Instructions for taxpayers

# Short tax return instructions 2008

To help you complete your short tax return
**1 July 2007 – 30 June 2008**

**Lodge online.**
- Use e-tax to prepare and lodge your tax return online.
- Most refunds are issued within 14 days.
- Go to **www.ato.gov.au**

**Check that you can use the short tax return.**
See the loose leaf cover attached to the short tax return.

**Lodge by phone.**
The service is available 24 hours a day, seven days a week.

Most short tax returns lodged by phone are processed within 14 days.

Phone **13 28 65** to lodge.

**Lodge your tax return by 31 October 2008.**

NAT 8417–6.2008

Australian Government
Australian Taxation Office

*Short tax return instructions 2008* provides advice and information to help you complete your 2008 short tax return correctly.

I do not expect you to know more than what we have put in *Short tax return instructions 2008* and its related publications. However, I do ask you to take care in completing your tax return and to make sure that the information you provide to us is complete and accurate.

There have been some changes since *Short tax return instructions 2007*. To see if any apply to you, check the **What's new this year?** section on page 2.

If you have access to the internet, you can prepare and lodge your tax return online using e-tax. It's fast, free and easy, and most refunds are issued within 14 days.

We also have a range of services that can assist you when completing your tax return.

Michael D'Ascenzo

**Michael D'Ascenzo**
Commissioner of Taxation

## OUR COMMITMENT TO YOU

*Short tax return instructions 2008* is a public ruling for individuals who use it reasonably and in good faith to complete their 2008 personal tax return. This means that if we state the law incorrectly and as a result you do not pay enough tax, we will not ask you to pay the extra tax.

If our advice in *Short tax return instructions 2008* 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, but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

*Short tax return instructions 2008* also contains guidance to help you complete your tax return. If any of our guidance in *Short tax return instructions 2008* is incorrect or misleading and as a result you do not pay enough tax, we may ask you to pay the extra tax, but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake when you try to follow our advice and guidance in *Short tax return instructions 2008* and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

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.

## HOW TO USE *SHORT TAX RETURN INSTRUCTIONS 2008*

- Have on hand all your necessary documentation and records for the 2007–08 income year (1 July 2007 to 30 June 2008).
- Read all the explanatory pages – they provide valuable information ranging from whether you need to lodge a tax return to how you can get a faster refund.
- Read each question caption carefully and:
  - if it applies to you, read the question carefully so that you provide the required details on your tax return
  - if it does not apply to you, go to the next question.
- Make sure you complete the Medicare levy surcharge item (question **43**) – it applies to all taxpayers.
- Use the checklist on page 3 of the loose leaf cover to the short tax return before you lodge your tax return.

## NEW LOOK SHORT TAX RETURN

You may have noticed the short tax return looks different this year. It asks for the same information as previous years but we now use a quicker automated system to process it. That is why you need to complete it using a black pen if you are mailing it to us.

# CONTENTS

# WHAT'S NEW THIS YEAR?

## CHANGES TO SUPERANNUATION

### Superannuation benefits

- Australian superannuation pensions and superannuation annuities paid by Australian superannuation funds, life insurance companies and retirement savings account providers are now known as superannuation income streams (see question **18** on pages 16–17).
- Lump sum payments paid by an Australian superannuation fund are now referred to as Australian superannuation lump sum payments.
- If you were **aged 60 years or over** when you received an Australian superannuation benefit (income stream or lump sum payment) include only the **untaxed element** in your taxable income and show it on your tax return. The tax-free component and the taxed element are non-assessable non-exempt income, do not include them anywhere on your tax return as they are tax-free income (see **Amounts you do not pay tax on** on pages 7–9).
- If you were **aged under 60 years** when you received an Australian superannuation benefit (income stream or lump sum payment) include only the **taxed element** and the **untaxed element** in your taxable income and show them on your tax return. The tax-free component is non-assessable non-exempt income, do not include it on your tax return as it is tax-free income (see **Amounts you do not pay tax on** on pages 7–9).
- You may receive a tax offset for any taxed or untaxed element of a superannuation income stream included in your taxable income when you were aged 55 years and over (see question **36** on pages 30–1).
- Reasonable benefit limits have been abolished.

### Employment termination payments

- Eligible termination payments are now known as:
  - employment termination payments (ETPs) when paid by an employer, or
  - superannuation lump sums when paid by a superannuation fund.
- The manner in which ETPs are taxed has changed. ETPs may no longer be rolled over into superannuation, except if they are *transitional termination payments.*

### Non-superannuation annuities

The deductible amount of undeducted purchase price (UPP) of Australian non-superannuation annuities is no longer shown separately on your tax return. The deductible amount of UPP is used to work out the assessable amount of your Australian non-superannuation annuity (see question **18** on pages 16–17). You still show the deductible amount of UPP of a foreign pension or annuity on your tax return.

### Superannuation contributions

For individuals eligible to claim a deduction for their personal superannuation contributions from 1 July 2007:

- the age based limits for claiming a deduction have been removed, and
- you may claim a full deduction for your personal contributions, rather than the previous limit of the first $5,000 plus 75% of the amount above $5,000 (see **Excess contributions tax assessments** below).

You can make personal superannuation contributions up to the age of 75 years (previously 70 years) where you have satisfied the work test to make contributions.

### Excess contributions tax assessments

The tax concessions on superannuation contributions will be limited to set amounts known as contributions caps. If the superannuation contributions made for or by you during an income year exceed the concessional or non-concessional contributions caps, your notice of assessment for excess contributions tax will itemise the tax on those excess contributions. Where an excess contributions tax liability arises, you are able to, and in some cases must, withdraw an amount equal to the tax from one or more of your superannuation funds.

### Government Super Co-Contribution

The Government Super Co-contribution has been extended to eligible self-employed persons for personal contributions not claimed as a tax deduction.

### Contribution splitting

If you made personal superannuation contributions after 5 April 2007 for which you did not claim an income tax deduction, you cannot split your contributions to your spouse's superannuation account.

# DO YOU HAVE TO LODGE A TAX RETURN?

The following reasons for lodging a tax return apply to all taxpayers, including those who are not eligible to use the short tax return. You may have to lodge a tax return for the 2007–08 income year (1 July 2007 to 30 June 2008). Check each reason listed below, in order, from **Reason 1** to **Other reasons**. If you:

- find a reason that applies to your circumstances, you must lodge a tax return, and you do not have to read any further on pages 3, 4 and 5
- don't find a reason that applies to you, go to page 4 to find out if you need to complete a *Non-lodgment advice 2008*.

> You can use the **Do I need to lodge a tax return?** tool on our website to find out whether you have to lodge a tax return for the 2007–08 income year – go to **www.ato.gov.au/individuals**

## REASON 1

**You paid tax during 2007–08.**

You must lodge a tax return if you were an Australian resident for tax purposes (see **Are you an Australian resident?** on page 10) and any of the following applied to you:

- You had amounts withheld from income you received or earned.
- You paid an amount under the pay as you go (PAYG) instalment system during the year.
- You had amounts withheld from interest because you did not provide your tax file number (TFN) or Australian business number (ABN) to the investment body.
- You had amounts withheld in error and you did not apply for a refund from the investment body before 21 July 2008. (If you are exempt from quoting your TFN or ABN to the investment body but you failed to claim the exemption from them, you might be eligible to use the form *Australian resident investor – refund application for the tax file number (TFN) amounts deducted* (NAT 1846) instead of lodging a tax return.)

## REASON 2

**You were eligible for the senior Australians tax offset in 2007–08** (see page 28).

You must lodge a tax return if your taxable income (not including your spouse's) was more than the following relevant amount:

- **$25,867** – if you were single, widowed or separated at any time during the year
- **$24,600** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness (see the definition of **Had to live apart due to illness** on page 29)
- **$21,680** – if you lived with your spouse for the full year.

## REASON 3

**You were not eligible for the senior Australians tax offset, but you received an Australian Government pension, allowance or payment.**

You must lodge a tax return if any of the following applied to you:

- You received an allowance or a payment listed at question **16** on page 14 and you had other non-exempt income, which together made your taxable income more than **$11,000**.
- You received a pension, payment, or an allowance listed at question **17** on page 15, **and** your taxable income was more than the following relevant amount:
  - **$22,922** – if you were single, widowed or separated at any time during the year
  - **$21,942** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
  - **$19,462** – if you lived with your spouse for the full year.

## REASON 4

**You were not eligible for the senior Australians tax offset and you did not receive an Australian Government pension, allowance or payment listed at questions 16 or 17, but you received or earned income in 2007–08.**

You must lodge a tax return if your taxable income exceeded the following relevant amount:

- **$6,000** – if you were an Australian resident for tax purposes for the full year
- **$1,666** – if you were under 18 years of age at 30 June 2008 and your income was not salary or wages
- **$1** – if you were a non-resident and you had income taxable in Australia – excluding income that had non-resident withholding tax withheld from it
- **your part-year tax-free threshold amount.** If you became or stopped being an Australian resident for tax purposes, you will have a part-year tax-free threshold which determines whether you have to lodge a tax return.

## OTHER REASONS

You must lodge a tax return if any of the following applied to you:

- You were either a liable parent or a recipient parent under a child support assessment **unless**
  - your taxable income was less than $18,252 **and**
  - you received Australian Government pensions, allowances or payments listed at questions **16** and **17** on pages 14-15 for the whole of the 2007–08 income year.
- You had a reportable fringe benefits amount on your *PAYG payment summary – individual non-business*.
- You were entitled to a private health insurance tax offset – see question **37** on pages 32–3.
- You carried on a business.
- You made a loss, or you can claim a loss you made in a previous year.
- You were entitled to a distribution from a trust or you had an interest in a partnership **and** the trust or partnership carried on a business of primary production.
- You were an Australian resident for tax purposes and you had exempt foreign employment income and $1 or more of other income.
- You were a special professional covered by the income averaging provisions. These provisions apply to authors of literary, dramatic, musical or artistic works; inventors; performing artists; production associates and active sportspeople.
- You received income from dividends or distributions exceeding $6,000 (or $416 if you were under 18 years of age at 30 June 2008) **and** you had franking credits attached, or amounts withheld because you did not quote your TFN or ABN to the investment body.
- You made personal contributions to a complying superannuation fund or retirement savings account and will be eligible to receive a Super Co-contribution in relation to those contributions.
- You received an Australian superannuation lump sum that included an untaxed element when you were 60 years of age or over.
- You received an Australian superannuation lump sum that included a taxed element or an untaxed element when you were under 60 years of age.

### Deceased estate

If you are looking after the estate of someone who died during 2007–08, consider all the above reasons on their behalf and, if a tax return is not required, complete the *Non-lodgment advice 2008* on the next page and send it to us. If a tax return is required, see page 6 for more information.

### Franking credits

If you have a franking credit shown on your dividend statement or your distribution statement from a managed fund for 2007–08 you may be able to claim a refund of this franking credit without lodging a tax return.

> See *Refund of franking credits instructions and application for individuals 2008* (NAT 4105) for more information. This publication is available on our website or to find out how to get a printed copy, see the inside back cover.

### Baby bonus

If you are not required to lodge a tax return for 2007–08 you can lodge your baby bonus claim on its own:

- online using e-tax which has a separate baby bonus application – go to **www.ato.gov.au** for more information, or
- by using the publication *Baby bonus instructions and claim 2008* (NAT 6580) and lodging your claim by mail.

If you are lodging both a claim for baby bonus and an application for a refund of franking credits, you must send them to us together in one envelope. You can also lodge them together using e-tax but you will be required to complete a full tax return in the e-tax application.

> The publication *Baby bonus instructions and claim 2008* is available on our website or to find out how to get a printed copy, see the inside back cover.

