total reaches the low-rate cap amount ($245,000 for 2024–25) plus future indexed increases. For more information, see Cap limits and tax on super contributions and Key superannuation rates and thresholds.

M

Terms we use starting with 'M'

<table>
<tr><th>Term</th><th>Definition</th></tr>
<tr><td>Main residence</td><td>Your main residence is your home, that is, the dwelling you regard as your main place of residence and nominate as such for any CGT concessions dealing with the disposal of a main residence.</td></tr>
<tr><td>Main residence exemption</td><td>Generally, you can disregard a capital gain or capital loss from a CGT event that happens to a dwelling that is your main residence (also referred to as ‘your home’). You may only get a partial exemption if:
you used your home to produce income
your home was your main residence during only part of the period you owned it
you were an excluded foreign resident at the time you sold your main residence
the land around your home is more than 2 hectares.</td></tr>
<tr><td>Maintaining a dependant or another person</td><td>You maintained a dependant or maintained another person if any of the following apply:
you both live in the same house
you gave them food, clothing and lodging
you help them to pay for their living, medical and educational costs.
If you had a spouse for the whole of the income year and your spouse works at any time during the year, we still consider you to have maintained your spouse as a dependant for the whole income year.</td></tr>
</table>

	We consider you to have maintained a dependant or maintained another person even if the 2 of you were temporarily separated, for example, due to holidays or overseas travel. If you maintained a dependant or maintained another person for only part of the year, it may impact on the number of days they are considered a dependant.
Majority controlling interest	An entity holds a majority controlling interest in another entity where it holds more than 50% of the voting power at a general meeting of that entity.
Managed fund	A managed fund is a unit trust. The types of managed funds available include cash management trusts, fixed interest trusts, mortgage trusts, property trusts, equity trusts, international trusts and diversified trusts. Attribution managed investment trusts (AMITs) and attribution corporate collective investment vehicle (CCIV) sub-fund trusts, have separate tax rules.
Managed investment trust	A trust is a managed investment trust (MIT) if: • the trustee of the trust is an Australian resident, or the central management and control of the trust is in Australia • the trust does not carry on or control an active trading business • the trust is a managed investment scheme under section 9 of the *Corporations Act 2001* • the trust is sufficiently widely-held and not closely-held (special counting rules apply where investors in a MIT are specified widely held entities)

	• the trust is operated or managed by an appropriately regulated entity.
Market value substitution rule for capital proceeds	In some cases, if you receive nothing in exchange for a CGT asset (for example, if you give it away as a gift) you are taken to have received the market value of the asset at the time of the CGT event. You may also be taken to have received the market value if your capital proceeds are more or less than the market value of the CGT asset, and you and the purchaser were not dealing with each other at arm's length in connection with the event. You are said to be dealing at arm's length with someone if each party acts independently and neither party exercises influence or control over the other in connection with the transaction. The law looks at not only the relationship between the parties but also the quality of the bargaining between them.
Market value substitution rule for cost base and reduced cost base	In some cases, the general rules for calculating the cost base and reduced cost base have to be modified. For example, the market value may be substituted for the first element of the cost base and reduced cost base if: • you did not incur expenditure to acquire the asset • some or all of the expenditure you incurred can't be valued, or • you did not deal at arm's length with the previous owner in acquiring the asset.
Materiality amount	For the purposes of the Reportable tax position (RTP) schedule and instructions, an entity's materiality

	amount is 5% of its Australian current tax expense, except where: • 5% of its Australian current tax expense exceeds A$30 million – the materiality amount is then A$30 million • 5% of its Australian current tax expense is less than A$3 million – the materiality amount is then A$3 million • it has no Australian current tax expense – the materiality amount is then A$3 million. You must calculate your entity's Australian current tax expense in accordance with accounting principles. If your entity is the head company of a MEC group, Australian current tax expense is the aggregate of the current tax expense of all members of the MEC group. Use A$3 million as the materiality amount if: • your entity doesn't calculate its Australian current tax expense and doing so requires significant additional effort • you consider the materiality amount for RTP purposes isn't appropriate to your entity's circumstances.

