



Tax offset questions T1-T2

How to complete the tax offset questions T1 and T2 in your paper tax return.

T1 Seniors and pensioners tax offset 2023

Complete this question if you meet the conditions to claim the seniors and pensioners tax offset.

T2 Australian superannuation income stream 2023

Complete this question to help you work out if you're eligible for this tax offset and the amount you can claim.

Tax offsets in the supplementary tax return 2023

Complete this question if you had tax offsets you need to complete in the supplementary section of the tax return.

Total tax offsets 2023

Complete this question with the total tax offsets in your tax return.

T1 Seniors and pensioners tax offset 2023

Complete this question if you meet the conditions to claim the seniors and pensioners tax offset.

Last updated 25 May 2023

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Things you need to know

Seniors and retirees (including self-funded retirees) may be eligible to claim a tax offset if you meet the conditions set out below.

However, you can't claim this tax offset if you were in jail for the whole of 2022–23.

To be eligible, you must meet both conditions:

- [Eligibility for Australian Government pensions and similar payments](#)
- [Rebate income amounts](#)

If you had a spouse:

- you also need to work out whether they were eligible for the offset
- you may not get the seniors and pensioners tax offset even if you meet all the eligibility conditions as the amount of the tax offset is based on your individual rebate income, not your combined rebate income.

For the definition of:

- spouse, see [Special circumstances and glossary 2023](#).
- rebate income and the worksheet to work it out, see [Rebate income 2023](#).

If you are eligible for this offset, we will calculate the amount of the offset for you.

Use our beneficiary tax offset and seniors and pensioners tax offset calculator to:

- work out whether you are eligible for this offset
- get an estimate of your tax offset.

Beneficiary tax offset and seniors and pensioners tax offset calculator

Condition 1: Eligibility for Australian Government pensions and similar payments

Did any of the following apply to you in 2022–23?

Condition	Explanation
A	You showed at question 6 in your tax return either: <ul style="list-style-type: none">• an Australian Government pension or allowance from Centrelink• a pension, allowance or benefit from the Department of Veterans' Affairs (DVA).
B	You met the Centrelink age pension age requirement and were eligible for an Australian Government age pension during 2022–23, but did not receive it because you did not make a claim, or because of the income test or the assets test, and you satisfied one of the following: <ul style="list-style-type: none">• you had been an Australian resident for age-pension purposes for 10 years or more, of which 5 years were continuous• you had a qualifying residence exemption because you arrived in Australia as a refugee or under a special humanitarian program• you received a partner allowance, a widow allowance, or a widow B pension immediately before turning age pension age


- you are a woman who was widowed in Australia, and
 - you and your late partner were Australian residents when your late partner died
 - you are currently in Australia, and
 - you have been an Australian resident for at least the last 2 years

- you are a woman and on 19 March 2020
 - you were receiving a wife pension and you were not receiving a carer allowance, or
 - you were receiving a special needs widow B pension

- you are a woman and on 31 December 2021 you were receiving a widow allowance

- you would have qualified for an age pension under an international social security agreement.

To find out whether you meet the Centrelink age pension age requirement, see [Pensioner ages and tests](#).

To work out whether you were eligible for a social security or Centrelink pension, visit the [Services Australia website](#) .

For all other enquiries about the seniors and pensioners tax offset, **contact us**.


C

You met the veteran pension age test and were eligible for a pension, allowance or benefit from Veterans' Affairs during 2022–23, but did not receive it because you did not make a claim, or because of the income test or the assets test, **and** you were either:

- a veteran with eligible war service
- a Commonwealth veteran, allied veteran or allied mariner with qualifying service.

To find out whether you meet the veteran pension age test, see [Pensioner ages and tests](#).

If you are not sure whether you were eligible for a

payment, visit the [Department of Veterans' affairs website](#) .

Did you meet condition 1?

Yes	You meet condition 1, continue to condition 2.
No	You are not eligible for this tax offset, see Where to go next .

Condition 2: Rebate income amounts

You meet this condition if any of the following applied to you in 2022–23:

- You did not have a spouse, and your rebate income was less than \$50,119.
- You had a spouse, and the combined rebate income of you and your spouse was less than \$83,580.
- At any time in 2022–23
 - you and your spouse [had to live apart due to illness](#) or because one of you was in a nursing home, and
 - the combined rebate income of you and your spouse was less than \$95,198.

Your combined rebate income is the total of:

- your rebate income
- your spouse's rebate income
- the amount on which a trustee of a trust was liable to pay tax in respect of your spouse because your spouse was under a legal disability, such as being an undischarged bankrupt or a person who was declared legally incapable because of a mental condition.

Did you meet condition 2?

Yes	You meet condition 2, continue to Completing your tax return .
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No	You are not eligible for this tax offset, see Where to go next .
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Completing your tax return

To complete this question, follow the steps:

Step 1

Work out which of the following code letters applied to your circumstances at any time in 2022–23.

