



## Supporting information

Information to help you complete your paper tax return or tax return supplement.

### **Amounts that you do not pay tax on 2019**

Information about those amounts that you do not pay tax on.

### **Special circumstances and glossary 2019**

Special circumstances affecting how your tax is calculated and a glossary of terms used in the tax return instructions.

### **Referred publications 2019**

Use these publications to help you understand your tax obligations and prepare your 2019 tax return.

### **Checklist – tax return 2019**

Complete the tax return checklist to avoid any delays when you lodge your paper tax return.

### **Checklist – supplement 2019**

Complete the supplementary checklist to make sure you have completed your supplementary tax return before lodgment.

## Wesfarmers Limited – demerger of Coles Group Limited (2018)



Information for Wesfarmers shareholders who received shares in Coles Group Limited due to the demerger.

QC 80674

## Amounts that you do not pay tax on 2019

Information about those amounts that you do not pay tax on.

**Last updated** 30 May 2019

You might have received amounts that you do not need to include as income on your tax return. We classify them into three different categories:

- [exempt income](#)
- [non-assessable non-exempt income](#)
- some [other amounts](#) that are not taxable and do not affect any calculation on your tax return.

The most common types of exempt income, non-assessable non-exempt income and other amounts that are generally not taxable are listed below. If you are not sure whether a payment you have received is exempt income, non-assessable non-exempt income or is another type of amount that is not taxable, phone **13 28 61**.

### Exempt income

#### Exempt Australian Government pensions, allowances and payments

- Carer adjustment payment (CAP)
- Carer payment where

- **both** the carer **and** the care receivers are under age-pension age, or
  - the carer is under age-pension age and any of the care receivers has died
- Defence Force income support allowance (DFISA) payable to you on a day when the whole of your social security pension or benefit, which is also payable to you on that day, is exempt from income tax under section 52-10 and subsection 52-65(4) of the *Income Tax Assessment Act 1997*
  - Disability support pension paid by Centrelink to a person who is under age-pension age
  - Double orphan pension
  - Invalidity service pension paid under the *Veterans' Entitlements Act 1986* where the veteran is under age-pension age
  - Partner service pension where either
    - the partner (excluding the non-illness separated spouse of a veteran) and the veteran are under age-pension age and the veteran receives an invalidity service pension, or
    - the partner is under age-pension age and the veteran has died and was receiving an invalidity service pension at the time of death
  - Veterans' Affairs disability pension and allowances, war widows and war widowers pension
  - Wife pension where both the recipient and their partner are under age-pension age, or the recipient is under age-pension age and their partner has died

For the meaning of age-pension age, see **Special circumstances and glossary 2019**.

Lump sum bereavement payments received as part of any of the payments in the previous list are exempt only up to the tax-free amount. Phone **13 28 61** to find out how much of your payment is exempt.

## Exempt Australian Government education payments

- Allowances for students under 16 years old, including those allowances paid under ABSTUDY, the Assistance for Isolated Children Scheme and the Veterans' Children Education Scheme
- Australian-American Educational Foundation (Fulbright Commission) grant
- Commonwealth scholarships or bursaries provided to foreign students
- Commonwealth secondary education assistance
- Endeavour awards research fellowships or an Endeavour Executive Award
- Language, literacy and numeracy supplement
- Payments under the Military Rehabilitation and Compensation Act Education and Training Scheme for eligible young persons whose eligibility was determined under
  - paragraph 258(1)(a) of the *Military Rehabilitation and Compensation Act 2004* and the eligible young person was under 16 years old, or
  - paragraph 258(1)(b) of the *Military Rehabilitation and Compensation Act 2004*
- Pensioner education supplement and fares allowance paid by Centrelink
- Rent assistance paid to Austudy recipients
- Some scholarships and bursaries received by full-time students
- Supplementary allowances for students paid under the Assistance for Isolated Children Scheme
- The first \$1,000 of an apprenticeship early completion bonus provided under a specified state or territory scheme for occupations with skill shortages

## Other exempt Australian Government payments

- Allowances you received as a volunteer in the Australian government funded Australian Volunteers Program

- Amounts you received directly, or which are paid to a person on your behalf, under the National Disability Insurance Scheme for approved reasonable and necessary supports funded under your plan
- Australian Government disaster recovery payments
- Back to school bonus and single income family bonus paid under the *A New Tax System (Family Assistance) (Administration) Act 1999*
- Carer allowance paid under the *Social Security Act 1991*
- Child care benefit
- Child care rebate
- Child care subsidy
- Additional child care subsidy
- Child disability assistance under Part 2.19AA of the *Social Security Act 1991*
- DFISA bonus and DFISA bonus bereavement payment under Part VIIAB of the *Veterans' Entitlements Act 1986*
- Economic security strategy payment to families under the *A New Tax System (Family Assistance)(Administration) Act 1999* or under the scheme determined under Schedule 4 to the *Social Security and Other Legislation Amendment (Economic Security Strategy) Act 2008*
- Economic security strategy payment under the *Social Security Act 1991* or under the scheme determined under Schedule 4 to the *Social Security and Other Legislation Amendment (Economic Security Strategy) Act 2008*
- Education entry payment supplement under the *Social Security Act 1991*
- Energy supplement paid under Part 2.25B of the *Social Security Act 1991* or Part VIIAD of the *Veterans' Entitlements Act 1986*
- Family tax benefit
- Household Assistance Package payments which include
  - Clean Energy Advance

- Energy Supplement payments
  - Essential Medical Equipment payment
  - Single Income Family Supplement
- Job commitment bonus paid under the *Social Security Act 1991*
  - Loss of earnings allowance paid under the *Veterans' Entitlements Act 1986*
  - Lump sum payment made under section 198N of the *Veterans' Entitlements Act 1986*
  - Mobility allowance paid under the *Social Security Act 1991*
  - Outer Regional and Remote (OR&R) payment made under the Better Start for Children with Disability initiative
  - Outer Regional and Remote (OR&R) payment made under the Helping Children with Autism package
  - Payment from the Thalidomide Australia Fixed Trust
  - Payments to carers under the scheme determined under Schedule 4 to the *Social Security and Veterans' Entitlements Legislation Amendment (One-off Payments and Other Budget Measures) Act 2008*
  - Payments under the scheme determined under Schedule 4 to the *Household Stimulus Package Act (No 2) 2009*
  - Pension bonus and pension bonus bereavement payments under Part 2.2A of the *Social Security Act 1991* or Part IIIAB of the *Veterans' Entitlements Act 1986*
  - Pharmaceutical allowances paid under the *Social Security Act 1991*
  - Phone allowance paid under the *Social Security Act 1991*
  - Prisoner of War Recognition Supplement payment under Part VIB of the *Veterans' Entitlements Act 1986*
  - Quarterly pension supplement paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
  - Remote area allowance
  - Rent assistance

- Stillborn baby payment paid by Centrelink
- The ex-gratia payment from the Australian Government, known as the Disaster Recovery Allowance for special category visa (subclass 444) holders for a disaster
  - that occurred in Australia during 2014-15 and future years, and
  - for which a determination under section 1061L of the *Social Security Act 1991* has been made
- The one-off energy assistance payment under the *Social Security Act 1991* or the *Veterans' Entitlement Act 1986*
- Tobacco industry exit grant where you complied with the condition of the grant not to own or operate any agricultural business within five years after receiving the grant
- Training and learning bonus under the *Social Security Act 1991*
- Utilities allowance paid under the *Social Security Act 1991*
- Veterans supplement paid under the *Veterans' Entitlements Act 1986*

## **Exempt Australian Defence Force and United Nations payments**

- Certain pay and allowances for Australian Defence Force personnel (your employer will advise you if an amount is exempt)
- Compensation payments under the *Safety, Rehabilitation and Compensation Act 1988* for impairment or incapacity resulting from service with a United Nations armed force in an operation area described in Schedule 2 of the *Veterans' Entitlement Act 1986*
- Compensation payments made under the *Military Rehabilitation and Compensation Act 2004*, except those that are income-related payments
- F-111 deseal/reseal ex-gratia lump sum payments
- Pay and allowances for part-time service in the Australian Naval, Army or Air Force Reserve
- Payments in relation to a recommendation by the Defence Force Ombudsman for abuse by a member of Defence