## IF YOU DO NOT NEED TO LODGE A TAX RETURN

You should complete and lodge the *Non-lodgment advice 2008* on the next page and send it to us unless one of the following applies to you:

- You have already sent us a tax return, non-lodgment advice, form or letter telling us that you do not need to lodge a tax return for all future years.
- You are lodging an application for a refund of franking credits for 2008.
- You are lodging a baby bonus claim for 2008.
- Your only income was from an allowance or payment listed at question **16** on page 14 **or** you received a pension, payment or an allowance listed at question **17** on page 15 and your taxable income was less than the relevant amount in
  - **Reason 2** (if you are eligible for the senior Australians tax offset), or
  - **Reason 3** (the agencies that paid you have provided information for us to determine that you do not need to lodge a tax return).

Australian Government
Australian Taxation Office

# Non-lodgment advice 2008

**1 July 2007 to 30 June 2008**

Print neatly in BLOCK LETTERS with a black or blue ballpoint pen only. Do not use correction fluid or tape.

**Your tax file number**

The Tax Office is authorised by the *Taxation Administration Act 1953* to request you to quote your tax file number (TFN). It is not an offence not to quote your TFN. However, your TFN helps the Tax Office to correctly identify your tax records.

**Your date of birth** DAY MONTH YEAR

**Your name**

Title – for example, Mr, Mrs, Ms, Miss

Surname or family name

Given names

**Your postal address**

Suburb or town

State Postcode Country if not Australia

**Have you changed your postal address since your last tax return?**

NO

YES Print the address on your last notice of assessment or the address you last told us about.

Suburb or town

State Postcode Country if not Australia

**Your phone number during business hours – if it is convenient**

Area code Phone number

**Reason for not lodging a tax return**

I will not have to lodge a tax return for 2008 because none of the reasons listed on pages 3–4 in *Short tax return instructions 2008* apply to me.

I will not have to lodge a tax return for future years because:

I declare that the information I have given in this non-lodgment advice is true and correct. See the privacy information on page 53.

Signature Date DAY MONTH YEAR

**The tax law imposes heavy penalties for giving false or misleading information.**

Use the pre-addressed envelope provided to send your non-lodgment advice to the Tax Office by 31 October 2008. If you are not using the pre-addressed envelope, see page 4 of the loose leaf cover to the *Short tax return for individuals 2008* for more details and the address to use.

## OTHER WAYS TO PREPARE YOUR TAX RETURN

If you cannot use the *Short tax return for individuals 2008* because the questions do not cover all of your tax affairs, you need to complete the *Tax return for individuals 2008* using either:

- e-tax (download e-tax at **www.ato.gov.au**) and you can lodge online for a speedier refund, or
- *TaxPack 2008*, and you may need *TaxPack 2008 supplement*.
  From 1 July to 31 October 2008 you can get copies of *TaxPack 2008* and *TaxPack 2008 supplement* from most newsagents. Copies are also available from our Publications Distribution Service on **1300 720 092** and from Tax Office shopfronts all year.

## KEEPING RECORDS

You need to keep records:

- to provide written evidence of your income and expenses
- to help you or your tax agent prepare your tax return
- to ensure that you are able to claim all your entitlements, and
- in case we ask you to prove the information you provided on your tax return.

Generally you should keep most of your written evidence for five years from 31 October 2008 or the date you lodge your tax return, whichever is later. Specific record-keeping requirements for particular types of records appear in the specific questions in *Short tax return instructions 2008*. If you are in dispute with the Tax Office, you must keep your records until the dispute is settled, if this is later.

If you qualify as an individual with simple tax affairs under the *Shortened Document Retention Periods (Individuals with Simple Tax Affairs) Determination 2006* (SDR 2006/1), you need to keep your payment summaries for only two years. To check whether you qualify for this shorter record-keeping period, refer to our website **www.ato.gov.au**

## IF YOU MADE A MISTAKE OR NEED TO AMEND YOUR TAX RETURN

If you realise that you did not include something on your tax return that you should have, or you made an error, you need to correct it as soon as possible by **requesting an amendment**.

To request an amendment, write to us. In your letter, provide:

- your name, address, phone number and tax file number
- the year shown on the tax return you wish to amend – for example, 2007
- the question number and description affected by the change
- the amount of income or deductions to be added or taken away, if relevant
- the amount of tax offsets to be increased or decreased, if relevant
- the claim type code, if one applies to the item you are changing
- an **explanation** of how you made the mistake or of the reason for the change – it is important that you provide this so that we can correctly assess any penalties or shortfall interest charge
- a signed and dated declaration as follows: 'I declare that all the information I have given in this letter, including any attachments, is true and correct'.

Post your request for amendment and any additional information to:

**Australian Taxation Office**
**GPO Box 5056**
**Sydney NSW 2001**

Most taxpayers who are eligible to use the short tax return will be subject to a two-year amendment period. If you are eligible for a two-year amendment period, your request for an amendment must be lodged within two years of the date the Commissioner issued your notice of assessment. If a four-year amendment period applies to you, your request for an amendment must be lodged within four years.

There will be no penalty if the amendment reduces the amount of tax you have to pay – for example, where you increase your deductions or tax offsets.

If you voluntarily tell us that you made a mistake, and an amendment results in you paying more tax, the amount of any penalty will, in most cases, be reduced.

For more information, read the inside front cover.

# AMOUNTS YOU DO NOT PAY TAX ON

You may have received amounts that you do not need to include as income on your tax return, although these amounts may be used in other calculations for your tax return. There are three different types of these amounts.

- **Exempt income** is income on which you do not need to pay tax. However, some types of exempt income are taken into account when calculating the separate net income (SNI) of your dependants (see **Dependant's separate net income** on page 51). In addition, some questions in the *Short tax return instructions 2008* ask you to show on your short tax return the exempt income you or your spouse may have received (see question **51** on page 50). Generally you cannot deduct expenses you have incurred in gaining your exempt income when calculating your taxable income. The most common types of exempt income you or your dependants may have received are listed below.
- **Non-assessable non-exempt income** is also income on which you do not need to pay tax. Some types of non-assessable non-exempt income may affect your liability for the Medicare levy surcharge. Some types of non-assessable non-exempt income are also taken into account when calculating the SNI of your dependants (see **Dependant's separate net income** on page 51). However, there are no questions in the *Short tax return instructions 2008* that ask you to show on your short tax return the non-assessable non-exempt income you or your spouse may have received. Generally you cannot deduct expenses you have incurred in gaining your non-assessable non-exempt income when calculating your taxable income. The most common types of non-assessable non-exempt income are listed on page 9.
- Some **other amounts** are not taxable and do not affect any calculation on your tax return.

## EXEMPT INCOME

### Exempt Australian government pensions, allowances and payments

- Carer adjustment payment (CAP): in the 2008 Budget the Government announced that CAPs will be exempt from income tax from 1 July 2007. At the time of publication this change had not become law.
- Carer payment where:
  - **both** the carer **and** either the care receiver or all of 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 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 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

> **NOTE**
> Lump sum bereavement payments received as part of any of the above payments 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 of age including those paid under ABSTUDY, austudy, youth allowance, Assistance for Isolated Children Scheme, Commonwealth secondary education assistance and the Veterans' Children Education Scheme
- Apprenticeship wage top-up
- Australian–American Educational Foundation grant
- Commonwealth scholarships or bursaries provided to foreign students
- Commonwealth secondary education assistance other than that already referred to
- Commonwealth Trade Learning Scholarship
- Language, literacy and numeracy supplement

- Payments under the Military Rehabilitation and Compensation Act Education and Training Scheme 2004 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 of age, 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: in the 2008 Budget the Government announced that these payments will be exempt from income tax from 1 July 2007. At the time of publication this change had not become law.
- Some scholarships and bursaries received by full-time students
- Supplementary allowances for students paid under the Assistance for Isolated Children Scheme

**Other exempt Australian government payments**

- Australian Government disaster recovery payment
- Baby bonus paid by Centrelink
- Carer allowance paid by Centrelink
- Child care benefit
- Child care tax rebate
- 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*
- Disaster relief payment
- Employment entry payment
- F-111 deseal/reseal ex-gratia lump sum payments
- Family tax benefit
- Farm household support payments that have been converted to a grant
- Loss of earnings allowance paid by the Department of Veterans' Affairs
- Lump sum pension bonus paid by Centrelink or the Department of Veterans' Affairs
- Maternity immunisation allowance
- Mobility allowance paid by Centrelink
- Open employment incentive bonus
- Payments from the Australian Government under the incentive payments scheme relating to certain private health insurance policies
- Payments to carers under the scheme determined under Schedule 4 to the *Social Security and Veterans' Affairs Legislation Amendment (One-off Payments and Other 2007 Budget Measures) Act 2007*
- The 2007 one-off $1,000 payment to carers who received a carer payment, wife pension, partner service pension, carer service pension or carer allowance (paid under the *Social Security Act 1991*)
- Payments to older Australians under the scheme determined under Schedule 2 to the *Social Security and Veterans' Affairs Legislation Amendment (One-off Payments and Other 2007 Budget Measures) Act 2007*
- The 2007 one-off $1,000 payment to older Australians (paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*)
- Pension bonus and pension bonus bereavement payment under Part 2.2A of the *Social Security Act 1991* or Part IIIAB of the *Veterans' Entitlements Act 1986*
- Pharmaceutical allowances paid by Centrelink or the Department of Veterans' Affairs
- Phone allowance paid by Centrelink or the Department of Veterans' Affairs
- Remote area allowance
- Rent assistance
- Seniors concession allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*
- Sugar industry exit grant where you complied with a condition of the grant not to own or operate any agricultural business within five years after receiving the grant
- Super Co-contributions
- Tobacco industry exit grant where you complied with a condition of the grant not to own or operate any agricultural business within five years after receiving the grant
- Utilities allowance and seniors concession allowance paid under the *Social Security Act 1991* or the *Veterans' Entitlement 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 for impairment or incapacity resulting from service with a United Nations armed force
- Compensation payments made under the *Military Rehabilitation and Compensation Act 2004*, except those that are income-related payments
- Pay and allowances for part-time service in the Australian Naval, Army or Air Force Reserve
- 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 annuities and lump sums which are paid to an injured person under a structured settlement
- Mortgage and Rent Relief Scheme payments
- Certain distributions from an early stage venture capital limited partnership
- Certain distributions from a pooled development fund
- Certain payments relating to persecution during the Second World War
- Japanese internment compensation payments made under the *Compensation (Japanese Internment) Act 2001* or the *Veterans' Entitlements Act 1986*

## NON-ASSESSABLE NON-EXEMPT INCOME

The most common types of non-assessable non-exempt income you may have received are:

- the tax-free component of an employment termination payment (ETP)
- that part of the taxable component of a death benefit ETP paid to a dependant below the 2007–08 cap of $140,000
- the tax-free component of a superannuation benefit
- the taxed element of a superannuation income stream or lump sum received by a person aged 60 years or over
- the taxed element of a death benefit superannuation income stream paid to a dependant where the deceased was over 60 years old at the time of their death or the recipient is over 60 years old at the time the income stream started to be paid to them
- genuine redundancy payments and early retirement scheme payments shown as 'Lump sum D' amounts on your payment summary
- 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
- amounts on which family trust distribution tax has been paid.

The Government has announced that it would change the law to make superannuation lump sum benefits paid to a superannuation fund member with a terminal medical condition non-assessable non-exempt income from 1 July 2007. At the time of printing this publication, the amending legislation for this measure was before Parliament. The Commissioner of Taxation has introduced interim measures to remove any unnecessary hardship for terminally ill members. These interim measures took effect from 12 September 2007 and ceased on 1 July 2008. Details of the interim measures are in the electronic publication *Access to super for the terminally ill*. It is available on our website.