Seniors and pensioners tax offset code letters

Code letter	Explanation
A	You were single, separated or widowed.
B	You and your spouse: <ul style="list-style-type: none">• were both eligible for the seniors and pensioners tax offset, and• had to live apart due to illness or lived apart because one of you was in a nursing home.
C	Your spouse was not eligible for the seniors and pensioners tax offset, and you and your spouse <ul style="list-style-type: none">• had to live apart due to illness, or• lived apart because one of you was in a nursing home.
D	You and your spouse: <ul style="list-style-type: none">• lived together, and• were both eligible for the seniors and pensioners tax offset.
E	You and your spouse:

	<ul style="list-style-type: none"> • lived together, and • your spouse was not eligible for the seniors and pensioners tax offset.
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Had to live apart due to illness refers to situations where you and your spouse did not live together because one or both of you had an indefinitely continuing illness or infirmity and, as a result, your combined living expenses were increased.

Step 2

Work out the letter code to use if more than one applies to your circumstances.

Did more than one code letter apply?

No	Print your code letter from step 1 in the TAX OFFSET CODE box at question T1 – label N . Go to step 3 .
Yes	<p>Use the first code letter that applied to you in the list above, unless one of the 2 circumstances below applied to you:</p> <ul style="list-style-type: none"> • Both A and B applied, and your spouse's taxable income was less than \$18,334 – print code B in the TAX OFFSET CODE box at question T1 – label N. • Both A and D applied, and your spouse's taxable income was less than \$12,494 – print code D in the TAX OFFSET CODE box at question T1 – label N. <p>Your spouse's taxable income is the amount you show at label O on page 9 in your tax return.</p>

Step 3

Complete this step if you or your spouse is a veteran, war widow or war widower.

Are you or your spouse a veteran, war widow or war widower?

No	Go to step 4 .
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Yes	Select the veteran code letter that applies to you from the table below.
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Veteran code letters

You were a veteran, war widow or war widower.	V
Your spouse was a veteran, war widow or war widower.	W
Both V and W applied to you.	X

Print the code letter in the **VETERAN CODE** box at question **T1** – label **Y**.

Step 4

You must read **Income tests 2023** and complete all income tests questions.

Step 5


If you had a spouse during 2022–23, you must complete **Spouse details – married or de facto** on pages 8 and 9 in your tax return.

Any unused portion of tax offset

If both you and your spouse are eligible for the seniors and pensioners tax offset and one of you does not use it all, the unused portion may be available for transfer to the other person. We will work this out automatically and transfer any entitlement.

To work out whether there is any unused spouse's seniors and pensioners tax offset available to transfer to you, we do not take your spouse's other credits and tax offsets into account.

Pensioner ages and tests

To be eligible for an **Australian Government age pension** from Centrelink, on 30 June 2023 a pensioner must be [66 years and 6 months or older](#) .


To be eligible for a **pension, allowance** or **benefit** from **Veterans' Affairs** you must meet the veteran pension age test and on 30 June 2023 be 60 years old or older.

You meet the veteran pension age test if one of the following applied to you, and you were eligible for a pension, allowance or benefit under the *Veterans' Entitlements Act 1986*:

- you have eligible war service, that is, service in World War II or operational service as a member of the Australian Defence Force
- you're a Commonwealth or allied veteran who served in a conflict in which the Australian Defence Force was engaged during a period of hostilities, that is, in World War II, Korea, Malaya, Indonesia or Vietnam
- you're an Australian or allied mariner who served during World War II
- you're the war widow or widower of a former member of the Australian Defence Force.

Pension, allowance or benefit includes:

- disability pension
- service pension
- white or gold Repatriation health cards for treatment entitlements.

If you are not sure if you meet the veteran pension age test, visit the [Department of Veterans' affairs website](#) .

Where to go next

- Go to question T2 Australian superannuation income stream 2023.
- Return to main menu Individual tax return instructions 2023.
- Go back to Taxable income or loss 2023.

QC 72079

T2 Australian superannuation income stream 2023

Complete this question to help you work out if you're eligible for this tax offset and the amount you can claim.

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Things you need to know

If you received an Australia superannuation income stream, you may be eligible to claim a tax offset.

If you show an amount at question 7 – label **M Assessable amount from capped defined benefit income stream**, you are not entitled to a tax offset on the untaxed element of the amount shown at question 7 – label **M**. However, you may be entitled to a tax offset on another amount.

Did you receive an Australian superannuation income stream shown on a PAYG payment summary – superannuation income stream?

No	Go to Where to go next .
Yes	Read on.

Completing your tax return

To complete this question, follow the steps below.

Step 1

Were you both:

- under 60 years old at any time in 2022–23

- not receiving a death benefit income stream where the deceased was 60 years old or older at the time of death?

Yes	<p>Add up the tax offsets shown on your payment summaries.</p> <p>Add the result to any other amount at row g in worksheet 1. Read on.</p>
No	Read on.