N

Terms we use starting with 'N'

Term	Definition
Net capital gain	A net capital gain is the difference between your total capital gains for the income year and the total of your capital losses for the income year and unapplied net capital

	losses from earlier income years, less any CGT discount and small business CGT concession to which you are entitled.
Net capital loss	If your total capital loss for the income year is more than your total capital gain, the difference is your net capital loss for the income year. This loss can be carried forward and deducted from capital gains you make in later income years. There is no time limit on how long you can carry forward a net capital loss. You can only use capital losses from collectables to reduce capital gains from collectables. If your total capital losses from collectables for the income year are more than your total capital gains from collectables, you have a net capital loss from collectables for the income year. This loss is carried forward and deducted from capital gains from collectables in later income years. There is no time limit on how long you can carry forward a net capital loss from collectables.
Net exempt income	A resident SMSF's 'net exempt income' is the SMSF's gross exempt income *less* expenses (other than capital expenses) incurred in deriving the exempt income and any taxes payable outside Australia on that exempt income. Net exempt income includes: • exempt current pension income • amounts that aren't included in assessable income because family trust distribution tax has been paid • tax-exempt distributions from pooled development funds.
Non-assessable payment	A non-assessable payment is a payment received from a company or fund that is not assessed as part of your income in your income tax return. This includes some distributions from unit trusts, managed funds and companies.

Non-fungible token	A non-fungible token is a digital file or asset stored on a digital ledger where each token is unique and not interchangeable.
Non-residential real property	Non-residential real property includes land and buildings that are used for commercial or business purposes. This includes premises that are used for both business and residential purposes.

O

Terms we use starting with 'O'

Term	Definition
Other method	To calculate your capital gain using the ‘other’ method, you subtract your cost base from your capital proceeds. You must use this method for any shares or units you have bought and sold within 12 months (that is, when the indexation and discount methods don’t apply).
Other exemptions and rollovers	Other exemptions and rollovers are exemptions and rollovers that you have applied to a capital gain or loss that are not listed in one of the more specific codes under the question 'Have you applied an exemption or rollover?' of the individual supplementary tax return or your entity's tax return.
Other real estate	Other real estate on the CGT schedule refers to any real estate including land and buildings that are situated outside of Australia, for example, a rental property situated in the United States.
Other shares	Other shares on the CGT schedule are shares that are not listed on an Australian securities exchange, such as privately held shares or shares listed on a foreign securities exchange, but not also on an Australian securities exchange, for

	example, shares listed on the New York Stock Exchange (NYSE).
Other units	Other units on the CGT schedule are units in a unit trust that are not listed on an Australian securities exchange, such as privately held units or units listed on a foreign securities exchange, but not also on an Australian securities exchange, for example, units listed on the NYSE.
Ownership interest	In the case of a flat or home unit, you have an ownership interest if you have a: • legal or equitable interest in a strata title in the flat or home unit • licence or right to occupy the flat or home unit • share in a company that owns a legal or equitable interest in the land on which the flat or home unit is constructed and that share gives you a right to occupy the flat or home unit. In the case of a dwelling that is not a flat or home unit, you have an ownership interest if you have either a: • legal or equitable interest in the land on which it is constructed • licence or right to occupy it. In the case of land, you have an ownership interest if you have either a: • legal or equitable interest in it • right to occupy it. An equitable interest may include life tenancy of a dwelling that you acquire, for example, under a deceased’s will.

P

Terms we use starting with 'P'

Term	Definition
Payment gateway	A crypto payment gateway is a payment processor for digital assets.
Pension age	The age pension age for Centrelink payments is 67 years old or older. The age pension age for payments from the Department of Veterans' Affairs is 60 years old and older.
Permanent incapacity benefit	**A permanent incapacity benefit** is a lump sum benefit payment or income stream benefit payments paid by a regulated super fund to a member who is unlikely, due to ill health (physical or mental) to ever engage in gainful employment of the type for which they are reasonably qualified by education, training or experience and their condition has been certified by at least 2 medical practitioners.
Pooled superannuation trusts	A **pooled superannuation trust** (PST) is a resident unit trust regulated by the Australian Prudential Regulation Authority (APRA). A PST is used for investing assets of a number of super funds or approved deposit funds, other PSTs and certain other specified entities.
Position for reportable tax position schedule	For the purposes of the Reportable tax position (RTP) schedule and instructions, a position is the effect, for taxation purposes, given to particular arrangements or transactions, as reflected in the statements made in your entity's 2024–25 company tax return. This includes positions: • due to interpretative matters – for example, legislative