## OTHER AMOUNTS THAT YOU DO NOT PAY TAX ON

- Most child support and spouse maintenance payments
- Your share of certain profits or gains arising from disposal of investments by a venture capital limited partnership, an early stage venture capital limited partnership or an Australian venture capital fund of funds
- Certain profits or gains from disposal of shares in a pooled development fund
- Compensation payments received under the German Forced Labour Compensation Programme

**NOTE**

For information on the type of payment you received, contact the person or agency that paid you.

If you are not sure whether a payment is exempt income, non-assessable non-exempt income or some other payment that is not taxable, phone **13 28 61**.

# QUESTION 1

## Are you eligible to use the *Short tax return for individuals 2008*?

You will need to read the loose leaf cover to the *Short tax return for individuals 2008* to see if you can use the short tax return.

For information on other ways to prepare your tax return, see page 6.

# QUESTION 2

## Your tax file number (TFN)

### WHAT YOU MUST DO

Write your TFN in the nine boxes provided at item **2** on your short tax return.

From 1 July 2007, it has become more important to quote your TFN for taxation and superannuation purposes. To get the full benefit of the new superannuation rules, make sure all your superannuation funds have your TFN.

# QUESTION 3

## Are you an Australian resident?

'Australian resident' for tax purposes is not the same as for immigration or social security purposes.

You are an Australian resident for tax purposes if:

- you live here permanently
- you have been in Australia for more than half of 2007–08, unless your usual home is overseas and you do not intend to live in Australia, or
- you are an overseas student studying a course in Australia that is more than six months long.

If you go overseas temporarily and do not set up a permanent home in another country, you are still an Australian resident for tax purposes.

If you have been in Australia continuously for six months or more, and for most of that time you worked in the one job and lived at the same place, you are generally an Australian resident for tax purposes. If in doubt, visit **www.ato.gov.au** or phone the Personal Infoline on **13 28 61**.

> **STOP**
>
> If you are not an Australian resident for tax purposes, you cannot use the short tax return. For information on other ways to prepare your tax return, see page 6.

### WHAT YOU MUST DO

Print **X** in the **Yes** box at item **3** on your tax return if you are an Australian resident for tax purposes for all of 2007–08.

# QUESTIONS 4–9

## Your personal details

Carefully complete the personal information questions on page 1 of your short tax return. These include questions about your name, address, date of birth, and contact phone number.

If your name or postal address has changed since you last notified us and you want to lodge by phone, you need to update these details before you lodge your 2008 tax return by phone. To update your name or postal address, phone the Personal Infoline on **13 28 61**.

# QUESTION 10

## Your spouse's name

If you had a spouse (married or de facto) at any time in 2007–08, write their name here. See the definition of spouse on page 48.

This applies even if you no longer live with that person or they have since died.

If you had more than one spouse in 2007–08, give the name of your last spouse in 2007–08.

If you did not have a spouse at any time in 2007–08, you do not need to complete this item.

### WHAT YOU MUST DO

Write the full name of your spouse at item **10** on your short tax return.

# QUESTION 11

## Will you need to lodge an Australian tax return in the future?

There are no instructions for this item. See your tax return.

# QUESTION 12

## Do you want your refund paid directly into your financial institution account?

Electronic funds transfer (EFT) allows you to receive your refund more quickly. If you would like to use EFT, complete your account details at item **12**, even if you have provided them previously. If you answer 'no' to the question, your refund cheque will be mailed to you.

# QUESTION 13

## Main salary and wage occupation

**This question is about:**
your occupation with your main employer in 2007–08.

If you had more than one job, 'main employer' is the one who paid you the most in 2007–08.

If you did not have a job, leave this item blank.

### WHAT YOU MUST DO

Print your main salary and wage occupation at item **13** on your short tax return.

# QUESTION 14

## Salary and wages

**This question is about:**
income you received in 2007–08 from:

- salary
- wages
- commissions
- bonuses
- payments for lost salary or wages paid under an accident or insurance policy or workers compensation scheme.

**This question is NOT about:**

- employment allowances
- payments you received for services (for which you did not receive a payment summary)
- Centrelink, Veterans' Affairs or other Australian Government payments
- income from an Australian annuity or superannuation income stream
- amounts paid from a Community Development Employment Project (CDEP).

You will be asked about these in later questions.

### WHAT YOU NEED

Your payment summary from each employer

If you did not receive a payment summary or it has been lost, ask your employer for a copy or a statement of details.

If you cannot get any of these documents, you must complete a statutory declaration (available from the Tax Office) and retain it with your taxation records.

### WHAT YOU MUST DO

Use the information on each payment summary.

At item **14**, for each payment summary or payer, write:

- the employer's Australian business number (ABN)
- the tax withheld amount (may be shown as 'tax instalments deducted') in the **Tax withheld** column
- the income amount in the **Income** column.

If you had more than five payment summaries, use the fifth row to provide the total tax withheld and total income for the fifth and subsequent documents (leave the employer's ABN blank).

Do not attach your payment summaries to your tax return. Keep them with your taxation records.

> **KEEP YOUR RECORDS**
> You need to keep your payment summaries for five years after the end of the income year unless the Commissioner has determined that you are subject to a shorter retention period in which case the period is two years from the date of the assessment for the income year. See **Keeping records** on page 6 for more information.

# QUESTION 15

## Employment allowances you received

### This question is about:

income you received in 2007–08 from employment allowances.

Types of employment allowances include:

- car
- tools
- clothing or laundry
- dirt, height, site or risk
- meal or entertainment.

If an allowance is shown separately on your payment summary, it must be included here.

### Allowances not shown on your payment summary

Bona fide overtime meal allowances paid under an industrial law, award or agreement of $22.60 or less per meal which are not shown on your payment summary do not have to be included here if:

- you have fully spent the allowance on overtime meals, and
- you do not claim a deduction for overtime meal expenses at item **27**.

If you received any other employment allowances which were not shown on your payment summary (either separately or as part of your salary and wages), you must include them here.

### This question is NOT about:

- allowances which have been included as part of your salary and wages at item **14**
- tips – show these at item **23**
- work-related deductions – you can claim these later at items **25**, **26** and **27**
- travel or transport allowances (other than car) – if you received these, you cannot use the short tax return.

## WHAT YOU MUST DO

### STEP 1

Using the information on your payment summaries and other statements:

- add up any tax withheld amounts relating to the allowances (do not include any tax withheld which you showed at item **14**)
- add up the allowances.

### STEP 2

Write the totals at item **15** in the **Tax withheld** column and the **Income** column on your short tax return.

Keep all the original payment summaries with your taxation records. Do not attach them to your tax return.

# QUESTION 16

## Newstart allowance, youth allowance, austudy payment and other such Australian Government payments

**This question is about:**
income you received in 2007–08 from the following Australian Government payments:

- newstart allowance
- youth allowance
- austudy payment
- parenting payment (partnered)
- mature age allowance
- partner allowance
- sickness allowance
- special benefit
- widow allowance
- exceptional circumstances relief payment or farm help income support
- an education payment of any of the following and you were 16 years or older:
  - ABSTUDY living allowance
  - payment under the Veterans' Children Education Scheme
  - payment under the Military Rehabilitation and Compensation Act Education and Training Scheme 2004 – shown as 'MRCA Education Allowance' on your *PAYG payment summary – individual non-business*
- Training for Employment Program allowance
- New Enterprise Incentive Scheme (NEIS) allowance
- textile, clothing and footwear special allowance
- Green Corps training allowance
- an income support component from a Community Development Employment Project (CDEP) – shown as 'CDEP salary or wages' on your payment summary
- a CDEP scheme participant supplement
- Northern Territory CDEP transition payment
- equine workers hardship wage supplement payment
- other taxable Commonwealth education or training payments.

**This question is NOT about:**

- any taxable Australian Government payments other than those listed in the previous column – you will be asked about these in the next question.

Australian Government payments which are exempt from tax are listed under **Amounts you do not pay tax on** on page 7.

STOP

If you received an emergency and general assistance payment you cannot use the short tax return. These payments are shown at item **22 Other income** on the *Tax return for individuals (supplementary section) 2008*.

### WHAT YOU NEED

Your payment summary for each payment period, or a letter from the paying agency stating the amount you received

### WHAT YOU MUST DO

**STEP 1**

Using the information on your payment summaries and agency letters:

- add up the tax withheld amounts
- add up the income amounts.

**STEP 2**

Write the totals at item **16** in the **Tax withheld** column and the **Income** column on your short tax return.

NOTE

You may be entitled to a tax offset on some or all of this income. We will work it out for you.

Keep all the original payment summaries with your taxation records. Do not attach them to your tax return.

# QUESTION 17

## Age pension, age service pension, carer payment and other such Australian Government payments

**This question is about:**
income you received in 2007–08 from the following Australian Government payments:

- age pension
- age service pension
- carer payment
- disability support pension (if you were of age-pension age)
- education entry payment
- parenting payment (single)
- widow B pension
- wife pension (if either you or your partner was of age-pension age)
- income support supplement
- Defence Force income support allowance (DFISA) where the pension, payment or allowance to which it relates is taxable
- DFISA-like payment from the Department of Veterans' Affairs (DVA)
- invalidity service pension (if you were of age-pension age)
- partner service pension
- bereavement allowance.

**This question is NOT about:**

- any Australian Government payments mentioned in question **16** on the previous page, or the tax-exempt payments listed under **Exempt Australian government pensions, allowances and payments** on page 7
- an Australian annuity or superannuation income stream – you will be asked about these in the next question.

### WHAT YOU NEED

Your payment summary for each payment, or a letter from the paying agency stating the amount you received

### WHAT YOU MUST DO

**STEP 1**
Using the information on your payment summaries and agency letters:

- add up the tax withheld amounts
- add up the income amounts.

**STEP 2**
Write the totals at item **17** in the **Tax withheld** and **Income** columns on your short tax return.

> **NOTE**
> You may be entitled to a tax offset on this income. Tax offsets reduce the amount of tax you have to pay.
>
> You must work through question **34** (**Senior Australians** tax offset) and question **35** (**Pensioner** tax offset) to see if you can claim a tax offset. We work out your tax offset based on the tax offset code and veteran code (if applicable) that you write on your short tax return.
>
> If you do not print the correct code letters on your short tax return, you may not receive your correct entitlement.

Keep all the original payment summaries with your taxation records. Do not attach them to your tax return.

# QUESTION 18

## Australian annuities and superannuation income streams

**NOTE**

This question is different from last year's.

Australian superannuation pensions and superannuation annuities are now known as Australian superannuation income streams.

If you received an Australian non-superannuation annuity, the amount of your annuity you must show as income at this item may be different from last year.

**If you were aged 60 years or over** when you received an Australian superannuation income stream benefit this question applies to you only if your *PAYG payment summary – superannuation income stream* shows:

- an untaxed element amount, or
- an amount of tax withheld.

Show only these amounts at this item. Do not show the tax-free component or the taxed element of your benefit anywhere on your tax return, they are not included in your taxable income.

**If you were aged under 60 years** when you received an income stream benefit, read on.

The **tax-free component** is the part of your benefit that is non-assessable non-exempt income, that is, tax-free income. It may be shown at 'Tax-free component' on your *PAYG payment summary – superannuation income stream*. Do not show it anywhere on your tax return, it is not included in your taxable income.

**This question is about:**

income you received in 2007–08 from:

- annuities
- superannuation income streams

paid to you by Australian:

- superannuation funds
- retirement savings account (RSA) providers
- life insurance companies
- friendly societies.

The income you show at this item includes:

- superannuation income stream benefits paid by a fund established for the benefit of Commonwealth, state or territory employees and their dependants – for example, funds such as the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme
- Australian superannuation income streams paid to you as a result of another person's death (often referred to as 'death benefit income streams')
- Australian annuities or superannuation income streams paid to you while you were still working.

**This question is NOT about:**

- superannuation contributions you or your employer paid into a superannuation fund
- any Australian Government pensions listed in question **17** on the previous page.