- Some allowances paid to Australian Defence Force personnel who served in prescribed overseas areas (your employer will advise you if an allowance is exempt)

## **Other exempt payments**

- Certain amounts of interest paid by the Commonwealth on unclaimed money and property
- Certain annuities and lump sums which are paid to an injured person under a structured settlement
- Certain distributions from a pooled development fund
- Certain distributions from an early stage venture capital limited partnership
- Certain payments relating to persecution during the Second World War
- Certain profits or gains from disposal of shares in a pooled development fund
- Japanese internment compensation payments made under the *Compensation (Japanese Internment) Act 2001* or the *Veterans' Entitlements Act 1986*
- Your share of certain profits or gains arising from disposal of investments by a venture capital limited partnership (VCLP), an early stage venture capital limited partnership (ESVCLP) or an Australian venture capital fund of funds (AFOF)

## **Non-assessable non-exempt income**

The most common types of non-assessable non-exempt income are:

- a superannuation lump sum death benefit received by
  - a dependant, or
  - someone who is not a dependant but received the benefit because of the death of a member of the Australian Defence Force or an Australian police force (including Australian Protective Services) who died in the line of duty

- a tax-free superannuation lump sum benefit paid to a person with a terminal medical condition existing at the time when the lump sum was received or within 90 days after its receipt
- amounts on which family trust distribution tax has been paid (see question **A5** in *Individual tax return instructions supplement 2019*)
- genuine redundancy payments and early retirement scheme payments shown as 'Lump sum D' amounts on your income statement or payment summary
- government super contributions
- National Rental Affordability Scheme payments or non-cash benefits paid (whether directly or indirectly, such as through an NRAS consortium of which you are a member) by a state or territory government or a relevant body established under a state or territory law
- that part of the taxable component of a death benefit ETP below the 2018–19 cap of \$205,000 paid to a dependant
- the taxed element of a death benefit superannuation income stream paid from an account-based pension to a death benefit dependant where
  - the deceased was 60 years old or older at the time of their death, or
  - the recipient was 60 years old or older when they received the benefit
- the taxed element of a superannuation income stream or lump sum paid from an account-based pension received by a person 60 years old or older
- the tax-free component of a superannuation benefit paid from an account-based pension
- the tax-free component of an employment termination payment (ETP).

## **Tax-free income for temporary residents**

If you are a temporary resident, your foreign income is non-assessable non-exempt income, except income you earn from your employment

overseas while you are a temporary resident.

You are a temporary resident if:

- 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*, and
- your spouse (if you have one) is not an Australian resident within the meaning of the *Social Security Act 1991*.

If, at any time on or after 6 April 2006, you have been an Australian resident for tax purposes but not a temporary resident, you will not be entitled to the temporary resident exemptions from that time, even if you later held a temporary visa.

**See also:**

- Foreign income exemption for temporary residents – introduction

## **Other amounts that you do not pay tax on**

You do not pay tax on most child support and spouse maintenance payments.

There are other amounts that are also not generally considered to be taxable, such as lottery winnings and inheritances.

**See also:**

- Amounts not included as income

QC 57926

## **Special circumstances and glossary 2019**

Special circumstances affecting how your tax is calculated and a glossary of terms used in the tax return instructions.

**Last updated** 30 May 2019

## Special circumstances

### Non-resident withholding tax

#### Gross interest (question 10)

If you were a foreign resident, include at item **10** any interest that you received in 2018–19 while you were an Australian resident.

Do not include at item **10** any interest paid or credited to you when you were a foreign resident if withholding tax was deducted.

If withholding tax was not deducted, on a separate piece of paper:

- print **Schedule of additional information – Item 10**
- print your name, address and tax file number
- provide details of amounts of interest you received while you were a foreign resident if withholding tax was not deducted.

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

We will advise you of the amount of withholding tax you have to pay on this interest.

#### Dividends (question 11)

Do not include at item **11** any dividend income paid or credited to you during the period you were a foreign resident, if:

- the dividend was fully franked, or
- the dividend was not fully franked, but either
  - the dividend statement shows the unfranked amount to be conduit foreign income, or
  - withholding tax was (or should have been) withheld from the unfranked amount.

You need to provide details of any dividend:

- that was paid or credited to you during any period you were a foreign resident

- that was not fully franked and was not declared to be conduit foreign income, and
- on which you have not paid withholding tax.

On a separate piece of paper:

- print **Schedule of additional information – Item 11**
- print your name, address and tax file number
- provide details of the dividend.

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

We will work out the amount of withholding tax you have to pay on the dividends, and advise you of the amount.

### **Foreign employment termination payments (question 4)**

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, and
- 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 \(FTP\)](#).

### **Instructions for foreign ETPs**

You need to convert your foreign ETPs into Australian dollars before you can complete item **4**. For information about exchange rates and how to convert foreign payments, go to [Foreign exchange rates](#) or phone **13 28 61**.

- Then on a separate piece of paper
  - print **Schedule of additional information – Item 4**

- print your name, address and tax file number
  - for each foreign ETP, print the name of the payer and the foreign country in which you were employed, and write the amount of the payment
  - for each foreign ETP, print the appropriate code letter (from those listed at step 4 in question 4 **Employment termination payments (ETP) 2019**). You must provide a valid code for each payment.
- Attach your schedule to page 3 of your tax return.
  - Print **X** in the **Yes** box at **Taxpayers' declaration** question **2** on page 10 of your tax return.

You will need to include the total amount of these foreign ETPs in the amount you show at **I** item **4** on your tax return.

Go to step 1 in question 4 **Employment termination payments (ETP) 2019**.

## **Dividends and franking credits (questions 11 and D8)**

### **Dividend washing integrity rule**

The dividend washing integrity rule prevents you from claiming franking credits where you have received a dividend as a result of dividend washing.

Dividend washing occurs where you, or an entity connected to you, claim two sets of franking credits by:

- selling shares that are held on the Australian Securities Exchange (ASX) and have become 'ex-dividend', and then
- purchasing some substantially identical shares using a special ASX trading market.

When the dividend washing integrity rule applies, you are not entitled to claim the franking credits for the second dividend. However, if your interest in the second parcel of shares exceeds the interest in the first parcel, you may be entitled to claim a portion of the franking credits for the additional shares. For more information, see **Dividend washing rule**.

The dividend washing integrity rule does not apply if:

- you are an individual, and
- you received no more than \$5,000 in franking credits during 2018–19.

However, the dividend washing integrity rule applies where dividends flow indirectly to you through your interest in a trust or partnership.

If you are claiming franking credits at item **11**, certain rules apply. Read the following to check that you are entitled to claim the credits.

You must be a 'qualified person' to be entitled to a franking credit in respect of a dividend. To be a qualified person you must satisfy the holding period rule and the related payments rule.

### **Holding period rule**

To be able to claim the franking credits the **holding period rule** requires you to hold shares 'at risk' for at least 45 days (90 days for certain preference shares).

When working out the number of days you held the shares at risk, do not count the day on which you acquired the shares and the day on which you disposed of the shares (or you entered into an arrangement to reduce the risk of making a loss on them).

This rule applies generally to shares bought on or after 1 July 1997.

Even if you did not hold the shares at risk for the required period, you may still be entitled to claim the franking credits if:

- your total direct and indirect franking credit entitlement for 2018–19, including any entitlement you may have had through a trust or partnership, was not above \$5,000 (the small shareholder exemption), and
- the [related payments rule](#) did not apply to you.

In determining whether the holding period rule is satisfied for the prescribed minimum period, no account is taken of any days on which you entered into an arrangement to materially reduce the risk of making a loss on your shares, such as through derivatives, hedges, options and futures.

If you do not satisfy the holding period rule, include the franked amount of the dividend at **T** item **11** but do not include any franking

credit amount at **U** item **11** for that dividend.