	- construction - due to findings of fact – for example, market valuations - where the effect for tax purposes is an omission from your entity's tax return.
Post CGT asset	Post-CGT assets are assets acquired on or after 20 September 1985.
Potential adjustment for reportable tax position schedule	Potential adjustment means the **total of the following amounts** in the 2024–25 income year should the reportable tax position (RTP) not be sustained: - your entity's tax rate multiplied by an amount, or part of an amount, that would be included in its assessable income - your entity's tax rate multiplied by a deduction, or a part of a deduction, that wouldn't be allowable to your entity - your entity's tax rate multiplied by a capital loss, or a part of that capital loss, that wouldn't be incurred by your entity - a foreign income tax offset that wouldn't be allowable to your entity - a tax offset that wouldn't be allowable to your entity. Your entity's tax rate is the applicable tax rate specified in the Income Tax Rates Act 1986.
Pre-CGT asset	Pre-CGT assets are assets acquired before 20 September 1985. They are generally exempt from CGT. An exception occurs where CGT event K6 applies.

Preservation age	Access to super benefits is generally restricted to members who have reached **preservation age**. A person's preservation age ranges from 55 to 60, depending on their date of birth.
Private key	A private key is similar to a password and allows you to transact with your crypto assets.

Q

No terms starting with 'Q' defined.

R

Terms we use starting with 'R'

Term	Definition
Real estate situated in Australia	Real estate situated in Australia is any real property, including land and buildings, that is in Australia.
Rebate income for SAPTO	Your rebate income is the total amount of your taxable income (excluding any assessable first home super saver released amount) plus the following amounts if they apply to you: • adjusted fringe benefits total, which is the sum of both of the following – reportable fringe benefits amounts you receive from employers exempt from fringe benefits tax under section 57A of the Fringe Benefits Tax Assessment Act 1986 multiplied by 0.53 – reportable fringe benefits amounts from employers not exempt from fringe benefits tax under section 57A of the Fringe

	Benefits Tax Assessment Act 1986 • reportable employer super contributions • deductible personal super contributions • your net financial investment loss (that is, the amount your deductions from your financial investments exceeded your total financial investment income) • your net rental property loss (that is, the amount where your deductions attributable to rental property exceeded your rental property income).
Recognised tax adviser	A recognised tax adviser is a registered tax agent, a registered BAS agent, a qualified tax relevant provider, or a legal practitioner.
Reduced cost base	The reduced cost base is the amount you take into account when you are working out whether you have made a capital loss when a CGT event happens. The reduced cost base may need to have amounts deducted from it such as non-assessable payments. The reduced cost base does not include indexation or costs of owning the asset, such as interest on monies borrowed to buy it.
Related party of an SMSF	**Related parties** of an SMSF are: • all members of the SMSF and their **associates** • all **standard employer-sponsors** of the SMSF and their associates. **Associates** of a member of the SMSF include: • every other member of the SMSF • relatives of any member of the SMSF

	- business partners of any member of the SMSF - companies and trustees of trusts that any member of the SMSF controls (either alone or with their other associates). A **standard employer-sponsor** is an employer who contributes to the SMSF for the benefit of a member, under an arrangement between the employer and the trustee of the SMSF. Associates of a standard employer-sponsor include: - business partners - companies or trustees of trusts that the employer controls (either alone or with their other associates) - companies and trustees of trusts that control the employer.
Release authority payment	A **release authority payment** from a superannuation fund is an amount released and paid to the ATO in response to a release authority issued to the fund for: - first home super saver scheme - excess concessional contributions - excess non-concessional contributions - Division 293 tax (due and payable and deferred debt liabilities).
Replacement asset rollovers	A replacement asset rollover may apply to defer the capital gain when you replace an asset in certain circumstances.
Residential real property	Residential real property means premises which are lawfully: - occupied as a place of residence, or - suitable for occupation as a place of residence.