### WHAT YOU NEED

A *PAYG payment summary – superannuation income stream* or a statement from the payer of each Australian annuity or superannuation income stream

### WHAT YOU MUST DO

**STEP 1 – Tax withheld**

Using the information on your payment summaries and statements, work out the total tax withheld from your:

- Australian superannuation income streams, and
- Australian non-superannuation annuities.

Add up the tax-withheld amounts on your payment summaries and statements. Write the total amount in the **Tax withheld** column at item **18** on your short tax return.

**STEP 2 – Australian superannuation income streams**

Work out the total amounts of taxed and untaxed elements of your Australian superannuation income streams. You will find the amounts of taxed and untaxed elements on your *PAYG payment summary – superannuation income stream*.

Write the total of the **taxed element** amounts at **J** item **18** on your short tax return.

Write the total of the **untaxed element** amounts at (a) in **worksheet 1**.

**NOTE**

Your *PAYG payment summary – superannuation income stream* may also show the **tax-free component** of your superannuation income stream. That amount is non-assessable non-exempt income, that is, tax-free income. Do not show it anywhere on your tax return.

If you received a 'superannuation pension' with an undeducted purchase price (UPP) before 1 July 2007, the deduction which you claimed on your past tax returns is now accounted for and included in this tax-free component.

### STEP 3 – Australian non-superannuation annuities

If you received payments of Australian non-superannuation annuities, you need to work out the relevant assessable amount.

The **assessable amount** is calculated by subtracting the **deductible amount** of the UPP of your annuity from the gross amount of the annuity shown on your *PAYG payment summary – individual non-business*.

Your annuity may have a UPP if:

- you bought the annuity with your own capital, or
- the annuity reverted to you on the death of another person.

The UPP is that part of the annuity payment made to you that represents the part of the purchase price which you could not claim as a tax deduction in previous years. The **deductible amount** of the UPP of your annuity is usually calculated by taking the residual capital value away from the purchase price, and dividing the result by either:

- the term of the annuity (where the annuity is payable for a fixed term of years), or
- a life expectancy factor determined according to life expectancy statistics (where the annuity is payable during your lifetime).

If you cannot calculate the deductible amount of the UPP, contact your payer for assistance. If your payer cannot tell you, phone us on **13 10 20**.

Add up all the assessable amounts of your Australian non-superannuation annuities.

Write the total of the assessable amounts of your Australian non-superannuation annuities at (b) in **worksheet 1**.

**NOTE**

If you have taken any part of your annuity as a lump sum, or if there are changes to your annuity, for example, due to commutation, divorce or re-marriage, then the deductible amount of your UPP may need to be recalculated.

**The deductible amount of your UPP cannot be more than the amount of the annuity** you have received in the income year: that is, the amount at (b) in **worksheet 1** cannot be less than zero. This means that you cannot use any excess of the deductible amount to reduce any income you have received from an Australian superannuation income stream benefit.

### STEP 4

Add (a) and (b) in **worksheet 1**, and transfer the amount at (c) to **N** item **18** on your short tax return.

### WORKSHEET 1: Working out the total of untaxed elements and assessable amounts

| | | |
|---|---|---|
| Total **untaxed element** amounts from your superannuation income streams | $ | (a) |
| Total **assessable amounts** from your non-superannuation annuities | $ | (b) |
| Add (a) and (b). | $ | (c) |

Transfer the amount at (c) to **N** item **18** on your short tax return.

**NOTE**

You may be entitled to a tax offset for your Australian superannuation income stream. Read question **36** on page 30 to find out more about it.

This tax offset does not apply to non-superannuation annuities.

Keep all of your original payment summaries with your taxation records. Do not attach them to your tax return.

# QUESTION 19

## TOTAL TAX WITHHELD

### WHAT YOU MUST DO

**STEP 1**
Check that you have shown all the tax withheld from the income you received.

**STEP 2**
Add up all the tax withheld amounts, and write the total at item **19** on your short tax return.

# QUESTION 20

## Reportable fringe benefits

**This question is about:**
fringe benefits you received in 2007–08 from your employer, such as the use of a company car or reimbursement of your expenses.

Certain fringe benefits are reportable – your payment summary should show the reportable fringe benefits amount.

The reportable fringe benefits amount is not counted as part of your total income, and you do not pay income tax or Medicare levy on it. However, it is needed to work out some tax offsets (such as mature age worker tax offset), tax adjustments, Medicare levy surcharge and certain government benefits, such as family tax benefit (FTB). It is also used to determine liability to pay Higher Education Loan Programme (HELP) and Student Financial Supplement Scheme (SFSS) debts.

Your employer needs to show your fringe benefits on your payment summary if their value to you exceeded $2,000 in the fringe benefits tax year. The highest marginal rate of income tax plus the Medicare levy are used to gross up your fringe benefits and give the reportable fringe benefits amount. As a result, a fringe benefit with a value to you of $2,000.01 becomes a reportable fringe benefits amount of $3,738 – the lowest amount that needs to be reported. If your payment summary shows a reportable fringe benefits amount of less than $3,738 you will need to check with your employer about the amount or the method of calculating the amount.

### WHAT YOU NEED

Your payment summary from each employer

### WHAT YOU MUST DO

Using the information on your payment summaries, write the total amount of reportable fringe benefits amount at item **20** on your short tax return. Do not show an amount that is less than $3,738.

Keep all the original payment summaries with your taxation records. Do not attach them to your tax return.

# QUESTION 21

## Interest

**This question is about:**
interest you received in 2007–08 from Australian financial institutions (such as banks and credit unions) or other sources within Australia.

This includes interest from:
- savings accounts
- term deposits
- cash management accounts
- accounts you shared with another person (such as your spouse)
- children's accounts if the funds belonged to you, or you spent or used the funds as if they belonged to you.

It also includes interest which the Tax Office credited or paid to you.

**This question is NOT about:**
- dividends (you show these at the next question)
- interest from a partnership or trust
- interest from a cash management trust or similar trust investment product.

STOP

If you received interest from a partnership or trust, you cannot use the short tax return.

If you had tax file number (TFN) amounts withheld on interest because you did not provide your TFN, you cannot use the short tax return.

## WHAT YOU NEED

- Your statement or similar document for each account
- Notices of assessment you received from the Tax Office during 2007–08 showing interest on early payments or overpayments

## WHAT YOU MUST DO

### STEP 1

Using the information on your financial documents, add up the amounts of interest.

For shared accounts, only include your share of the interest.

NOTE

Do not deduct account-keeping fees and charges from your gross interest amount. You may be able to claim these at item **28** (Bank account fees).

### STEP 2

Write the total at item **21** on your short tax return.

# QUESTION 22

## Dividends from shares

**This question is about:**
dividends you received in 2007–08 from shares in Australian companies (but not from managed funds).

This includes:
- dividends paid directly to you
- dividends applied under a dividend reinvestment plan
- bonus shares which qualify as dividends.

A dividend is assessable income in the year it was paid or credited to you (even if it relates to a previous year).

**This question is NOT about:**
- dividends paid by a partnership, trust, managed fund or cash management trust
- dividends from a New Zealand company that have Australian franking credits attached.

STOP

You cannot use the short tax return if you had:
- more than $5,000 of franking credits
- tax file number (TFN) amounts withheld on dividends because you did not provide your TFN
- dividends paid by a partnership, trust, managed fund or cash management trust
- dividends from a New Zealand company that have Australian franking credits attached
- payments, loans or forgiven debts from a private company that are treated as dividends.

## WHAT YOU NEED

Your dividend statement from each payer

Your statement should show:
- unfranked amount
- franked amount
- franking credit.

Your dividend statement may state that all or a part of an unfranked amount is paid out of 'conduit foreign' income. Include any unfranked amount paid out of conduit foreign income with all other unfranked amounts.

## WHAT YOU MUST DO

**STEP 1**
Using the information on your statements:
- add up all the unfranked amounts
- add up all the franked amounts
- add up all the franking credits.

If your dividend statement does not show the franked and unfranked portions of the dividend, show the total dividend amount as a franked amount.

**STEP 2**
Write the totals at item **22** on your short tax return.

# QUESTION 23

## Small payments you received for your services (totalling less than $5,000)

**This question is about:**
small payments you received for your services in 2007–08 (which were not part of your normal salary and wages shown at item **14**), such as:
- tips
- jury service (which you did not pay back to your employer)
- participation in market research
- book-keeping and secretarial work
- delivering newspapers and advertising brochures
- voluntary services.

The total income from these payments must be less than $5,000.

> STOP
> If the total is $5,000 or more, you cannot use the short tax return.

If you include income at this item, you may be able to claim deductions for associated work-related expenses at later items.

**This question is NOT about:**
payments you received that:
- had tax withheld (show these at item **14**)
- relate to a hobby (these payments are not taxed)
- reimburse expenses and are not income (for example, travel allowance paid to jurors)
- relate to a business you run.

> STOP
> If you run a business, you cannot use the short tax return.

If you are not sure if you should include a particular payment you received, phone the Personal Infoline on **13 28 61**.

## WHAT YOU MUST DO

Write the total of the payments you received for services at item **23** on your short tax return.

# QUESTION 24

## TOTAL INCOME

## WHAT YOU MUST DO

**STEP 1**
Check that you have shown all the income you received.

**STEP 2**
Add up all income amounts and write the total at item **24** on your short tax return.

# QUESTION 25

## Work-related car expenses (cents per kilometre method)

**This question is about:**
deductions for work-related car expenses for a car you:
- owned
- leased, or
- hired under a hire-purchase agreement

for work-related travel up to a maximum of 5,000 kilometres, using the cents per kilometre method.

> STOP
> If you wish to claim using the 12% of original value method, the one-third of actual expenses method or the logbook method, you cannot use the short tax return. See page 6 for other ways to prepare your tax return.

If you received an allowance from your employer for the use of your car for work-related purposes (the amount is usually shown on your payment summary), make sure you have included the allowance at item **15**.

### What can you claim?

You can claim for the kilometres you travelled for work-related purposes in 2007–08.

The most you can claim using the cents per kilometre method is for 5,000 kilometres, even if you travelled more.

You can claim the cost of using your car to travel directly between two separate places of employment – for example, when you have a second job.

You cannot claim for the normal trip between home and work, unless:
- your car carries bulky tools or equipment – such as an extension ladder or cello – which you use for work and cannot leave at work
- your home is a base for employment – you start work at home and travel to continue work at another place, or
- you have shifting places of employment – you regularly work at more than one place each day.

### WHAT YOU MUST HAVE

No written evidence of expenses is necessary, but you may need to be able to show how you worked out your work-related kilometres (for example, by producing odometer records).

### WHAT YOU MUST DO

**STEP 1**
Use the following table to find out how much you can claim per kilometre (km) depending on your car's engine.

| Ordinary engine | Rotary engine | Cents per km |
|---|---|---|
| 1600cc or less | 800cc or less | 58 cents |
| 1601–2600cc | 801–1300cc | 69 cents |
| 2601cc and over | 1301cc and over | 70 cents |

**STEP 2**
Use the following table to work out the amount you can claim:

| | | |
|---|---|---|
| Total work-related kilometres (cannot be more than 5,000 km) | | (a) |
| Cents per km for your car's engine (58, 69 or 70 cents) | | (b) |
| Multiply (a) by (b). | | (c) |
| Divide (c) by 100. | $ | (d) |

The amount at (d) is the dollar amount you can claim. Write this amount at item **25** on your short tax return.

**EXAMPLE**

You used your car to travel 1,000 kilometres for work-related purposes. Your car has a 1600cc engine – therefore you can claim 58 cents per kilometre.

The amount you can claim is:
(1,000 × 58) ÷ 100 = $580

# QUESTION 26

## Work-related clothing expenses

**This question is about:**
deductions for the cost of buying, renting, repairing and cleaning the following types of clothing relating to your work as an employee:
- compulsory work uniforms
- non-compulsory work uniforms
- occupation-specific clothing, and
- protective clothing.