## Related payments rule

The related payments rule applies to arrangements entered into after 7.30pm (Australian Eastern Standard Time) on 13 May 1997. Broadly, it applies to you if you effectively had no interest in a dividend because you were under an obligation to make, or were likely to make, a related payment to another party for the dividend and you did not hold your shares 'at risk' for at least 45 days (90 days for certain preference shares).

When working out the number of days you held the shares 'at risk', do not count the day on which you acquired the shares and the day on which you disposed of the shares (or you entered into an arrangement to reduce the risk of making a loss on them).

A related payment includes you, or your associate, doing something under an arrangement that has the effect of passing the benefit of the dividend to someone else.

If either the holding period rule or related payments rule is likely to affect you, see *You and your shares 2019*.

## Australian superannuation lump sum payments (question 8)

**Tables 1A to 2C** set out the maximum tax rates that apply to superannuation lump sum payments made by complying superannuation funds. The Medicare levy is additional where applicable. You may find this useful in completing items **8**, **M1** and **M2**.

Any lump sum in arrears amounts must be included in your assessable income regardless of the period the income stream payment relates to.

### Tables 1A and 1B: Death benefit

**Table 1A: Death benefit paid to death benefits dependant (of any age)**

Element	Amount	Tax rate
Tax free component	Whole	Tax free

Taxed element	Whole	Tax free
Untaxed element	Whole	Tax free

**Table 1B: Death benefit paid to non-death benefits dependant (of any age)**

Element	Amount	Tax rate
Tax free component	Whole	Tax free
Taxed element	Whole	15%
Untaxed element	Whole	30%

**Tables 2A to 2C: Superannuation lump sum (other than death benefit)**

**Table 2A: Under the preservation age at the time of payment**

Element	Amount	Tax rate
Tax free component	Whole	Tax free
Taxed element	Whole	20%
Untaxed element	Up to the untaxed-plan cap amount, \$1,480,000 (see <a href="#">Note 1</a> )	30%
Untaxed element	Over the untaxed-plan cap amount, \$1,480,000 (see <a href="#">Note 1</a> )	45%

**Table 2B: Preservation age to 59 years of age at the time of payment**

Element	Amount	Tax
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		<b>rate</b>
Tax free component	Whole	Tax free
Taxed element	Up to the low rate cap amount, \$205,000 (see <a href="#">Note 2</a> )	Tax free
Taxed element	Over the low rate cap amount, \$205,000 (see <a href="#">Note 2</a> )	15%
Untaxed element	Up to the low rate cap amount, \$205,000 (see <a href="#">Note 2</a> )	15%
Untaxed element	Over the low rate cap amount, \$205,000 (see <a href="#">Note 2</a> ) and up to the untaxed-plan cap amount, \$1,480,000 (see <a href="#">Note 1</a> )	30%
Untaxed element	Over the untaxed-plan cap amount, \$1,480,000 (see <a href="#">Note 1</a> )	45%

**Table 2C: 60 years of age or older at the time of payment**

<b>Element</b>	<b>Amount</b>	<b>Tax rate</b>
Tax free component	Whole	Tax free
Taxed element	Whole	Tax free
Untaxed element	Up to the untaxed-plan cap amount, \$1,480,000 (see <a href="#">Note 1</a> )	15%
Untaxed element	Over the untaxed-plan cap amount, \$1,480,000 (see <a href="#">Note 1</a> )	45%

**Note 1:** For 2018–19, the untaxed-plan cap amount is a maximum of \$1.480 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. For more information on how we work out your untaxed-plan cap amount, see [How tax applies to your super](#).

**Note 2:** For 2018–19, the low-rate cap amount is a maximum of \$205,000, but it could be less if you received any superannuation lump sums in a prior income year that counted towards your entitlement to a superannuation lump sum tax offset or, if before July 2007, you received an eligible termination payment after your 55th birthday. For more information on how we work out your low-rate cap amount, see [How tax applies to your super](#).

See [Glossary](#) about the low-rate cap amount and untaxed-plan cap amount.

## Leased luxury cars (question D1)

If you leased a luxury car and wish to claim a deduction at item **D1** or **D2**, the following information about luxury cars will help you.

A leased luxury car is a leased car that at the time the lease began had a market value of more than the 'car limit' that applied in the relevant income year.

You can claim a deduction for the decline in value of a leased luxury car (but not for other leased cars). The car can be new or second-hand. You must use the logbook method. For more information on the logbook method, read **D1**.

When claiming a deduction for decline in value, the initial value that you use for the car is the limit that applied in the income year in which the lease began.

**Table 3: Car limits for the past 10 years**

Year	Limit
2018–19	\$57,581
2017–18	\$57,581
2016–17	\$57,581

2015–16	\$57,466
2014–15	\$57,466
2013–14	\$57,466
2012–13	\$57,466
2011–12	\$57,466
2010–11	\$57,466
2009–10	\$57,180

## Work-related travel expenses (question D2)

**Tables 4** and **5** outline the evidence you need to keep to claim overnight travel expenses.

### Travel diary

Whether for domestic or overseas travel, a travel diary is a document in which you record the nature, places, dates, times and duration of your activities and travel.

**Table 4: Travel expense records – domestic travel**

Condition	Written evidence	Travel diary required
You did not receive a travel allowance and the travel was less than 6 nights in a row.	Yes	No
You did not receive a travel allowance and the travel was 6 or more nights in a row.	Yes	Yes
You received a travel allowance, your claim does not exceed the reasonable allowance amount	No	No

and the travel was less than 6 nights in a row.		
You received a travel allowance, your claim does not exceed the reasonable allowance amount and the travel was 6 or more nights in a row.	No	No
You received a travel allowance, your claim exceeds the reasonable allowance amount and the travel was less than 6 nights in a row.	Yes	No
You received a travel allowance, your claim exceeds the reasonable allowance amount and the travel was 6 or more nights in a row.	Yes	Yes

## Overseas travel

You need written evidence for overseas accommodation expenses, regardless of the length of the trip. You do not need written evidence for food, drink and incidentals.

Members of international aircrews do not have to keep a travel diary if they limit their claim to the amount of the allowance received.

**Table 5: Travel expense records – overseas travel**

<b>Condition</b>	<b>Written evidence</b>	<b>Travel diary required</b>
You did not receive a travel allowance and the travel was less than 6 nights in a row.	Yes	No
You did not receive a travel allowance and the travel was 6 or more nights in a row.	Yes	Yes
You received a travel allowance, your claim does not exceed the	No	No

reasonable allowance amount and the travel was less than 6 nights in a row.		
You received a travel allowance, your claim does not exceed the reasonable allowance amount and the travel was 6 or more nights in a row.	No	Yes
You received a travel allowance, your claim exceeds the reasonable allowance amount and the travel was less than 6 nights in a row.	Yes	No
You received a travel allowance, your claim exceeds the reasonable allowance amount and the travel was 6 or more nights in a row.	Yes	Yes

## Rules for certain types of gifts or donations (question D9)

The following information is about different types of gifts or donations for which you may be able to claim a deduction at item **D9**. If you obtained a valuation of a deductible donation of property, you may be able to claim a deduction for the cost of that valuation under **D10**.

### Gifts of property

You can claim a deduction for a gift of property (such as land, artwork or memorabilia) to an eligible organisation if:

- you purchased the property within 12 months of making the gift, or
- you purchased the property more than 12 months before you made the gift and the Commissioner valued it at more than \$5,000.

If you purchased the property within 12 months of making the gift, the amount deductible is the market value of the property at the time of the gift or the amount you paid for the property, whichever is less. If you purchased the property more than 12 months before you made the gift and the Commissioner valued it at more than \$5,000, the amount deductible is the value of the property as determined by the Commissioner.

You cannot claim a deduction for a gift of property if you did not purchase it (for example, you inherited or won the property) unless the Commissioner has valued it at more than \$5,000.

If you have made a gift of property under the cultural gifts program the rules described above do not apply to you. For more information on working out whether you can claim a deduction for a gift under this program, see [Donating under the Cultural Gifts Program](#).