	If the premises are suitable as a place of residence but are used for commercial or business purposes, it is non-residential real property.
Retirement phase superannuation income stream benefit	A retirement phase superannuation income stream benefit is a superannuation income stream benefit paid from a superannuation income stream that is in retirement phase. A superannuation income stream is in retirement phase if a superannuation income stream benefit is payable from it but it doesn't include: • a transition to retirement income stream (TRIS) unless the recipient is 65 or older, or has notified the SMSF they have met a condition of release with a nil cashing restriction (retirement, terminal medical condition or permanent incapacity), or • the superannuation income stream is specified in a commutation authority issued by the Commissioner and the SMSF hasn't complied with the authority. A superannuation income stream is also in retirement phase if it is a deferred superannuation income stream where the intended recipient has met a condition of release with a nil cashing restriction (retirement, terminal medical condition, permanent incapacity or attained age 65).
Rollover for CGT	A rollover allows a capital gain to be deferred or disregarded until a later CGT event happens.

S

Terms we use starting with 'S'

Term	Definition
Same asset rollover	A same asset rollover allows a capital gain that you make to be deferred when you transfer or dispose of an asset in certain circumstances and replace it with a similar CGT asset.
Scrip-for-scrip rollover	Subject to certain conditions, this type of rollover allows you to defer a CGT event that happens if a company you own shares in is taken over, or is merged with, and you receive new shares in the takeover company or merged company. It also applies if you exchange a units or other interest in a fixed trust. It can only apply to CGT events that happened on or after 10 December 1999 in the case of a takeover or merger of a company or fund in which you have holdings. The company or fund would usually advise you if the rollover conditions have been satisfied. This rollover allows you to defer your CGT obligation until a later CGT event happens to your shares or units. You may only be eligible for partial rollover if you received shares (or units) plus cash for your original shares. In that case, if the information provided by the company or fund is not sufficient for you to calculate your capital gain, you may need to seek advice from us.
Self-managed superannuation funds (SMSFs)	SMSFs are entities used for providing for individuals' retirement. Members of an SMSF are its trustees or, if the SMSF has a company trustee, are the directors of the company. This means the members of the SMSF run it for their benefit.

Generally your super fund with more than one member is an SMSF if:

- it has 2 to 6 members
- no member of the fund is an employee of another member of the fund unless they are related
- each member of the fund is a trustee and each trustee is a member of the fund, and
- no trustee of the fund receives any remuneration for their services as a trustee of the fund.

Alternatively, your super fund is an SMSF if it has a company as a trustee (known as a corporate trustee) and:

- the fund has 2 to 6 members
- each member of the fund is a director of the company and each director of the company is a member of the fund
- no member of the fund is an employee of another member of the fund unless they are related, and
- no remuneration is received by either the trustee company or a director of the company for services to the SMSF.

Your super fund is an SMSF if it has only one member and:

- the trustee of the fund is either
  - the member of the fund and a second person who is either a relative of the member or isn't the member's employer, or
  - a company where
    - the member is the sole director of the company, or

	– the member is one of 2 directors of the company and the second director is a relative of the member or isn't the member's employer – no remuneration is received by either the trustee (individual or company) or a director of the company for services to the fund.
Severe financial hardship benefit	A superannuation fund member may be able to access some of their super where they are experiencing **severe financial hardship**. Prior to making a payment due to severe financial hardship, the trustee must be satisfied that the member has met the eligibility criteria, based on the member's age. **Criteria 1** – Where the members age is below their preservation age plus 39 weeks, they must meet both of the conditions below: • they have received an eligible Commonwealth income support benefits continuously for 26 weeks, and • they are not unable to meet reasonable and immediate family living expenses. The payment must be a single amount up $10,000 (including tax), but no less than $1,000. **Criteria 2** – Where the members has reached their preservation age plus 39 weeks, they need to meet both of the conditions below before a payment can be made: • they have received an eligible Commonwealth income support benefits **cumulative** period of 39 weeks after reaching their preservation age