You cannot claim for any other type of clothes you wear to work (such as a suit, black trousers, white shirt or jeans) even if your employer tells you to wear them.

You cannot automatically claim a deduction just because you received a clothing or laundry allowance from your employer (question **15**) – you can only claim for what you actually spent.

### Compulsory work uniform

This is a single item or a set of **unique** or **distinctive** clothing that identifies you as an employee of an organisation, and it is **compulsory** for you to wear it while at work.

Clothing is **unique** if it has been designed and made only for the employer.

Clothing is **distinctive** if it has the employer's logo permanently attached, and the clothing with the logo is not available to the public.

You may be able to claim for secondary items such as shoes, socks and stockings, but only where they are specified (colour, style) in your employer's compulsory uniform policy.

### Non-compulsory work uniform

You can claim for a non-compulsory work uniform only if your employer has registered the design with AusIndustry – check with your employer (who will be able to find the information at **www.ausindustry.gov.au**).

### Occupation-specific clothing

This is clothing that is specific to your occupation and would allow the public to easily recognise your occupation – for example, the checked pants a chef wears.

### Protective clothing

Protective clothing is clothing and items that:
- protect you from the risk of injury or illness while you are working – for example, safety boots, gloves, fire-resistant clothing and sun-protection clothing, or
- you wear at work to protect your ordinary clothes from soiling or damage – for example, overalls, smocks and aprons.

Ordinary clothes such as jeans, drill shirts and shorts, trousers and socks that lack protective qualities designed for the risks of your work are not protective clothing.

## WHAT YOU MUST HAVE

You must be able to justify your claim for all the costs of buying, renting, repairing and cleaning your work-related clothing.

For washing, drying and ironing you did yourself, you may work out your claim on the basis of $1 per load (or 50 cents if washed with other clothes).

If your total claim at items **26** and **27** (excluding amounts for overtime meals) is more than $300, you must have written evidence (such as receipts, bank or credit card statements, diary entries and calculations) for the whole amount you are claiming at this item (except for the cleaning component if it was less than $150).

Evidence for these purposes generally needs to be a document or combination of documents from either the supplier or a third party showing the amount spent, the date of payment, the name of the supplier, and a description of the item or services supplied.

Diary entries or other records you have prepared yourself are acceptable as written evidence only if:
- the expenses are each $10 or less and the total of these expenses is $200 or less, or
- you cannot get a receipt or other supplier or third-party documentation to support your claim.

See page 6 for information about how long you must keep your records.

## WHAT YOU MUST DO

### STEP 1
Work out the total amount of your work-related clothing expenses for 2007–08 and write the total amount at item **26** on your short tax return.

### STEP 2
Select the code letter that describes the clothing for which you are claiming the majority of expenses:

| | |
|---|---|
| Compulsory work uniforms | C |
| Non-compulsory work uniforms | N |
| Occupation-specific clothing | S |
| Protective clothing | P |

### STEP 3
Write your code letter at item **26** on your short tax return.

# QUESTION 27

## Other work-related expenses

**This question is about:**
deductions for the following work-related costs:
- union fees and subscriptions to associations
- overtime meals
- protective items (other than protective clothing)
- seminars and conferences
- trade publications
- telephone expenses
- any other expenses relating to your work as an employee.

You can only claim for what you actually spent.

**This question is NOT about:**
the costs of self-education, computers and software, professional libraries, protective clothing items and home office expenses.

> STOP
> If you wish to claim the costs of self-education, computers and software, professional libraries, and home office expenses, you cannot use the short tax return.

**Union fees and subscriptions to associations**
You can claim for the cost of union fees and subscriptions to trade, business or professional associations. These may be shown on your payment summary.

You can claim payments of levies to a strike fund only where the fund was used solely to maintain or improve your pay – if you are not sure, check with your union.

**Overtime meals**
You can claim the cost of overtime meals only if your employer paid an award overtime meal allowance and you showed the allowance at item **15**.

You can claim the amount you actually spent. If your claim is more than $22.60 for a meal, you will need written evidence of the claim (receipts or diary entries).

**Protective equipment and other items**
You can claim the cost of equipment or other items, other than clothing items, that you used to protect yourself from the risk of injury or illness at work – for example, hard hats, safety glasses, other safety equipment, sunscreen and sunglasses.

The cost of protective clothing can be claimed at item **26**.

**Seminars and conferences**
You can claim the cost of attending seminars, conferences or education workshops that were sufficiently connected to your work activities.

**Trade publications**
You can claim for the cost of trade magazines, technical journals and reference books that you needed to do your work.

### Telephone expenses

You can claim the cost of work-related phone calls on your private telephone. Add up the total of your work-related calls using your phone bill.

You can also claim for your telephone rental if you were 'on call' or you were required to regularly phone your employer or clients while you were away from your workplace. You must apportion the cost of telephone rental between work-related and private use.

### Other work-related expenses

You can claim other work-related expenses you paid (such as batteries for calculators, classroom materials and stationery).

## WHAT YOU MUST HAVE

You must be able to justify your claim.

If your total claim for items **26** and **27** (excluding amounts for overtime meals) is more than $300, you must have written evidence (such as payment summaries, receipts, phone bills, bank or credit card statements, diary entries and calculations) for the amount you are claiming at this item.

Evidence for these purposes generally needs to be a document or combination of documents from either the supplier or a third party showing the amount spent, the date of payment, the name of the supplier, and a description of the item or services supplied.

Diary entries or other records you have prepared yourself are acceptable as written evidence only if:

- the expenses are each $10 or less, and the total of these expenses is $200 or less, or
- you cannot get a receipt or other supplier or third-party documentation to support your claim.

See page 6 for information about how long you must keep your records.

## WHAT YOU MUST DO

### STEP 1

Work out the total amount of your other work-related expenses for 2007–08.

### STEP 2

Write this amount at item **27** on your short tax return.

# QUESTION 28

## Bank account fees

**This question is about:**

deductions for account-keeping fees for accounts kept for investment purposes – for example, a cash management account.

## WHAT YOU MUST HAVE

Your bank statement or similar document for each account

## WHAT YOU MUST DO

### STEP 1

Work out the total amount of your relevant account-keeping fees for 2007–08.

For shared accounts, only include your share of the fees.

### STEP 2

Write this amount at item **28** on your short tax return.

# QUESTION 29

## Gifts and donations of money

**This question is about:**
deductions for:
- gifts or donations of $2 or more to eligible organisations, such as:
  – certain organisations or charities which provide help in Australia
  – approved overseas aid funds
  – school building funds
- contributions of $2 or more to:
  – a registered political party
  – an independent candidate in an election for parliament, or
  – an independent member of parliament.

Receipts should state that the gift or donation is **tax deductible** or that it is made to a **deductible gift recipient**. If you are in doubt, check with the organisation to which you made the gift or donation.

You can claim only for voluntary donations.

You cannot claim for a donation if you received something for it (for example, a pen, raffle ticket, reduction in school fees or a game of golf).

You can claim donations to an approved church-run charity, but not to the church itself.

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

You can claim a deduction for contributions or gifts of $2 or more to registered political parties, independent members of parliament (state or Commonwealth) or independent candidates in an election for parliament.

You can deduct a maximum amount of $1,500 for your gifts and contributions, including membership fees, to registered **political parties**. The political parties must be registered under Commonwealth, state or territory electoral laws.

You can also deduct a maximum amount of $1,500 for your gifts and contributions to **independent** members of, or independent candidates for election to, Commonwealth and state parliaments, and to the ACT and NT legislative assemblies.

An independent member of parliament or candidate cannot be a member of, nor be endorsed by, a registered political party.

**This question is NOT about:**
- gifts or donations of property (other than money)
- making an election to spread your deduction over five income years or less
- contributions relating to fund-raising events when you receive a minor benefit for your contribution. See **Deductions for contributions relating to fund-raising events** at question **D8** in *TaxPack 2008* for more information. You could be eligible to claim for contributions of more than $150.

STOP
You cannot use the short tax return if any of the three dot points above applies to you.

### WHAT YOU MUST HAVE

Receipts for all your gifts and donations (or your payment summary for any donations you made under a workplace-giving program)

### WHAT YOU MUST DO

**STEP 1**
Work out the total amount of your gifts and donations for 2007–08.

**STEP 2**
Write this amount at item **29** on your short tax return.

# QUESTION 30

## Cost of managing your tax affairs

**This question is about:**
deductions for:
- expenses for managing your tax affairs
- interest charges imposed by the Tax Office
- expenses for complying with any legal obligations relating to another person's tax affairs.

### Managing your tax affairs
Expenses for managing your tax affairs may include the cost of:
- stationery items you bought to do your tax preparation and for record keeping
- preparing and lodging your previous tax return using a registered tax agent
- tax reference material you bought
- travel associated with obtaining tax advice
- obtaining tax advice from a recognised tax adviser, that is, from a registered tax agent, barrister or solicitor
- obtaining advice from a recognised tax adviser for a family tax benefit claim lodged with the Tax Office.

You cannot claim for the cost of tax advice given by someone who is not a recognised tax adviser.

> NOTE
> A list of registered tax agents can be found at **www.tabd.gov.au** or you can check with the Tax Agents' Board on **1300 362 829**.

### Interest charges
You can claim any interest charges imposed by the Tax Office. You cannot claim any penalty or extra tax you had to pay.

### Legal obligations
If we asked you to supply information about another person's tax affairs, you can claim the expenses which you incurred in complying with our request.

### WHAT YOU MUST DO

**STEP 1**
Work out the total amount of your expenses for managing your tax affairs during 2007–08.

**STEP 2**
Write this amount at item **30** on your short tax return.

# QUESTION 31

## TOTAL DEDUCTIONS

### WHAT YOU MUST DO

**STEP 1**
Check that you have shown all the deductions you can claim.

**STEP 2**
Add up all deduction amounts and write the total at item **31** on your short tax return.

# QUESTION 32

## TAXABLE INCOME

### WHAT YOU MUST DO

**STEP 1**
Take **total deductions** (shown at item **31**) away from **total income** (shown at item **24**).

**STEP 2**
Write the result at item **32** on your short tax return.

# QUESTION 33

## Dependent spouse, no dependent children

You may be able to claim a dependent spouse tax offset for **any period** in 2007–08 when **all** the following applied:

- you lived with your spouse (married or de facto), or you helped your spouse to pay living expenses
- your spouse was an Australian resident for tax purposes
- you and your spouse did not have any dependent children.

See the definition of spouse on page 48.

**NOTE**

The 'with-child' rate of dependent spouse tax offset has been incorporated into the family tax benefit (FTB) and is no longer available as a tax offset.

However, you may still be eligible for the dependent spouse tax offset if you or your spouse had a dependent child:

- but neither of you were eligible for FTB Part B for the child, or
- either of you were eligible for FTB Part B, but only at the shared care rate. (You may be able to claim a dependent spouse tax offset for the days the child was not in the care of you or your spouse.)

**STOP**

If either of these situations applied and you wish to claim the dependent spouse tax offset, you cannot use the short tax return.

### Spouse's separate net income

The amount you can claim will depend on your spouse's 'separate net income' for the period you are claiming.

If you are claiming for the full year, your spouse's separate net income for the full year must have been less than $8,681. (This amount reduces if you are claiming for part of the year.)

### WHAT YOU MUST DO

#### STEP 1

Work out the period (or periods) when **all** the conditions for dependent spouse tax offset applied – this is the period for which you can claim.

#### STEP 2

If you are claiming for the **full year**:

- work out your spouse's separate net income for 2007–08, see pages 51–2
- if your spouse's separate net income was **$286 or more**, go to step 3
- if your spouse's separate net income was **less than $286**, you can claim the full amount of $2,100 – write this amount at item **33** on your short tax return. You have finished this question.