For more information about property valuations, phone **13 28 61** or go to [ato.gov.au](http://ato.gov.au)

## Receiving a benefit

Generally, you cannot claim a deduction for a donation if you received something in return (for example, a raffle ticket, dinner or a reduction in your child's school fees) other than tokens like lapel badges and stickers that promote the organisation. This rule does not apply to certain fund-raising events (see [Deductions for contributions relating to fund-raising events](#)).

## Deductions for contributions relating to fund-raising events

You can claim a deduction for contributions to approved organisations that relate to fund-raising events where you received a minor benefit for your contribution, provided that:

- the contribution meets certain conditions, and
- the benefit you received does not exceed a specified limit.

A fund-raising event includes a fete, ball, gala show, dinner, performance or similar event.

You can claim a deduction if you made:

- a contribution of money or property to attend or participate in (or for the right to attend or participate in) a fund-raising event, or
- a contribution of money to purchase goods or services at a charitable auction.

Your contribution must meet the following conditions.

- It was made to an approved organisation.
- If it was money, it was more than \$150.

- If it was property, you had either
  - purchased it within 12 months of making the contribution, and both the market value on the day of the contribution and the purchase price were more than \$150, or
  - owned it for more than 12 months and the Commissioner valued it at more than \$5,000.
- If it was publicly listed shares, the value was more than \$150 and less than or equal to \$5,000.
- The fund-raising event was held in Australia.
- The GST-inclusive market value of the minor benefit you received for your contribution must have been worth no more than \$150 or 20% of the value of the contribution, whichever is less. The receipt from the approved organisation will show the market value of the minor benefit you received.

Your deduction is the value of your contribution that satisfies the conditions set out above **less** the GST-inclusive market value of the minor benefit you received. Both of these amounts appear on your receipt.

There is no limit to the number of deductions you can claim for successful bids to purchase goods or services at a charitable auction, provided the above conditions are met.

### **Gifts of shares valued at \$5,000 or less**

You can claim a deduction for a gift of shares to an approved organisation if:

- the shares were held in a company that was listed on an approved Australian stock exchange on the day the gift was made
- you acquired the shares at least 12 months before making the gift ('acquired' includes purchased, inherited, won or received as a gift or a bonus)
- the parcel of shares had a market value of \$5,000 or less on the day you made the gift
- the parcel of shares was valued at \$2 or more.

You cannot claim a deduction for shares that are suspended from trading (other than a mere trading halt).

Gifts of shares held in different companies are separate gifts even if given at the same time.

A deduction is also available to you where you contribute the shares in return for a right permitting you or another individual to attend or participate in a particular fund-raising event in Australia. The gift must satisfy the rules for [contributions to fund-raising events](#):

- the market value of the shares on the day they are contributed must be more than \$150 but less than or equal to \$5,000
- the market value of the right to attend or participate in the fund-raising event must not exceed 20% of the value of the shares or \$150, whichever is less.

Be aware that capital gains tax applies when you make a gift of shares.

### **Contributions and gifts to registered political parties and independent candidates and members**

You can claim a deduction for contributions or gifts to registered political parties, independent members of parliament (state or Commonwealth) or independent candidates in an election for parliament. Contributions must be \$2 or more. The contribution or gift must be of money or property that you purchased during the 12 months before making the contribution or gift. If it is property, the amount deductible is the market value of the property at the time of the donation or the amount you paid for the property, whichever is less.

If the total of all your contributions and gifts to **political parties** during the year is greater than \$1,500 then the maximum amount you can deduct is \$1,500. A separate deduction limit of \$1,500 applies if the total of all your contributions and gifts to **independent** candidates or independent members of parliament for the year exceeds \$1,500.

You cannot claim a deduction for a political gift or contribution of \$2 or more (including membership fees) to registered political parties, independent candidates and members of an Australian legislature if you make the gift or contribution in the course of carrying on a business.

The contribution must be to a political party that is registered under Commonwealth, state or territory electoral laws.

The contribution to an independent candidate or independent members must be to a candidate for election to, or member of, the Commonwealth Parliament, a state or territory parliament.

An independent candidate is an individual whose candidature in an election for parliament is not endorsed by a registered political party. An independent member is a member of parliament who is not a member of a registered political party.

## **Australian superannuation income stream tax offset (questions 7 and T2)**

To complete item **T2** when your payment summary does not show the tax offset amount:

- follow the steps below if
  - you were under 60 years old, and
  - you did not have a death benefit income stream where the deceased was 60 years old or older
  
- read question T2 if
  - you are 60 years old or older, or
  - you have a death benefit income stream where the deceased was 60 years old or older.

## **Completing your tax return**

For each *PAYG payment summary – superannuation income stream* that does not show a tax offset amount, you can work out your tax offset amount by multiplying the taxed element and the untaxed element of the taxable component shown on each of those payment summaries by the relevant percentage shown in tables **6A** to **6C**.

## **Worksheet 1: Working out the amount of your tax offset taxed element only (pre 60 income)**

Row	Calculation	Amount
a	The amount of any taxed element of your superannuation income stream benefit paid to you for which you are entitled to a tax offset	\$
b	Relevant percentage from <b>Tables 6A to 6C</b>	%
c	Multiply row <b>a</b> by row <b>b</b> .	\$

### Tables 6A to 6C: Percentages you use to work out your Australian superannuation income stream tax offset

**Table 6A: Death benefit income stream**

Age of the deceased	Your age at date of each payment	Taxed element	Untaxed element
Under 60 years old	Under 60 years old	15%	0%
Under 60 years old	60 years old or older	Not applicable	Limited – read question T2.
60 years old or older	Any age	Not applicable	Limited – read question T2.

**Table 6B: Disability superannuation benefit income stream**

Your age at date of each payment	Taxed element	Untaxed element
Under 60 years old	15%	0%
60 years old or older	Not applicable	Limited – read question T2.

**Table 6C: All other income streams**

<b>Your age at date of each payment</b>	<b>Taxed element</b>	<b>Untaxed element</b>
Under preservation age	0%	0%
From preservation age and under 60 years old	15%	0%
60 years or older	Not applicable	Limited – read question T2.

If your circumstances in the above tables changed during 2018–19, for example, because you turned 60 years old during the year, then a different percentage of tax offset may apply to the amounts of the superannuation income stream you received before and after your birthday; read question T2.

If you have any *PAYG payment summary – superannuation income stream* that shows tax offset amounts, and you were under 60 years old on 30 June 2019, add up these amounts and the amount from row **h** in [worksheet 1](#) at question **T2**. Write the total amount at **S** item **T2** on your tax return. Do not show cents.

### **Tax-free government pensions or benefits that are taken into account in the income tests (question IT3)**

If you receive any of the government pensions or benefits listed below, you must include at **IT3** the part of those pensions and benefits that are exempt from tax. In some cases, all of your pension or benefit could be exempt from tax, and in other cases only part of it might be.

Do not include any part of the following pensions and benefits that is a bereavement payment, pharmaceutical allowance, rent assistance or remote area allowance, or language, literacy and numeracy supplement.

- Disability support pension paid by Centrelink to a person who is under age-pension age
- Wife pension where

- both the recipient and their partner are under age-pension age, or
  - the recipient is under the age-pension age and their partner has died
- Carer payment under Part 2.5 of the *Social Security Act 1991* (this is not the carer allowance under Part 2.19 of the *Social Security Act 1991*)
  - Pension for defence, peacekeeping or war-caused death or incapacity, or any other pension granted under Part II or Part IV of the *Veterans' Entitlement Act 1986*
  - Invalidity service pension where the veteran is under age-pension age
  - Partner service pension where either
    - the partner and the veteran are under the age-pension age and the veteran is receiving an invalidity service pension, or
    - the partner is under age-pension age, the veteran has died and was receiving an invalidity service pension at the time of death
  - Income support supplement paid under Part IIIA of the *Veterans' Entitlements Act 1986*
  - Veteran payment under an instrument made under Part IIIAA of the *Veterans' Entitlements Act 1986*
  - Defence Force income support allowance payable to you on a day when the whole of your social security pension or benefit, which is also payable to you on that day, is exempt from income tax under section 52-10 of the *Income Tax Assessment Act 1997*
  - Special rate disability pension under Part 6 of Chapter 4 of the *Military Rehabilitation and Compensation Act 2004*
  - Payment of compensation under section 68, 71 or 75 of the *Military Rehabilitation and Compensation Act 2004*
  - Payment of the weekly amount mentioned in paragraph 234(1)(b) of the *Military Rehabilitation and Compensation Act 2004* (including a reduced weekly amount because of a choice under section 236 of

that Act) or of a lump sum mentioned in subsection 236(5) of that Act

If you are not sure, for the purpose of this question, whether a government pension or benefit you have received is tax-free, phone **13 28 61**.