Step 2

Were you both:

- under 60 years old at any time in 2022–23
- receiving a death benefit income stream where the deceased was 60 years old or older at the time of death?

Yes	<p>Add up the tax offsets, shown on your payment summaries, that do not relate to a capped defined benefit income stream that is a death benefit income stream where the deceased was 60 years old or older.</p> <p>Add the result to any other amount at row g in worksheet 1. Read on.</p>
No	Read on.

Step 3

In 2022–23, did you receive a capped defined benefit income stream with an untaxed element when:

- you were 60 years old or older, or
- you were under 60 years old and you were receiving a death benefit income stream where the deceased was 60 years old or older at the time of death?

Yes	<p>The tax offset amount you need is not shown on your <i>PAYG payment summary – superannuation income stream</i>.</p>
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	To work it out, go to Calculate the untaxed element .
No	Add together amounts at row g in worksheet 1 and transfer to question T2 – label S .

Calculate the untaxed element

Use the Defined benefit income cap tool to calculate the untaxed element of your capped defined benefit income stream.

Defined benefit income cap tool

To manually calculate the untaxed element of your capped defined benefit income stream, complete worksheet 1 below.

You need the following amounts to complete worksheet 1:

- from question **7**, your defined benefit income cap
- from your *PAYG payment summary – superannuation income stream*
 - the sum of your taxed element and tax-free components you received when you were
 - 60 years old or older, or
 - under 60 years old and the income stream was a death benefit income stream where the deceased was 60 years old or older (These amounts are to include lump sum in arrears).
 - the sum of your untaxed element, including lump sum in arrears, you received when you were
 - 60 years old or older, or
 - under 60 years old and the income stream was a death benefit income stream where the deceased was 60 years old or older.

Worksheet 1

Row	Calculation	Amount
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a	Defined benefit income cap (from question 7)	\$
b	Your total taxed element and tax-free components	\$
c	If row b is greater than row a then you are not entitled to an offset on your untaxed element. Write 0 at row f and then go to row g . Where row b is less than row a then subtract row b from row a .	\$
d	Your total untaxed element	\$
e	Write the lesser of row c and row d .	\$
f	Multiply row e by 10%.	\$
g	Add together any amount from steps 1 and 2.	\$
h	Add together row f and row g . This is your tax offset.	\$

Transfer the amount at row **h** to **question T2** – label **S**.

Where to go next

- Go to Tax offsets in the supplementary tax return 2023.
- Return to main menu Individual tax return instructions 2023.
- Go back to question T1 Seniors and pensioners tax offset 2023.

QC 72224

Tax offsets in the supplementary tax return 2023

Complete this question if you had tax offsets you need to complete in the supplementary section of the tax return.

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Things you need to know

You need to use *Individual tax return instructions supplement 2023* if you were entitled to any of the following tax offsets:

- tax offset for superannuation contributions on behalf of your spouse
- tax offset for living in a remote or isolated area of Australia
- tax offset for serving overseas as a member of the Australian Defence Force or a United Nations armed force
- tax offset for maintenance of an invalid or an invalid carer who is 16 years old or older
- landcare and water facility tax offset brought forward from an earlier year
- tax offset for early-stage venture capital limited partnership
- tax offset for early-stage investor
- foreign income tax offset, which you claimed at question **20**
- tax offset for tax paid by the trustee of a special disability trust if you were the principal beneficiary
- tax offset for exploration credits.

Were you entitled to any of the above tax offsets?

No	See Where to go next .
Yes	Read below.

What you need to answer this question

To get a copy of the supplementary section, see *Tax return for individuals (supplementary section) 2023*.

Completing your tax return

To complete this question, follow the steps below.

Step 1

Complete the details at the top of page 13 in your *Tax return for individuals (supplementary section) 2023*. Use **Individual tax return instructions supplement 2023** to complete the **Tax offsets** section on page 16 in your tax return (supplementary section).

Step 2

Transfer the amount you wrote at **Total supplement tax offsets** on page 16 in your tax return (supplementary section) to question **T** on page 5 of your tax return.

Where to go next

- Go to question **Total tax offsets 2023**.
- Return to main menu **Individual tax return instructions 2023**.
- Go back to question **T2 Australian superannuation income stream 2023**.

QC 71952

Total tax offsets 2023

Complete this question with the total tax offsets in your tax return.

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Completing your tax return

To complete this question, follow the steps below.

Step 1

Check that you have claimed all the tax offsets you are eligible for.

Step 2

Add up all the tax offset amounts you claimed at questions **T2** and **T** in your tax return. (We work out the amounts at question **T1** automatically.)

Step 3

Write the total amount at **TOTAL TAX OFFSETS** – label **U** on page 5 in your tax return.

Where to go next

- Go to question M1 Medicare levy reduction or exemption 2023.
- Return to main menu Individual tax return instructions 2023.
- Go back to Tax offsets in the supplementary tax return 2023.

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