If you are claiming for **part of the year**:

- work out the number of days in the period (or periods) you are claiming
- then work out your spouse's separate net income for the period you are claiming – see pages 51–2. If you are claiming for more than one period, the separate net income you show at step 3 is the total of the separate net incomes for each of the periods you are claiming.

#### STEP 3

Use the following table to work out your tax offset:

| | | |
|---|---|---|
| Number of days you are claiming (The full year is 366 days.) | | (a) |
| Multiply (a) by $5.74 or use $2,100 for the full year. | $ | (b) |
| Your spouse's separate net income for the period (or periods) you are claiming | $ | (c) |

If the amount at (c) is **less than $286**, your tax offset is the amount at (b) – write this amount at item **33** on your short tax return.

Otherwise, continue working:

| | | |
|---|---|---|
| Take **$282** away from (c). | $ | (d) |
| Divide (d) by 4. | $ | (e) |
| Take (e) away from (b). | $ | (f) |

If the amount at (f) is $0 or less, you cannot claim a dependent spouse tax offset.

If the amount at (f) is more than $0, that amount is your tax offset for the period – write this amount at item **33** on your short tax return.

**NOTE**

If you are claiming this tax offset, you must also complete your spouse's details at items **10**, **46** and **51**.

# QUESTION 34

## Senior Australians

You are eligible for the senior Australians tax offset if you satisfy **all** of the following **four conditions**.

### Condition 1

**On 30 June 2008 you were:**

- a male
  - aged 65 years or more, or
  - veteran or war widower aged 60 years or more who met the veteran pension age test

  or
- a female
  - aged 63 years and 6 months or more, or
  - veteran or war widow aged 58 years and 6 months or more who met the veteran pension age test.

### Condition 2

**Any of the following applied in 2007–08:**

- You did not have a spouse, and your taxable income was less than **$43,707**.
- You lived apart from your spouse because of ongoing illness, or either of you was in a nursing home at any time during the year, and the combined taxable income* of you and your spouse was less than **$81,840**.
- You did have a spouse, and the combined taxable income* of you and your spouse was less than **$68,992**.

See the definition of spouse on page 48.

* Combined taxable income includes your spouse's share of any net income of a trust estate to which they are presently entitled and on which the trustee is assessed under section 98 of the *Income Tax Assessment Act 1936*.

### Condition 3

**Any of the following applied at any time in 2007–08:**

- You received the age pension from Centrelink, or a pension, allowance or benefit from the Department of Veterans' Affairs (DVA).
- You did not receive or apply for the age pension, but you would satisfy one or more of the following *Social Security Act 1991* age pension eligibility tests:
  - the Australian residency test
  - you had a qualifying residence exemption (refugee or special humanitarian program)
  - you received a partner allowance, mature age allowance, widow B pension or widow allowance immediately before turning age-pension age
  - you would qualify for the Australian age pension under an international social security agreement.

  If you are unsure about these tests, phone Centrelink on **13 23 00**.
- You were a veteran with eligible war service or a Commonwealth veteran, allied veteran or allied mariner with qualifying service who did not receive a pension, allowance or benefit from DVA because you did not make a claim or because of the application of the income test or assets test.

### Condition 4

You meet this condition unless you were in jail for the whole of the 2007–08 income year.

## WHAT YOU MUST DO

### STEP 1

If you satisfy **all four conditions**, select all the code letters that applied to you at any time in 2007–08:

| | |
|---|---|
| You were single, widowed or separated. | A |
| You and your spouse lived apart because of illness or infirmity and you are **both** eligible for the senior Australians tax offset. | B |
| You and your spouse lived apart because of illness or infirmity but your spouse is **not** eligible for the senior Australians tax offset. | C |
| You and your spouse lived together and you are **both** eligible for the senior Australians tax offset. | D |
| You and your spouse lived together but your spouse is **not** eligible for the senior Australians tax offset. | E |

If only **one** code letter applied, go to step 2.

| If **more than one** code letter applied, use the first code letter in the list above that applied to you, **except**: | |
|---|---|
| If both **A** and **B** applied, and your spouse's taxable income was less than $18,334, use | B |
| If both **A** and **C** applied, and your spouse received an Australian Government payment listed at question **17** and your spouse's taxable income was less than $17,947, use | C |
| If both **A** and **D** applied, and your spouse's taxable income was less than $12,494, use | D |
| If both **A** and **E** applied, and your spouse received an Australian Government payment listed at question **17** and your spouse's taxable income was less than $12,547, use | E |

### STEP 2

Write your code letter in the **Tax offset** code box at **N** item **34** on your short tax return.

We will work out the amount of your tax offset.

### STEP 3

If your spouse or you were a veteran, war widow or war widower, work out your **veteran code** – select the code letter that applies to you:

| | |
|---|---|
| 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** apply to you. | X |

Write the code letter in the **Veteran** code box at **Y** item **34** on your short tax return.

# QUESTION 35

## Pensioner offset

Do not complete this item if you completed item **34**. Go to question **36**.

**This question is about:**
tax offset for persons who showed income at item **17** and who do not qualify for the senior Australians tax offset.

### WHAT YOU MUST DO

### STEP 1

Select the code letter that applied to you in 2007–08 at the time you were receiving any of the payments referred to in question **17**:

| | |
|---|---|
| You were single, widowed or separated. | S |
| You and your spouse – married or de facto – lived together. | P |
| You and your spouse – married or de facto – ‘had to live apart due to illness’, or either of you was in a nursing home. | I |

DEFINITION
**Had to live apart due to illness** is a term that relates to the payment of pensions. This would apply to you if you were paid the pension at a higher rate because Centrelink or the Department of Veterans’ Affairs (DVA) determined that you and your spouse were separated due to illness. If you are unsure check with Centrelink or DVA.

If only **one** code letter applied, go to step 2.

If **more than one** code letter applied to you in 2007–08, at the time you were receiving any of the payments referred to in question **17**, select the following code letter:

| | |
|---|---|
| If both **P** and **I** applied to you, select | **I** |
| If **S**, **P** and **I** all applied to you, select | **J** |
| If both **S** and **I** applied to you, select | **J** |
| If both **S** and **P** applied to you, select | **Q** |

This code letter tells us how to work out the amount of your tax offset.

**STEP 2**

Print your code letter in the **Tax offset** code box at **O** item **35** on your short tax return.

**STEP 3**

If your spouse or you were a veteran, war widow or war widower, select the **veteran code letter** that applies to you:

| | |
|---|---|
| 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** apply to you. | **X** |

Print the code letter in the **Veteran** code box at **T** item **35** on your short tax return.

If both you and your spouse are eligible for the senior Australians tax offset or the pensioner tax offset and your spouse doesn't use it all, the unused portion may be available for transfer to you. We will work out whether you will receive a transfer from the amounts you write in the spouse details section of your short tax return.

# QUESTION 36

## Australian superannuation income stream

If you have shown income from an Australian superannuation income stream at item **18**, you may be entitled to a tax offset equal to 10% or 15% of all or part of the taxable component of your superannuation income stream benefit.

If you were less than 55 years of age on 30 June 2008, you are not entitled to a tax offset unless the superannuation income stream was either:

- a disability superannuation benefit, or
- a death benefit income stream.

For the purposes of this question, a death benefits dependant also includes a person who receives a death benefit income stream that commenced before 1 July 2007.

> For more information on the taxation of death benefits paid from superannuation funds as lump sums or income streams to death benefits dependants and others, see the electronic publication *Understanding death benefits*. It is available on our website.

If you are not entitled to a tax offset go to question **37**.

### WHAT YOU NEED

Your *PAYG payment summary – superannuation income stream*. It shows whether your superannuation income stream qualifies for a tax offset and what the amount of your tax offset is. If you cannot find your payment summary, or are not sure whether you can claim a tax offset, contact your superannuation provider.

If your tax offset amount is not shown on your payment summary, you can work it out by multiplying the taxed element and the untaxed element of the taxable component by the relevant percentage shown in **table 1** on the next page.

Work out the tax offset for each element and add them together.

**TABLE 1: Percentages used to work out your Australian superannuation income stream tax offset**

| Income stream | Age of the deceased | Your age at date of each payment | Taxed element | Untaxed element |
|---|---|---|---|---|
| **Death benefit** | Under 60 years | Under 60 years | 15% | 0% |
| | | 60 years and over | Tax free* | 10% |
| | 60 years and over | Any age | Tax free* | 10% |
| **Disability superannuation benefit** | Not applicable | Under 60 years | 15% | 0% |
| | | 60 years and over | Tax free* | 10% |
| **All other income streams** | Not applicable | Under 55 years | 0% | 0% |
| | | 55–59 years | 15% | 0% |
| | | 60 years and over | Tax free* | 10% |

* This is non-assessable non-exempt income, that is, tax-free income.

If you turned 55 or 60 years old during the 2007–08 income year, a different percentage of tax offset may apply to the superannuation income stream you were receiving before and after your birthday. You can ask your payer what amounts of your superannuation income stream attract a tax offset, or you can use **worksheet 1** to work out the amount of your tax offset.

## WHAT YOU MUST DO

### STEP 1
Work out the total amount of your tax offset.

### STEP 2
Write this amount at item **36** on your short tax return. Do not show cents.

**WORKSHEET 1: Working out the amount of your tax offset**

| | | |
|---|---|---|
| The amount of your superannuation income stream benefit paid to you before your 55th or 60th birthday | $ | (a) |
| Relevant percentage from **table 1** | | (b) |
| Multiply (a) by (b). | $ | (c) |
| The amount of your superannuation income stream benefit paid to you on or after your 55th or 60th birthday | $ | (d) |
| Relevant percentage from **table 1** | | (e) |
| Multiply (d) by (e). | $ | (f) |
| Add (c) and (f). | $ | (g) |

The amount at (g) is your tax offset.

# QUESTION 37

## Private health insurance

**This question is about:**
claiming the private health insurance rebate for a percentage of the premium you or your employer paid towards a complying private health insurance policy provided by a registered health insurer, for **hospital**, **general** (also known as ‘extras’) or **combined hospital and general** cover where every person covered by the policy is eligible to claim benefits under the Medicare system. Check with your health insurer if you are unsure.

STOP

You cannot use the short tax return if:
- you had more than two private health insurance policies in 2007–08, or
- the statement from your health insurer is based on projected figures, and the amounts actually paid by you differ from the amounts projected.

The percentage of rebate you may be entitled to claim is determined by the age of the oldest person covered by the policy.

| Age of the oldest person covered by the policy* | Amount of rebate |
|---|---|
| Less than 65 years | 30% of the amount of premium paid |
| 65 years to under 70 years | 35% of the amount of premium paid |
| 70 years or older | 40% of the amount of premium paid |

* If the oldest person covered by the policy moves into the next age group during the year, the rebate for the policy is calculated on the number of days that person was in each age group.

Once the policy becomes eligible for the higher rebate, the policy will continue to be eligible for this higher rate even if the oldest person covered by the policy, who created the eligibility, dies or leaves the policy. Your eligibility will also continue even if you change insurers or policies after this event. However, this ongoing eligibility will be affected if a new person is added to the policy after the person creating eligibility leaves the policy. In this circumstance, you should contact your health insurer for more information on how your rebate level will be affected.

Your private health insurance statement will provide you with details of your rebate level.

If two people made payments for the same policy – for example, you made payments from a joint bank account – each person can claim the relevant percentage for the proportion they paid.

### Claiming the rebate

The rebate can be claimed as:

- a reduction in your health insurance premium
- cash or a cheque from Medicare
- a refundable tax offset at the end of the income year, or
- a combination of all these options – each for a different period during the year.

## WHAT YOU MUST HAVE

- You need a private health insurance statement from your health insurer. If you did not receive a statement, you should contact your health insurer and request one. If you were covered by a second health insurer during the year, you should have a statement from that health insurer.
- You need the total amount of cash or cheque payments you have received from Medicare for your private health insurance for 2007–08.