## **Glossary**

### **Capped defined benefit income streams**

Capped defined benefit income streams include:

- lifetime pensions, regardless of when they start
- lifetime annuities that existed and were in retirement phase prior to 1 July 2017
- life expectancy pensions and annuities that existed and were in retirement phase prior to 1 July 2017
- market-linked pensions and annuities that existed and were in retirement phase 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.

Generally for 2018–19, the defined benefit income cap is \$100,000.

If you are 60 years old or older (or a death benefit dependant and the deceased died at 60 years old or older) and your superannuation income stream benefits paid from capped defined benefit income streams exceeds your defined benefit income cap, you may have additional tax liabilities:

- If the total of your tax free components and taxed element amounts exceeds your defined benefit income cap, 50% of the excess will be taxed at your current marginal rate. Untaxed element amounts are excluded from this calculation. If you are under 60 years old only superannuation income stream benefits from capped defined benefit income streams you receive as a death benefits dependant where the deceased dies at age 60 years old or older are included in this calculation.

- If you receive untaxed element amounts and the total of your superannuation income streams benefits from capped defined benefit income streams exceeds your defined benefit income cap, the 10% tax offset that applies to your untaxed element amounts will be reduced by an amount that is 10% of that excess. If you are under 60 years old only superannuation income stream benefits from capped defined benefit income streams you receive as a death benefits dependant where the deceased dies at age 60 years old or older are included in this calculation.

**See also:**

- Transfer balance cap
- Transfer balance cap – capped defined benefit income streams

## **Child**

**Child** includes:

- your adopted child, stepchild or ex-nuptial child
- a child of your spouse, and
- someone who is your child within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

## **Death benefit employment termination payment (ETP) (question 4)**

A death benefit 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 on the tax return of the deceased estate, not on 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](#).

If you were a death benefits dependant, the payment summary will show only the taxable components of the ETP over \$205,000. If you

were not a death benefits dependant, the payment summary will show the entire taxable component of the ETP.

## **Death benefits dependant (questions 4, 7 and 8)**

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, or
- any other person in an [interdependency relationship](#) with the deceased.

For question 8, 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.

If you disagree with the dependency status shown on your payment summary, you should discuss it with the payer.

For the purposes of the definition of death benefits dependant the following apply:

**Spouse** of the deceased includes another person (of any sex):

- with whom the deceased was in a relationship that was registered under a prescribed law of a state or territory
- not legally married to the deceased person, who lived with the deceased on a genuine domestic basis in a relationship as a couple.

**Child** of the deceased includes:

- an adopted child, stepchild or ex-nuptial child of the deceased
- a child of the deceased's spouse
- someone who is a child of the deceased within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

## Defined benefit income cap

This is the amount of certain superannuation income stream benefits an individual can receive from capped defined benefit income streams before being subject to additional income tax.

For 2018–19, the defined benefit income cap is \$100,000 (the \$1.6 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 capped defined benefit income stream that was a death 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.

In future financial years, the defined benefit income cap will be indexed in line with the general transfer balance cap.

## Death benefit income stream (questions 7 and T2)

A death benefit income stream is a superannuation income stream paid to you as a death benefits dependant of a deceased member.

## Dependant (questions T4 and T5)

A **dependant** must be an Australian resident for tax purposes. A dependant can be:

- your 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
- 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 you are entitled to.

**See also:**

- Adjusted taxable income (ATI) for you and your dependants 2019

## **Foreign termination payment (FTP) (question 4)**

If you think you received a foreign termination payment (discussed at question **4**) the following description will help you decide what to do.

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 your
  - employment in a foreign country where the foreign earnings were exempt from Australian tax for the period of employment, or
  - 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. Do not show them anywhere on your tax return.

## **Income statement**

If your employer is reporting through Single Touch Payroll your income statement replaces your payment summary.

You can access your income statement online in myGov. We update your income statement throughout the year when your employer pays you. If your income statement is:

- **tax ready**, your employer has finished with your income statement and you can use it to do your tax return
- **year to date** or **not tax ready**, your employer has not finished with your income statement. Your employer must finalise your information by 14 August.

## **Indeterminate (Spouse details – married or de facto)**

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.

## **Interdependency relationship**

An interdependency relationship exists if there is a close personal relationship between two persons and the following conditions are met:

- they live together, and
- one or each of them provides the other with financial support, domestic support and personal care.

An interdependency relationship can also exist if there is a close personal relationship between two persons but one or more of the conditions stated above are not satisfied because of the physical, intellectual or psychiatric disability of one of the people.

However, two persons do not have an interdependency relationship if one of them provides domestic support and personal care to the other:

- under an employment contract or a contract for service, or
- on behalf of another person or organisation such as a government agency, a body corporate or a benevolent or charitable organisation.

## **Invalid (questions T6 and M1)**

An **invalid** can be your:

- spouse

- parent
- child, aged 16 years or older
- brother or sister, aged 16 years old or older
- spouse's parent
- spouse's child, aged 16 years or older, or
- spouse's brother or sister, aged 16 years old or older.

That person must be receiving:

- a disability support pension under the *Social Security Act 1991*
- a special needs disability support pension under the *Social Security Act 1991*, or
- an invalidity service pension under the *Veterans' Entitlement Act 1986*.

## Invalid carer (questions T6 and M1)

A **dependent carer** is your:

- spouse
- parent
- spouse's parent

who is caring for your or your spouse's invalid child aged 16 years or older, or your or your spouse's invalid brother or sister aged 16 years old or older.

The invalid carer must be:

- receiving a carer allowance or carer payment under the *Social Security Act 1991* in relation to caring for that person

or

- wholly engaged in providing care to that person and the person being cared for receives
  - a disability support pension under the *Social Security Act 1991*
  - a special needs disability support pension under the *Social Security Act 1991*, or

- an invalidity service pension under the *Veterans' Entitlement Act 1986*.

## **Late termination payment (question 4)**

A late termination payment is a lump sum payment, similar to employment termination payments (ETPs) referred to in question 4, which you received more than 12 months after the time you retired or ceased employment.

A late termination payment is treated as an ETP where:

- 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, or
- 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 two years of the termination of the employment that led to the entitlement.

If these conditions are not met, and you received the payment more than 12 months after termination of your employment, then you must show the amount of the payment at item 1 on your tax return.

## **Low-rate cap amount for taxable components of superannuation lump sum payments (question 8)**

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.

For 2018–19, the low-rate cap amount is a maximum of \$205,000, but it could be less for you if before July 2018 you received any

superannuation lump sums that counted towards your entitlement to a superannuation lump sum tax offset. 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](#).

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 (\$205,000 plus future indexed increases). Payments you receive in excess of the low-rate cap amount will be taxed at the tax rate shown in [Tables 2A to 2C](#).

Consequently, for 2018–19 the maximum amount for which you can be taxed at a concessional rate is \$205,000 less any amounts to which the concessional tax rate has previously been applied.

**See also:**

- [Tax on contributions](#)

## **Maintaining a dependant (questions T4, T5, M1, M2 and IT8) or maintaining another person (question T6)**

You **maintained a dependant** or **maintained another person** if any of the following applied:

- you both lived in the same house
- you gave them food, clothing and lodging
- you helped them to pay for their living, medical and educational costs.

If you had a spouse for the whole of 2018–19 and your spouse worked at any time during the year, we still consider you to have maintained your spouse as a dependant for the whole income year.