	- they are not gainfully employed when applying for the release. There are no restrictions on how much can be withdrawn if the member meets criteria 2.
Share buy-backs	If you disposed of shares back to a company under a buy-back arrangement, you may have made a capital gain or capital loss. Some of the buy-back price may have been treated as a dividend for tax purposes. The time you make the capital gain or capital loss will depend on the conditions of the particular buy-back offer.
Shared care	You had **shared care** of a child if you, and your spouse (if you had one), cared for your child for some of the income year, and someone else, such as a former spouse, cared for the child for the rest of the income year. If you received family tax benefit (FTB) Part B as part of a shared care arrangement, you will need to know your FTB shared care percentage to calculate your spouse offset. Your FTB shared care percentage is usually not the same as your 'shared care percentage' which appears on correspondence you have received from Services Australia. If you don't know your FTB shared-care percentage, contact Services Australia.
Shares in companies listed on an Australian securities exchange	Shares in companies listed on an Australian securities exchange don't include shares in privately owned companies whose shares are not publicly traded. For the purposes of the CGT schedule,

	include shares in privately owned companies under Other Shares.
Small business CGT concessions	There are 4 small business CGT concessions available where certain conditions are satisfied. They are, the: • small business 15-year exemption • small business 50% active asset reduction • small business retirement exemption • small business rollover. These concessions apply to CGT events that happened after 11:45am AEST on 21 September 1999. In addition to the 4 small business CGT concessions, there is a **small business restructure rollover** allowing the transfer of active assets – including CGT assets – from one entity to another, on or after 1 July 2016, without incurring an income tax liability. For more information, see **Small business CGT concessions**.
Smart contract	A smart contract is used for certain crypto asset transactions and is a computer program that facilitates, verifies, or enforces defined rules on the blockchain.
SMSF supervisory levy	SMSFs pay an annual supervisory levy to us. The supervisory levy to be paid with the SMSF annual return 2025 is for 2025–26.
Sole care	Sole care means that you alone had full responsibility, on a day-to-day basis, for the upbringing, welfare and maintenance of a child or

	student. You're not considered to have sole care if you are living with a spouse (married or de facto) unless special circumstances exist. Generally, for special circumstances to exist, you must be financially responsible for the dependent child or student and have sole care without the support that a spouse normally provides.
Solely earned income	Income you earned that was not joint income
Specifically entitled	A beneficiary that is specifically entitled to the whole or part of a capital gain made by the trust will be assessable on the amount of the net (taxable) income of the trust that relates to that gain. Generally, a beneficiary will be taken to be specifically entitled to an amount of a capital gain if: • they have received or are likely to receive the benefit of that capital gain • the entitlement is recorded in the accounts or records of the trust within 2 months after the end of the income year.
Spouse	For the purposes of the individual tax return. Your **spouse** includes another person who: • you were in a relationship with that was registered under a prescribed state or territory law • although not legally married to you, lived with you on a genuine domestic basis in a relationship as a couple.
Spouse (SMSF)	For the purposes of the SMSF annual return.

	A spouse of a member (at the relevant time) includes another person (of any sex): • with whom the member is in a relationship that is registered under a prescribed state or territory law, or • who lives with the member on a genuine domestic basis in a relationship as a couple although not legally married to the member.
Stablecoin	A stablecoin is a cryptocurrency that pegs its value to some other asset, generally a non-digital currency or commodity.
Staking	Staking can involve locking your existing crypto assets to validate transactions on the blockchain and create new blocks. Staking may also refer to other activities that involve pledging your crypto assets to generate a passive return (or yield).
Super co-contribution	A government measure to boost super savings. If your total income for the 2024-25 income year is below $60,400 you may be eligible for the government super co-contribution by making personal super contributions to your fund. Personal super contributions are amounts you choose to contribute to your super fund from after-tax income. This is in addition to any employer contributions; however it does not include contributions made through a salary sacrifice arrangement, and does not include an eligible Downsizer contribution. You are eligible for the super co-contribution if all of the following apply:

	• you did not exceed your **non-concessional contributions cap** for 2024–25 • your **total superannuation balance** at 30 June 2025 was less than $1,900,000 • you made a personal super contribution by 30 June 2025 into a complying super fund or retirement savings account (RSA) and didn't claim a deduction for all of it • your total income was lower than $60,400 • 10% or more of your total income (without allowable business deductions) was from employment income, carrying on a business or a combination of both • you were less than 71 years old on 30 June 2025 • you did not hold an eligible temporary resident visa at any time during 2024–25, unless you were a New Zealand resident or holder of a prescribed visa • you lodge your 2024-25 tax return.