**You have already received your full entitlement and you have finished this question if:**

- you have a statement from all the health insurers you paid a premium to, and
- the amount at **G** **on each statement is 0**.

## WHAT YOU MUST DO

Use the table below to work out your tax offset amount. Refer to the statement from your health insurer. If you have paid for a second policy use the second column for that policy.

If one of your statements shows two **G** labels, each with a different amount, use the higher amount.

| | | First policy | Second policy |
|---|---|---|---|
| Amount shown at **G** on your statement | (a) | $ | $ |
| Amount of any cash or cheque rebate received from Medicare for your private health insurance premium | (b) | $ | $ |
| Take (b) away from (a) – this is your private health insurance tax offset. | (c) | $ | $ |
| Add up the amounts at (c) ignoring any amount at (c) which is negative. | (d) | $ | |

If the amount at (d) is $0 or less, you have already received your full entitlement.

If the amount at (d) is more than $0, that amount is your unclaimed private health insurance tax offset. Write this amount at item **37** on your short tax return.

# QUESTION 38

## Zone (remote area)

You may claim a tax offset if you lived or worked in **one of the zones** (zone A, zone B or a special area) specified on pages 37–8 for a total of **183 days or more** in 2007–08.

The 183 days do not have to be continuous.

STOP

You cannot use the short tax return if you wish to claim for:

- living or working in more than one zone during 2007–08
- zone tax offset using qualifying days from previous years
- service overseas as a member of the Australian Defence Force or a United Nations armed force.

You cannot claim a zone tax offset for working on an offshore oil or gas rig.

### Who can you claim for?

You can claim amounts for **yourself**, your **dependent spouse** and your **dependent children**. See the definition of spouse on page 48.

Your spouse and children do not need to have lived with you for the period you are claiming, but must have been Australian residents for tax purposes.

You can also claim an extra amount if you were a sole parent at any time in 2007–08, but only if you are also able to claim for a dependent student or child at this item.

### WHAT YOU MUST DO

Use the following steps to work out your tax offset.

**STEP 1**

Check if you were in one of the following categories and work out your tax offset amount.

| Category | Tax offset amount | |
|---|---|---|
| Single with no dependants for all of 2007–08 | Special area | **$1,173** |
| | Zone A | **$338** |
| | Zone B | **$57** |
| Able to claim the maximum dependent spouse (no dependent children) tax offset ($2,100) at item **33** | Special area | **$2,223** |
| | Zone A | **$1,388** |
| | Zone B | **$477** |

If you were in one of the above categories, at item **38** on your short tax return write your tax offset amount **less** any remote area allowance* you received. You have finished this question.

* Remote area allowance you received from Centrelink or the Department of Veterans' Affairs, or any equivalent amount included in an exceptional circumstance relief payment or payment of farm help income support.

If you were not in one of the above categories, go to step 2.

**STEP 2**

If you were not in one of the above categories, work out the amounts you can claim for:

- yourself – at step 3
- your dependent children – at step 4
- your dependent spouse – at step 5
- being a sole parent – at step 6.

Then work out your total tax offset at step 7.

**STEP 3 – Amount for yourself**

Work out the amount you can claim for yourself.

For a special area, write **1,173**.

For zone A, write **338**. $ (a)

For zone B, write **57**.

Transfer the amount at (a) to 'Yourself' at step 7 on page 37. Then go to step 4.

**STEP 4 – Amounts for dependent children**

You can claim for the period (or periods) in 2007–08 you maintained dependent children.

You can claim for:

- each child who was a full-time student at a school, college or university, who was aged **under 25** years on 30 June 2008 and whose separate net income was **less than $1,786**
- the **first** child who was not a full-time student, who was aged **under 21** years on 30 June 2008 and whose separate net income was **less than $1,786**
- each **other** child who was not a full-time student, who was aged **under 21** years on 30 June 2008 and whose separate net income was **less than $1,410**.

If a student turned 25 years old or a child turned 21 years old in 2007–08, you can only claim for the period up to their birthday (in this case, a lower separate net income figure will apply).

To work out separate net income, see pages 51–2.

Use the following table to work out the amounts you can claim.

For **more than four children**, do the extra calculations on a separate sheet.

| | | | | | |
|---|---|---|---|---|---|
| Child's name | | | | | |
| Age in years on 30 June 2008 | | | | | |
| Number of days you maintained the child (the full year is 366 days) | | | | | (a) |
| For a full-time student aged under 25 years, write **1.0274**.<br>For the first non full-time student aged under 21 years, write **1.0274**.<br>For another non full-time student aged under 21 years, write **0.7705**. | $ | $ | $ | $ | (b) |
| Multiply (a) by (b). | $ | $ | $ | $ | (c) |
| Child's separate net income for the period you maintained them | $ | $ | $ | $ | (d) |
| | If the child's separate net income is **less than $286**, transfer the amount at (c) to the box at (g) below and continue working from (g).<br>Otherwise continue working: | | | | |
| Take **$282** away from (d). | $ | $ | $ | $ | (e) |
| Divide (e) by **4**. | $ | $ | $ | $ | (f) |
| Take (f) away from (c). | $ | $ | $ | $ | (g) |
| | If the amount at (g) is $0 or less, you cannot claim an offset for the child. | | | | |
| For a special area, write **2**.<br>For zone A, write **2**.<br>For zone B, write **5**. | | | | | (h) |
| Divide (g) by (h). | $ | $ | $ | $ | (i) |
| | The amounts at (i) are the amounts you can claim for your children – transfer these amounts to 'Dependent children' at step 7 on page 37. Then go to step 5. | | | | |

**STEP 5 – Amount for dependent spouse**

You may be able to claim for the period (or periods) in 2007–08 you maintained your spouse.

Use the appropriate table on this page, either **table 5.1** or **5.2**, to work out how much you can claim.

**TABLE 5.1: Dependent spouse – with dependent children at any time in 2007–08**

You can claim an amount at this table **only** if you are **also** claiming at least $1 for a dependent child at step 4.

You may be able to claim for your spouse if their separate net income (see pages 51–2) was **less than $10,041** for the full year.

| | | |
|---|---|---|
| Number of days you maintained your spouse (a full year is 366 days) | | (a) |
| Multiply (a) by **$6.77** (= $2,440 for the full year). | $ | (b) |
| Your spouse's separate net income for the period you maintained your spouse* | $ | (c) |

If your spouse's separate net income is **less than $286**, transfer the amount at (b) to the box at (f) below and continue working from (f).

Otherwise continue working:

| | | |
|---|---|---|
| Take **$282** away from (c). | $ | (d) |
| Divide (d) by **4**. | $ | (e) |
| Take (e) away from (b). | $ | (f) |

If the amount at (f) is $0 or less, you cannot claim for a dependent spouse – go to step 6.

Otherwise continue working:

| | | |
|---|---|---|
| For a special area, write **2**.<br>For zone A, write **2**.<br>For zone B, write **5**. | | (g) |
| Divide (f) by (g). | $ | (h) |

The amount at (h) is the amount you can claim for a dependent spouse – transfer this amount to 'Dependent spouse' at step 7 on the next page. Then go to step 6.

* If you are claiming for more than one period, this will be the total of the separate net income for each period you are claiming.

**TABLE 5.2: Dependent spouse – no dependent children for all of 2007–08**

If you had no dependent children for all of 2007–08, you may be able to claim for your spouse if their separate net income (see pages 51–2) was **less than $8,681** for the full year.

Because part of the calculation is the same, this table uses the amount of **dependent spouse (no dependent children) tax offset** you are claiming at item **33** – if necessary, check to see if you can claim a dependent spouse (no dependent children) tax offset at item **33**.

| | | |
|---|---|---|
| Amount of dependent spouse (no dependent children) tax offset you are claiming at item **33** | $ | (a) |
| For a special area, write **2**.<br>For zone A, write **2**.<br>For zone B, write **5**. | | (b) |
| Divide (a) by (b). | $ | (c) |

The amount at (c) is the amount you can claim for a dependent spouse – transfer this amount to 'Dependent spouse' at step 7 on the next page. Then go to step 6.

**STEP 6 – Amount for sole parent**

You can claim for any period in 2007–08 you were a sole parent (this is in addition to the amount you can claim for yourself).

You can claim an amount for being a sole parent **only** if you are **also** claiming at least $1 for a dependent child at step 4.

You **cannot** claim at this step for any period for which you are claiming an amount for a dependent spouse at step 5.

Use the following table to work out the amount you can claim.

| | | |
|---|---|---|
| Number of days in 2007–08 you had sole care of a child (the full year is 366 days) | | (a) |
| Multiply (a) by **$4.40** (= $1,607 for a full year). | $ | (b) |
| For a special area, write **2**.<br>For zone A, write **2**.<br>For zone B, write **5**. | | (c) |
| Divide (b) by (c). | $ | (d) |

The amount at (d) is the amount you can claim as a sole parent – transfer this amount to 'Sole parent' at step 7 on the next page, then complete step 7.

**STEP 7 – Zone tax offset**

Use the following table to work out your tax offset.

Firstly, transfer all amounts from the final boxes in steps 3, 4, 5 and 6.

| | | | |
|---|---|---|---|
| Yourself: (a) from step 3 | | $ | |
| Dependent children: (i) amounts from step 4 | Child's name | | |
| | | $ | |
| | | $ | |
| | | $ | |
| | | $ | |
| If you have more than four children, add up your fifth and remaining dependent children's amounts and write the total here. | | $ | |
| Dependent spouse: (h) from table 5.1 or (c) from table 5.2 | | $ | |
| Sole parent: (d) from step 6 | | $ | |
| **Total amount** (Add up the column) | | $ | (a) |
| Secondly, show any **remote area allowance*** amount you received. | | $ | (b) |
| Take (b) away from (a). | | $ | (z) |

If the amount at (c) is more than $0, that amount is your zone tax offset – write this amount at item **38** on your short tax return.

*Remote area allowance you received from Centrelink or the Department of Veterans' Affairs, or any equivalent amount included in an exceptional circumstance relief payment or payment of farm help income support

# Localities for zone tax offset

Locations that are within 250 kilometres of the localities marked with an asterisk (*) are also in the relevant zone.

Other less well-known isolated locations may be in a zone or special area. You can check if your location is in a zone by phoning **13 28 61**.