We consider you to have maintained a dependant or maintained another person even if the two 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, you may need to adjust your claim accordingly.

## Pension age (Amounts that you do not pay tax on)

Centrelink 65 years and six months old or older

Veterans' Affairs Veteran or war widow or war widower who:

- is 60 years old or older
- meets the veteran pension age test

## Preservation age (questions T2, M1 and M2)

Super benefits can only be accessed if a condition of release is met, which in many cases will depend on the member's preservation age. Access to lump sum super benefits is generally restricted to members who have reached their preservation age and retired. Your preservation age depends on when you were born.

The following table will help you work it out.

### Preservation age

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

### See also:

- Tax on contributions

## Shared care (questions M1 and T4)

You had **shared care** 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 do not know your FTB shared-care percentage, contact Services Australia on **13 61 50**.

## **Sole care (question M1)**

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 are 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.

Situations where special circumstances may arise include:

- You were married at any time during 2018–19 but during the year you separated from, or were deserted by, your spouse and for that period you were not in a de facto relationship.
- Your spouse was in prison for a sentence of at least 12 months.
- Your spouse is medically certified as being permanently mentally incapable of taking part in caring for the child or student.

If you are not sure whether special circumstances apply, phone **13 28 61**.

## **Spouse**

Your **spouse** includes another person (of any sex) who, for 2018–19:

- 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.

## Terminal medical condition (question 8)

For income tax purposes, you have a terminal medical condition if both the following circumstances are met:

- two 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.

### See also:

- [Withdrawing and using your super](#)

## Transfer balance cap (questions 7, 8 and T2)

There is a cap on the total amount of superannuation that can be transferred into a superannuation income stream (such as a pension or annuity).

The transfer balance cap for 2018–19 is \$1.6 million (this may be reduced in certain circumstances).

## Untaxed-plan cap amount for untaxed elements (question 8)

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 2018–19, the untaxed-plan cap amount is a maximum of \$1.480 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 (\$1.480 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.

QC 57930

## Referred publications 2019

Use these publications to help you understand your tax obligations and prepare your 2019 tax return.

**Last updated** 8 April 2020

To help you complete your 2019 tax return, we have provided a list of other publications that will help you to understand your tax obligations and complete your tax return. Some publications are essential to complete some items.

## Popular publications

- Individual tax return instructions

## Publications

- Attribution managed investment trust (AMIT) tax return instructions 2019
- Attribution managed investment trust member annual statement and standard distribution statement: guidance notes for trustees 2019
- Business and professional items 2019

- Capital gains tax (CGT) schedule 2019
- Company tax return 2019
- Company tax return instructions 2019
- Consolidated groups losses schedule 2019
- Consolidated groups losses schedule instructions 2019
- Deductions for prepaid expenses 2019
- Dividend and interest schedule 2019
- Family trust election, revocation or variation 2019
- Film industry incentives 2019
- Foreign income return form guide 2019
- Franking account tax return and instructions 2019
- Fund income tax return 2019
- Fund income tax return instructions 2019
- Government super contributions workbook 2019
- Guide to capital gains tax 2019
- Guide to depreciating assets 2019
- Guide to foreign income tax offset rules 2019
- Income averaging for special professionals 2019
- Individual PAYG payment summary schedule 2019
- Individual tax return 2019 (for tax agents)
- Individual tax return instructions 2019
- Information for primary producers 2019
- International dealings schedule 2019
- International dealings schedule instructions 2019
- Interposed entity election or revocation 2019
- Life insurance companies taxation schedule 2019
- Losses schedule 2019

- Losses schedule instructions 2019
- Non-individual PAYG payment summary schedule 2019
- Non-lodgment advice 2019
- Partnership tax return 2019
- Partnership tax return instructions 2019
- Personal investors guide to capital gains tax 2019
- Refund of franking credit instructions and application for individuals 2019
- Refund of franking credits for individuals - application form 2019
- Rental properties 2019
- Research and development tax incentive schedule 2019
- Research and development tax incentive schedule instructions 2019
- Salary and wage occupation codes 2019
- Self-managed superannuation fund annual return 2019
- Self-managed superannuation fund annual return instructions 2019
- Strata title body corporate tax return and instructions 2019
- Superannuation lump sum schedule
- Tax return for individuals 2019
- Tax return for individuals (supplementary section) 2019
- Timor Sea Treaty – Joint Petroleum Development Area instructions 2019
- Trust tax return 2019
- Trust tax return instructions 2019
- Ultimate beneficiary schedule
- You and your shares 2019

QC 58154

## Checklist – tax return 2019

Complete the tax return checklist to avoid any delays when you lodge your paper tax return.

**Last updated** 30 May 2019

To avoid any delay in the processing of your tax return, use the pre-addressed envelope provided with the tax return instructions, or use the following address:

**Australian Taxation Office**

**GPO Box 9845**

(insert the name and postcode of your nearest capital city)

For example:

Australian Taxation Office

GPO Box 9845

SYDNEY NSW 2001

### Check that you have...

- written your tax file number
- filled in all your personal details, including your date of birth, correctly
- completed the appropriate details for electronic funds transfer to have your refund paid directly into a financial institution account
- filled in the code boxes, if you were asked to do so, at items **1, 3, 4, 8, TOTAL SUPPLEMENT INCOME OR LOSS, TOTAL INCOME OR LOSS, D1, D3, D4, SUBTOTAL, TAXABLE INCOME OR LOSS, T1, M1, Private health insurance policy details, A1 and A3**
- completed item **M2** which is compulsory for all taxpayers
- completed income tests items **IT1 to IT8**
- written totals at
  - **TOTAL TAX WITHHELD**

- **TOTAL SUPPLEMENT INCOME OR LOSS** (if applicable)
  - **TOTAL INCOME OR LOSS**
  - **TOTAL SUPPLEMENT DEDUCTIONS** (if applicable)
  - **TOTAL DEDUCTIONS**
  - **SUBTOTAL**
  - **TAXABLE INCOME OR LOSS**
  - **TOTAL SUPPLEMENT TAX OFFSETS** (if applicable)
  - **TOTAL TAX OFFSETS**
- completed **Spouse details – married or de facto** if required
  - completed your spouse's details and provided your signature on your tax return if you have consented to offset part or all of your tax refund against your spouse's Family Assistance debt
  - completed item **A1** if you were under 18 years old on 30 June 2019; this is **compulsory** and if not completed, you may be taxed at a higher rate than necessary
  - completed item **A4** if you were in Australia on either a 417 or 462 visa that allowed you to work and holiday; this is **compulsory** and if not completed you may be taxed at a higher rate than necessary
  - read, completed, signed and dated the **Taxpayer's declaration** on page 10 of your tax return; failure to do so will result in it being returned to you and penalties for late lodgment may be applied
  - attached copies of all documents or schedules which the tax return instructions tells you to attach
  - kept copies of your tax return, all attachments and relevant papers for your own records.

## **When can you expect your notice of assessment?**

We aim to process tax returns within 10 weeks. If you lodged your tax return online using myTax, our standard processing time is two weeks.

## Do you want to work out your tax?

If you want to work out your tax refund or debt, use the Income tax estimator.

QC 57932

## Checklist – supplement 2019

Complete the supplementary checklist to make sure you have completed your supplementary tax return before lodgment.

**Last updated** 30 May 2019

Use this checklist to make sure pages 13–16 of your tax return (supplementary section) are complete before you attach them to page 10 of your tax return.

### Check that you have...

- printed your tax file number and name on page 13 of your tax return (supplementary section)
- written totals (if applicable) at
  - **Total supplement income or loss**
  - **Total supplement deductions**
  - **Total supplement tax offsets**
- transferred the totals above, where instructed
- completed item **A5**, if required to do so
- completed item **C1**, if required to do so
- if you were asked to do so, filled in the boxes at items **13, 17, 18, 19, 20, 21** and **total supplement income or loss**, and the boxes at items **T10** and **T11**

- completed **Spouse details – married or de facto** if you completed **T3**
- attached to page 3 of your tax return all attachments as instructed by any section or question in *Individual tax return instructions supplement 2019*
- kept copies of your tax return, all attachments and relevant papers for your own records.