T

Terms we use starting with 'T'

Term	Definition
Takeovers and mergers	A takeover is when an acquiring company buys or increases the share percentage that it owns in an acquiring company to 80% or more.

	In the process, all owners of voting shares: • must have the opportunity to participate • participation must be substantially the same for all owners in the original entity.
Taxable purpose	A taxable purpose is any of the following: • the purpose of producing assessable income • the purpose of exploration and prospecting • the purpose of mining site rehabilitation • environmental protection activities.
Taxable purpose proportion	The taxable purpose proportion is the extent to which you use an asset for a taxable purpose, such as for the purpose of producing assessable income.
Tax-advantaged entity	A tax-advantaged entity is a tax-exempt entity, or a foreign resident, or the trustee of: • a complying superannuation fund • a complying approved deposit fund • a pooled superannuation fund.
Tax-deferred amounts	These are amounts you may receive if you hold units in a managed fund. They include indexation received by a managed fund on its capital gains and accounting differences in income. Tax-deferred amounts reduce both the cost base and reduced cost base of your units in a managed fund.
Tax-exempted amounts	These are amounts you may receive if you hold units in a managed fund. They are generally made up of non-assessable non-exempt income of the

	managed fund, amounts on which the fund has already paid tax or income you had to repay to the fund. Tax-exempted amounts don't affect the cost base and reduced cost base of your units in a managed fund.
Tax-free amounts	These are amounts you may receive if you hold units in a managed fund. Tax-free amounts allow the managed fund to pay a greater distribution to its unit holders. This is due to certain tax concessions funds can receive. Tax-free amounts affect the reduced cost base but not the cost base of your units in a managed fund.
Temporary incapacity benefits	**Temporary incapacity** benefits are amounts paid as an income stream to a member because they temporarily ceased gainful employment due to physical or mental ill health, but were not permanently incapacitated.
Temporary resident	You are a temporary resident if all of the following apply: • you hold a temporary visa granted under the *Migration Act 1958* • you are not an Australian resident within the meaning of the *Social Security Act 1991* • your spouse is not an Australian resident within the meaning of the Social Security Act 1991 However, you are not a temporary resident if you have been an Australian resident (within the meaning of this Act), and any of previously mentioned points are not satisfied, at any time after the commencement of this definition. For Government super co-contributions and low income super tax offset: You are eligible for super co-contributions and low income super tax

	offset only if you did not hold an eligible temporary resident visa at any time during the year, unless you were a New Zealand resident or holder of a prescribed visa. If you were a non-resident, the income attributable to employment outside Australia is not counted as eligible income.
Terminal medical condition	For income tax purposes, you have a terminal medical condition if both the following circumstances are met: • 2 registered medical practitioners (with at least one being a specialist practising in the area related to the illness or injury) have certified that you suffer an illness or have incurred an injury that is likely to result in your death within a 24 month period, starting from the date of certification. • Each of the certificates is less than 24 months old. Superannuation lump sum payments paid to you are tax free if you have a **terminal medical condition** at the time you received the payment or within 90 days of receiving payment. You should not have received a PAYG payment summary for these payments. If you received such a payment and tax was withheld, you can get a refund of the tax. For more information, see **Withdrawing and using your super**.
Terminal medical condition benefits	**Terminal medical condition benefits** are super benefits paid to a member with a terminal medical condition where 2 registered medical practitioners have certified that the member suffers from an illness, or has incurred an injury, that is likely to result in the member's death within 24 months of the date of certification.