QC 57933

## **Wesfarmers Limited – demerger of Coles Group Limited (2018)**

Information for Wesfarmers shareholders who received shares in Coles Group Limited due to the demerger.

**Last updated** 28 June 2019

This document contains tax information for Wesfarmers Limited (Wesfarmers) shareholders who received shares in Coles Group Limited (Coles) because of the demerger of Coles from the Wesfarmers Group on 28 November 2018.

Wesfarmers shareholders can also use the **Wesfarmers demerger of Coles – 2019 calculator and accompanying instructions** to work out their income tax consequences of the demerger.

### **When this applies to you**

This information applies to you, and may assist you in preparing your 2019 income tax return, if all the following apply:

- you were listed on the share register of Wesfarmers as at 4:00pm Western Standard Time on 22 November 2018 (the Record Date)
- you held your shares on capital account: that is, you did not hold your shares in Wesfarmers as revenue assets (as defined in section 977-50 of the *Income Tax Assessment Act 1997*) nor as trading

stock (as defined in subsection 995-1(1) of that Act) on the Record Date.

However, this information does not apply to you if the taxation of financial arrangements (TOFA) rules in Division 230 of the *Income Tax Assessment Act 1997* apply to you. If you are an individual, the TOFA rules will generally not apply to you unless you have made an election for them to apply.

## Background

The Wesfarmers group conducted a demerger of Coles which was a wholly-owned subsidiary of the Wesfarmers Group. The demerger was undertaken by a reduction of share capital and a court approved scheme of arrangement. Under the demerger, 85% of the shares in Coles were distributed to Wesfarmers shareholders on the basis of one Coles share for each Wesfarmers share held at the Record Date. The Wesfarmers Group retained the remaining 15% shareholding in Coles.

## Income tax implications

### Capital return and capital gain

When you received your Coles shares under the demerger, part of the value of those shares was a return of capital to you of \$5.68 for each Wesfarmers share you held at the Record Date.

If the cost base (just before the demerger) of any of your Wesfarmers shares was less than this amount, you will have a capital gain for each of those shares equal to the difference. However, you disregard the capital gain if:

- you acquired the share before 20 September 1985, that is, the share is a pre-CGT asset
- you choose to obtain CGT roll-over – see under the heading below [‘Choosing the CGT roll-over?’](#)
- just before the demerger, you were a foreign resident or the trustee of a foreign trust for CGT purposes, unless the share was taxable Australian property.

Your Wesfarmers share was taxable Australian property if one of the following applies:

- you have used the share at any time in carrying on a business through a permanent establishment in Australia
- you are an individual to whom all of the following applies:
  - you stopped being an Australian resident
  - you made a choice to disregard making a capital gain or capital loss on CGT assets you owned (including your Wesfarmers share) just before that time
  - between that time and the demerger, you had not again become an Australian resident nor ceased to own the share because of a CGT event that happened to it (for example, you disposed of it).

### **Working out your net capital gain or net capital loss for the 2019 year**

If you have a capital gain and cannot disregard it, you must take it into account in working out your net capital gain or net capital loss (if any) for the 2019 income year.

You must also take into account:

- any other capital gains or capital losses you make in the 2019 income year from other transactions
- any net capital losses carried forwards from earlier income years
- whether you can apply the CGT discount to any part of your net capital gain.

### **Choosing the CGT roll-over**

If you are an Australian resident, you may choose to obtain the roll-over.

If you are a foreign resident, you cannot choose to obtain the roll-over unless the Coles shares you acquired under the demerger were taxable Australian property just after you acquired them. This would only be the case if you began using them immediately in carrying on a business through a permanent establishment in Australia.

### **When your Coles shares are taken to be pre-CGT**

If some or all of the Wesfarmers shares you held at the Record Date were pre-CGT and you choose to obtain the roll-over, an equal number of the Coles shares you acquired under the demerger are taken to be pre-CGT. If you do not choose to obtain the roll-over, none of your Coles shares are taken to be pre-CGT.

## **Cost base adjustments you must make to your post-CGT Wesfarmers shares and Coles shares**

You must adjust the cost bases of your post-CGT Wesfarmers shares and establish the cost bases of the post-CGT Coles shares you acquired under the demerger. You make the same adjustments whether or not you choose to obtain the roll-over.

### **Method for working out the cost base adjustments**

#### **Step 1**

Add up the cost bases of all your post-CGT Wesfarmers shares as they were just before the demerger.

#### **Step 2**

Multiply the result of step 1 by 0.7109.

#### **Step 3**

Divide the result of step 2 by the number of your post-CGT Wesfarmers shares. This gives you the first element of the cost base and reduced cost base of each of your post-CGT Wesfarmers shares just after the demerger.

#### **Step 4**

Multiply the result of step 1 by 0.2891.

#### **Step 5**

Divide the result of step 4 by the number of Coles shares corresponding to your post-CGT Wesfarmers shares (which is equal to the number of your post-CGT Wesfarmers shares). This gives you the first element of the cost base and reduced cost base of each of those Coles shares.

This method apportions the total of the pre-demerger cost bases of your post-CGT Wesfarmers shares across those same shares and the

corresponding Coles shares you received under the demerger.

### **Coles shares corresponding to pre-CGT Wesfarmers shares where roll-over not chosen**

If you have pre-CGT Wesfarmers shares and do not choose the roll-over, the corresponding Coles shares do not have their cost bases set by this method. The first element of the cost base and reduced cost base of these shares (which are post-CGT shares) is \$12.8459.

### **Record keeping**

You will need to keep a record of the adjusted and new cost bases to work out if you make a capital gain or capital loss from a subsequent CGT event that happens to your Wesfarmers or Coles shares (for example, you dispose of them).

### **CGT discount on capital gain from subsequent CGT event happening to your Coles share**

Where a Coles share you acquired under the demerger corresponds with a post-CGT Wesfarmers share, you are taken to have acquired the Coles share on the date you acquired that Wesfarmers share for the purpose of determining your entitlement to the CGT discount. This is the case whether or not you choose to obtain the roll-over.

By contrast, where the Coles share corresponds with a pre-CGT Wesfarmers share and you do not choose to obtain the roll-over, the date you are taken to have acquired the Coles share for the purpose of determining your entitlement to the CGT discount is 28 November 2018. If you do choose the roll-over, the Coles share is taken to be pre-CGT and you disregard any capital gain or capital loss from a CGT event that subsequently happens to it.

#### **Example – Deemed date of acquisition for CGT discount purposes**

On 24 May 2019, you dispose of a Coles share you acquired under the demerger. The amount of your capital proceeds from the disposal exceeds the cost base for the share, and so you have a capital gain. You acquired the corresponding Wesfarmers share on 23 May 2018. The Wesfarmers share is post-CGT, so irrespective of whether or not you chose the roll-over, you are

taken to have acquired the Coles share on 23 May 2018 for the purposes of determining your entitlement to the CGT discount.

## Dividend component of distribution not taxed

As mentioned above under the heading '[Capital return and capital gain](#)', part of the value of the Coles shares distributed to you under the demerger was a return of capital. The remainder of that value is a dividend, amounting to \$7.1659 (\$12.8459 - \$5.68) for each Wesfarmers share you held at the Record Date. Under the demerger rules, the dividend is not included in your assessable income or your exempt income, so you do not have to pay tax on it.

If you are a foreign shareholder, the dividend is not subject to withholding tax.

## Capital gains consequences from sale of Coles shares through the Sale Facility

If your shares were sold through the Sale Facility, you would have received \$11.9921 per share from the Sale Agent, being the average proceeds per share. This would have happened if:

- you were an Ineligible Overseas Shareholder (as described in the [Wesfarmers demerger of Coles scheme booklet](#) [↗](#)), or
- you were a Small Shareholder (as described in that booklet) and you chose to have your shares sold through the Sale Facility.