Termination value of a depreciating asset	The termination value of a depreciating asset includes, for example, money received from the sale of an asset or insurance money received as the result of the loss or destruction of an asset. Exclude the GST component where the amount received is for a taxable supply.
Token	A token is a crypto asset. It is a unit of value on a blockchain that usually has some other value proposition besides just a transfer of value.
Total business income	Total business income is the amount reported in the total income label of the company tax return. For 2024-25, total income is reported at label **6S**. Total business income of an economic group is the sum of all income labels in the Australian tax returns of every group member, including trusts and partnerships. There is no total income label on trust and partnership tax returns. This needs to be added up manually for all income labels. All Australian income of group members is included in the calculation. Foreign income of group members is only included where the entity generating that income is an Australian resident entity.
Total income for government super	Total income for the purposes of super co-contribution equals: • your assessable income **plus** • your reportable fringe benefits total **plus** • the total of your reportable employer super contributions (RESC) for the income year **less** • any allowable business deductions **less** • any assessable First home super saver released amount.

	Total income for the purposes of the low income super tax offset equals: • your assessable income **plus** • your reportable fringe benefits total **plus** • the total of your reportable employer super contributions (RESC) for the income year **less** • any assessable First home super saver released amount.
Transition to retirement income stream (TRIS)	A **transition to retirement income stream** is a super income stream paid to a member who has reached their preservation age but is still working and has converted part or all of their accumulated benefits to an income stream.

U

Terms we use starting with 'U'

Term	Definition
Unapplied net capital losses from earlier income years	This is the amount of net capital losses from earlier income years remaining after you deduct any capital gains made between the income years when the losses were made and the current income year. You use unapplied net capital losses from earlier income years to reduce capital gains in the current income year (after those capital gains are reduced by any capital losses in the current income year). You can only use unapplied net capital losses from collectables from earlier income years to reduce capital gains from collectables in the current income year and future income years.

Unfranked dividend	Unfranked dividends have had no Australian company tax paid on the profits from which they are paid. If the dividend is unfranked, there is no franking credit.
Unit trust	A unit trust is a trust or fund that is divided into units representing capital and income entitlements. Units may be traded or redeemed (including switching and transferring units). A managed fund is a type of unit trust.
Units in unit trusts listed on an Australian securities exchange	Units in unit trusts listed on an Australian securities exchange don't include units in private equity trusts or family trusts, whereby the trust is established for the benefit of one or more ascertainable beneficiaries, rather than for the promotion of the welfare of the general public or for the advancement of a cause. For the purposes of the CGT schedule, include units in a private trust under Other units.
Untaxed-plan cap amount for untaxed elements	The untaxed-plan cap amount is the maximum amount of the untaxed elements of your superannuation lump sum payments which will be subject to concessional tax rates. For 2024–25, the untaxed-plan cap amount is a maximum of $1.780 million, but it could be less for you if you have previously received another superannuation lump sum with an untaxed element from the same superannuation fund. The amount is indexed to average weekly ordinary time earnings and rounded down to the nearest multiple of $5,000. See, **Key superannuation rates and thresholds**. There is a separate untaxed-plan cap amount for each superannuation fund you have. This means that, for each fund, the untaxed elements

	which make up your superannuation payments will be taxed at a concessional rate until these untaxed elements reach the untaxed-plan cap amount ($1.780 million plus future indexed increases). Amounts above this limit are taxed at the top marginal rate. If you roll over an amount from one superannuation fund to another, any untaxed element that is part of that amount will count towards the untaxed-plan cap amount for the fund from which the amount was rolled over. If this exceeds the untaxed cap amount, the transferring fund will withhold the tax payable on the excess amount.

V

No terms starting with 'V' defined.

W

Terms we use starting with 'W'

Term	Definition
Wrapping	Wrapping is the process of creating a wrapped token (crypto asset). It typically involves interactions with a smart contract which is a computer protocol that facilitates, verifies or enforces the terms of a contract on the blockchain without third parties.
Wrapped tokens	A wrapped token is a tokenised version of another crypto asset, which mirrors the value of the original crypto asset it represents.

X

No terms starting with 'X' defined.

Y

No terms starting with 'Y' defined.

Z

No terms starting with 'Z' defined.

QC 102113

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.