If the cost base of the Coles share (as worked out under the heading '[Cost base adjustments you must make to your post-CGT Wesfarmers shares and Coles shares](#)') is less than \$11.9921, you have a capital gain on the disposal of that share equal to the difference. If the reduced cost base of the share is more than \$11.9921, you have a capital loss on the disposal of the share equal to the difference. You made the capital gain or capital loss (if any) when the shares were transferred to the Sale Agent; that is, on the date of the demerger.

However, you disregard the capital gain or capital loss (if any):

- in relation to any of your Coles shares that are taken to be pre-CGT because your corresponding Wesfarmers shares were pre-CGT and you choose to obtain the roll-over (see under the heading '[When your Coles shares are taken to be pre-CGT](#)')

- in relation to all of your Coles shares if you are a foreign resident.

## **Deduction for donation of proceeds of sale of Coles shares to ShareGift**

If you were a Small Shareholder who chose to have your Coles shares sold through the Sale Facility, you would also have had the option of donating the proceeds from the sale to ShareGift. If you chose to do this, you deduct the amount of the proceeds, subject to section 26-55 of the *Income Tax Assessment Act 1997*.

## **Worked examples**

### **Example 1 – CGT consequences of capital return:**

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Tom is an Australian resident. At the Record Date for the demerger, he owns three parcels of Wesfarmers shares, as follows:

- 1,000 pre-CGT shares with a cost base of \$2.00 per share.
- 2,000 post-CGT Wesfarmers shares with a cost base of \$4.00 per share
- 1,000 post-CGT Wesfarmers shares with a cost base of \$15.00 per share.

Because the return of capital under the demerger is \$5.68 per share (totalling \$22,720), Tom has a capital gain of \$1.68 per share for each share in the second parcel, or \$3,360 for the whole parcel. If he chooses the roll-over, he disregards the capital gain. If he does not choose the roll-over he must take the capital gain into account when working out his net capital gain or net capital loss (if any) for the 2019 income year.

Tom does not have a capital gain for any of the shares in the third parcel because the cost base for each share exceeds the capital return per share. Tom cannot make a capital loss from those shares.

Regardless of whether or not he chose the roll-over, Tom would have disregarded the capital gain of \$3.68 for each share in the

first parcel, as those shares were pre-CGT.

## Example 2 – Cost base adjustments, etc.:

Continuing from Example 1, Tom must adjust the cost bases of his 3,000 post-CGT Wesfarmers shares in the same way whether or not he chooses the roll-over, as follows.

Step 1:

The total of the pre-demerger cost bases of Tom's post-CGT Wesfarmers shares is \$23,000 ((2,000 × \$4.00) + (1,000 × \$15.00)).

Step 2:

$$\$23,000 \times 0.7109 = \$16,350.70$$

Step 3:

$\$16,350.70 \div 3,000 = \$5.4502$ , which is the first element of the cost base and reduced cost base of each of Tom's post-CGT Wesfarmers shares just after the demerger.

Tom works out the cost bases of the 3,000 Coles shares that correspond with his post-CGT Wesfarmers shares as follows:

Step 4:

$$\$23,000 \times 0.2891 = \$6,649.30$$

Step 5:

$\$6,649.30 \div 3,000 = \$2.2164$ , which is the first element of the cost base and reduced cost base of each of Tom's Coles shares corresponding to his post-CGT Wesfarmers shares just after the demerger.

If Tom chooses the roll-over, the 1,000 Coles shares corresponding to his 1,000 pre-CGT Wesfarmers shares are taken to be pre-CGT.

If he does not choose the roll-over, those Coles shares are post-CGT and the first element of the cost base and reduced cost base of each of those shares is \$12.8459.

The dividend component of the distribution of Coles shares to Tom is \$28,663.60 ( $4,000 \times \$7.1659$ ), but this is neither assessable income nor exempt income. This is the case whether or not Tom chooses the roll-over.

### **Example 3 – CGT treatment of Coles shares sold through sale facility:**

Sarah is an Australian resident. She held a parcel of 150 post-CGT Wesfarmers shares at the Record Date which she acquired during 2016 for \$6,450.00 (\$43.00 per share), including incidental costs. As she is a Small Shareholder, she decided to have the 150 Coles shares she was entitled to under the demerger sold through the Sale Facility. She then received \$1,798.82 ( $150 \times \$11.9921$ ) from the Sale Agent for her portion of all the shares sold through the Sale Facility.

Each Wesfarmers share in the parcel had a cost base just before the demerger of \$43.00 (which had not changed since Sarah acquired them). Going through the same steps as in Example 2, Sarah works out the first element of the cost base and reduced cost base of her Wesfarmers shares and Coles shares just after the demerger to be as follows:

- Wesfarmers shares:  $\$30.5687 = (150 \times \$43.00) \times 0.7109 \div 150$
- Coles shares:  $\$12.4313 = (150 \times \$43.00) \times 0.2891 \div 150$

Sarah makes a capital loss of \$65.88 from the sale ( $150 \times (\$12.4313 - \$11.9921)$ ).

The other consequences for Sarah are that she has no capital gain on the \$852.00 ( $150 \times \$5.68$ ) capital component of the distribution of the Coles shares to her, while the dividend component of that distribution, \$1,074.89 ( $150 \times \$7.1659$ ), is neither assessable income nor exempt income.

In this particular case, all these consequences are the same whether or not Sarah chooses to obtain the roll-over.

If Sarah had chosen to donate the proceeds of the sale of her shares to ShareGift, she would have a deduction of \$1,798.82 ( $150 \times \$11.9921$ ), subject to the limit in section 26-55 of the *Income Tax Assessment Act 1997*.

#### **Example 4 – Foreign resident shareholder:**

Denise is a foreign resident. At the Record Date for the demerger, she holds a parcel of 200 post-CGT Wesfarmers shares each of which has a cost base just before the demerger of \$5.00, and a parcel of 150 post-CGT Wesfarmers shares each of which has a cost base just before the demerger of \$30.00. None of the Wesfarmers shares are taxable Australian property. The 350 Coles shares Denise receives under the demerger are not taxable Australian property just after she acquires them. Therefore, Denise cannot choose to obtain the roll-over.

Nevertheless, Denise disregards her capital gain of \$136.00 ( $200 \times (\$5.68 - \$5.00)$ ), as she is a foreign resident and her Wesfarmers shares are not taxable Australian property.

The capital component of the distribution of the Coles shares to Denise is \$1,988.00 ( $350 \times \$5.68$ ), while the dividend component of the distribution is \$2,508.07 ( $350 \times \$7.1659$ ). The dividend component is neither assessable income nor exempt income of Denise, nor is she subject to dividend withholding tax on the distribution under the demerger rules.

Going through the same steps as in Example 2, Denise works out the first element of the cost base and reduced cost base of her Wesfarmers shares and Coles shares just after the demerger to be as follows:

Wesfarmers shares:  $\$11.1713 = ((200 \times \$5.00) + (150 \times \$30.00)) \times 0.7109 \div 350$

Coles shares:  $\$ 4.5430 = ((200 \times \$5.00) + (150 \times \$30.00)) \times 0.2891 \div 350$

For the purpose of working out whether she is entitled to a discount on a capital gain from a subsequent CGT event

happening to her Coles shares, she is taken to have acquired 200 of her Coles shares at the time she acquired the parcel of 200 Wesfarmers shares, and is taken to have acquired the other 150 Coles shares at the time she acquired the parcel of 150 Wesfarmers shares. However, any entitlement to a discount will not be relevant if just before the subsequent CGT event, Denise is still a foreign resident and her Coles shares are not taxable Australian property. In that case, she would disregard any capital gain that arises from the event.

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We make every effort to ensure that our advice and information is correct. If you follow advice in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it. If you make an honest mistake when you try to follow our advice and you owe us money as a result, we will ask you to pay the money.

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If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

### See also:

- [Class Ruling CR 2018/59](#) outlines income tax consequences in relation to the Wesfarmers demerger of Coles.
- The [Wesfarmers demerger of Coles scheme booklet](#)  (dated 5 October 2018) describes the scheme of arrangement under which the demerger was proposed to occur and on which Wesfarmers shareholders voted on 15 November 2018.

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