## ZONE A

| Western Australia | Northern Territory |
|---|---|
| Bidyadanga (Lagrange) | Alice Springs* |
| Broome* | Batchelor |
| Carnarvon | Darwin |
| Dampier | Hermannsburg |
| Derby | Katherine* |
| Goldsworthy | Pine Creek |
| Karratha | Santa Teresa |
| Marble Bar | Tindal |
| Newman* | **Queensland** |
| Pannawonica | Camooweal |
| Paraburdoo | Cloncurry |
| Port Hedland* | Mount Isa* |
| Roebourne | |
| Shay Gap | |
| Tom Price* | |
| Wittenoom | |

## ZONE B

**Western Australia**
Boulder
Coolgardie
Esperance
Kalgoorlie*
Kambalda
Leonora
Mullewa
Norseman
Northampton
Ravensthorpe
Southern Cross

**New South Wales**
Bourke
Brewarrina
Broken Hill
Cobar
Collarenebri
Lightning Ridge
Menindee
Wilcannia

**Tasmania**
Queenstown
Rosebery

**South Australia**
Woomera

**Queensland**
Airlie Beach
Atherton
Augathella
Ayr
Barcaldine
Blackall
Bowen
Cairns
Cardwell
Charleville
Charters Towers
Clifton Beach
Collinsville
Cunnamulla
Greenvale
Home Hill
Ingham
Innisfail
Longreach
Mackay
Mareeba
Mossman
Port Douglas
Proserpine
Quilpie
Sarina
Tambo
Townsville
Tully
Winton

## SPECIAL AREAS – SOME WELL-KNOWN LOCATIONS

**Western Australia**
Balladonia
Deakin
Denham
Eucla
Exmouth
Fitzroy Crossing
Halls Creek
Kununurra
Laverton
Leinster
Madura
Meekatharra
Mount Magnet
Onslow
Rawlinna
Turkey Creek (Bow River)
Wiluna
Wyndham

**Northern Territory**
Alyangula
Angurugu
Borroloola
Elliott
Galiwinku
Jabiru
Lajamanu (Hooker Creek)
Maningrida
Milikapiti
Milingimbi
Nguiu
Ngukurr
Nhulunbuy (Gove)
Numbulwar
Oenpelli
Papunyah
Ramingining
Tennant Creek
Yirrkala
Yuendumu
Yulara

**New South Wales**
White Cliffs

**Tasmania**
Furneaux Group Islands
King Island

**South Australia**
Amata Aboriginal Community
Coober Pedy
Cook
Innamincka
Leigh Creek
Marree
Nullarbor
Oodnadatta
Penong
Roxby Downs
Tarcoola

**Queensland**
Boulia
Burketown
Cooktown
Doomadgee
Georgetown
Helen Vale
Hughenden
Julia Creek
Karumba
Kowanyama
Normanton
Stamford
Thargomindah
Weipa
Windorah

**Islands and territories**
Australian Antarctic Territory
Cocos (Keeling) Islands
Heard Island
Lord Howe Island
Macquarie Island
McDonald Islands
Norfolk Island
Palm Isles Group

# QUESTION 39

## Ongoing baby bonus claim

**This question is about:**
claiming the baby bonus for a child aged under five years for whom you gained legal responsibility on or after 1 July 2001 and before 1 July 2004 where:
- you claimed the baby bonus for the child in a previous year (not as a transferee), and
- you need to lodge a tax return this year (2007–08).

You can be legally responsible for a child if you are the child's natural mother or natural father, or you have a court order giving you legal responsibility (for example, through adoption).

If you are an adoptive parent, you may be entitled to claim from the date the adopted child came into your care. For more information, visit our website or phone the Personal Infoline on **13 28 61**.

**This question is NOT about:**
claiming the baby bonus if:
- this is the first year you are claiming the baby bonus
- you were a transferee in 2006–07, that is, you provided your spouse's details on your baby bonus claim for that year, or
- you were a transferee in 2007–08, that is, your spouse has transferred their baby bonus eligibility for 2007–08 to you.

STOP
If you wish to claim the baby bonus this year and any of the above dot points apply to you, you cannot use the short tax return.

If you are transferring your baby bonus eligibility to your spouse for the income year, this question does not apply to you. You cannot make a baby bonus claim.

### WHAT YOU MUST DO

Use the following steps to work out the number of days you are eligible to claim the baby bonus this year (2007–08).

**STEP 1**

Number of days in 2007–08 that
- you had legal responsibility for and care of the child **and**
- the child was under five years of age (the full year is 366 days) (a)

If your child died before their fifth birthday, write 366 at (a) and go to step 4.

If your child turned five years old on 1 July 2007 **and**
- the income year you gained legal responsibility for the child is also your base year **and**
- you did not transfer your eligibility in your base year, **then**

calculate the number of days from the date you became legally responsible to 30 June of your base year and write that number at (a). Go to step 4.

**STEP 2**

Number of days in 2007–08 that another person – including your spouse – had legal responsibility for and care of your child during **any** of the days you have written at (a) (b)

If the number of days at (b) is **0**, go to step 4.

**STEP 3**

If this other person was eligible for the baby bonus for another child without being a transferee

**or**

if you appear **after** this other person in the following list:
- natural mother
- adoptive mother
- any other woman
- natural father
- adoptive father
- any other man

then take (b) away from (a). (c)

**STEP 4**

The number of days you are eligible to claim the baby bonus will be the **lower** of the numbers you have written at (a) and (c).

Write the number of eligible days at item **39** on your short tax return.

If your child died during the year but before their fifth birthday, print **B** for bereavement in the code box at item **39**.

This will allow you to claim the baby bonus for another eligible child in a later year.

# QUESTION 40

## Total tax offsets

### WHAT YOU MUST DO

**STEP 1**

Check that you have shown all the tax offsets you can claim.

**STEP 2**

Add up all the tax offset amounts, and write the total at item **40** on your short tax return.

# MEDICARE LEVY

Medicare is the scheme which gives Australian residents access to health care.

To help fund the scheme, resident taxpayers are subject to a Medicare levy (normally 1.5% of taxable income). The amount you have to pay will be calculated automatically.

In some cases, you may be entitled to a Medicare levy reduction or exemption, or you may have to pay more (a surcharge). Questions **41**, **42** and **43** deal with these situations.

Medicare levy reduction (question **41**) – you may be entitled to this if you are a low income earner.

Medicare levy exemption (question **42**) – you may be entitled to this for periods you were in an exemption category.

Medicare levy surcharge (question **43**) – if your income or your family income was above certain limits, you may have to pay the surcharge for any periods you or your dependants did not have an appropriate level of private patient hospital cover.

The Medicare levy surcharge is in addition to the normal Medicare levy and is calculated at 1% of your taxable income and your total reportable fringe benefits.

Question **43** is **COMPULSORY**. If you do not answer it, you may be charged the full Medicare levy surcharge.

Refer to pages 41–6 when completing the Medicare levy items on the short tax return.

# QUESTION 41

## Medicare levy reduction

Low income earners may be eligible for a Medicare levy reduction. If you are a low income earner, we will work out any reduction to which you are entitled from the information you provide on your short tax return.

You need to complete this item only if you have a spouse or dependent children, and either your taxable income or your family taxable income is below the relevant limits shown on the next page.

### WHAT YOU MUST DO

**STEP 1**

If you had a spouse on 30 June 2008 or your spouse died during the year, you must write your spouse's taxable income at item **47**. If your spouse had no taxable income, write **0**. For the definition of spouse, see page 48.

**STEP 2**

Work out from the table below the **number of your dependent children** that you are able to take into account for the purposes of this question.

- If you were single or separated on 30 June 2008, count only the number of dependent children for whom family tax benefit was payable to you during all or part of 2007–08.
- Dependent children are those who, in 2007–08, were maintained by you, lived in Australia, and whose separate net incomes (see pages 51–2) were under the following limits:

| | |
|---|---|
| Each full-time student under 25 years at a school, college or university | **$1,786** |
| First child under 21 years who is not a full-time student | **$1,786** |
| Each other child under 21 years who is not a full-time student | **$1,410** |

**STEP 3**
Write the number of your dependent children at item **41** on your short tax return. If none, write **0**.

**For your information:**
The Medicare levy **reduction** is first worked out on **your** taxable income. Your Medicare levy may be reduced if your taxable income is not more than the following limit:

| Your taxable income limits | |
|---|---|
| If you are eligible for the senior Australians tax offset (question **34**) | **$30,431** |
| If you are eligible for the pensioner tax offset (question **35**) | **$26,967** |
| All other taxpayers | **$20,363** |

If you had a spouse or a dependent child, and you are not eligible for a reduction based on your taxable income, the Medicare levy reduction is then worked out on your **family** taxable income (the **combined** taxable incomes of you and your spouse, or **your** taxable income if you were a sole parent). Your Medicare levy may be reduced if your family taxable income is not more than the following limit:

| Family taxable income limit | |
|---|---|
| If you are eligible for the senior Australians tax offset (question **34**) | **$44,647***  |
| All other taxpayers | **$34,361*** |
| *plus $3,155 for each dependent child | |

If you want to estimate your Medicare levy and reduction (if any) go to **Part 6 Medicare levy** on pages 59–62.

## QUESTION 42

# Medicare levy exemption

You may qualify for an exemption from paying the Medicare levy if you were in any of the following exemption categories at any time in 2007–08.

**Category 1: Medical**
- You were a **blind pensioner**.
- You received **sickness allowance** from Centrelink.
- You were entitled to full free medical treatment for all conditions under **defence force** arrangements or **Veterans' Affairs** Repatriation Health Card (Gold Card) or repatriation arrangements.

**Category 2: Resident of Norfolk Island**

**Category 3: Not entitled to Medicare benefits**
You must have a **certificate** from the Medicare Levy Exemption Unit of Medicare Australia showing that you were not entitled to Medicare benefits because you were a temporary resident for Medicare purposes (a letter from Medicare is not sufficient).

**If you were not in any of the above exemption categories**, leave this item blank. You have finished this question.

**If you were in one of the exemption categories**, read on.

## WHAT YOU MUST DO

**STEP 1**
Use the information on this page and the next to work out whether you qualify for a full exemption, a half exemption or no exemption.

> **NOTE**
> For this question, a dependent child is an Australian resident maintained by you in 2007–08 who is:
> - aged under 21 years, or
> - aged 21 years or over but under 25 years who was a full-time student and whose separate net income was less than $1,786.
>
> For the definition of spouse, see page 48.

### STEP 2

If you do qualify for an exemption, work out the number of days for which you can claim a full exemption and the number of days for which you can claim a half exemption.

> **NOTE**
> - The year is 366 days.
> - Each day can only be counted once. If you have overlapping qualifying periods, count the days in those overlapping periods only once.

### STEP 3

Write the number of days in the appropriate boxes at item **42** on your short tax return.

Leave the code box blank unless you have a **certificate** from the Medicare Levy Exemption Unit because you were a temporary resident for Medicare purposes (see category 3 on the previous page). If you were a temporary resident for Medicare purposes and have a **certificate**, print **C** in the code box.

We will work out the amount of exemption you are entitled to.

### Category 1: Medical

If you were in the medical category for any period in 2007–08 **and** you met one of the following conditions, you qualify for a full or half exemption.

You did not have a spouse or a dependent child
– you can claim **full** exemption for that period.

You did not have a spouse **but** you had a dependent child who:
- was not in an exemption category **and**
- did not have to pay the Medicare levy (for example, because of low income)

– you can claim **half** exemption for that period.

You had a spouse who had to pay the Medicare levy **and** you had dependent children who:
- were not in an exemption category **and**
- were dependent on both of you

– you can claim **full** exemption for that period.

You had a spouse and/or dependent children **and** each of them:
- was in an exemption category **or**
- had to pay the Medicare levy

– you can claim **full** exemption for that period.

You had a spouse or a dependent child who:
- was not in an exemption category **and**
- did not have to pay the Medicare levy (for example, because of low income)

– you can claim **half** exemption for that period.

You had a spouse who is also in this medical category **and** you had a child who:
- was not in an exemption category **and**
- was dependent on both of you

– either you or your spouse can claim **full** exemption for that period, and the other can claim **half** exemption for that period.

You will have to decide who claims the full exemption (usually the higher income earner) and who claims the half exemption, then complete and keep the **Family agreement** below.

### FAMILY AGREEMENT

We agree that the half Medicare levy exemption in respect of our dependants for the 2007–08 year will be claimed as follows:

NAME OF PERSON CLAIMING **FULL** EXEMPTION

NAME OF PERSON CLAIMING **HALF** EXEMPTION

YOUR SIGNATURE

YOUR SPOUSE'S SIGNATURE

### Category 2: Resident of Norfolk Island

If you were a resident of **Norfolk Island** for the **full year**
– you can claim **full** exemption for the year (366 days).

If you were a resident of **Norfolk Island** for only **part of the year and**

- you did not have a spouse or a dependent child for that period **or**
- your spouse and all your dependants were in an exemption category for that period

– you can claim **full** exemption for that period that you were a resident of **Norfolk Island**.

### Category 3: Not entitled to Medicare benefits

If you were officially not entitled to Medicare benefits for any period of 2007–08 **and**

- you have a **certificate** from the Medicare Levy Exemption Unit of Medicare Australia because you were a temporary resident for Medicare purposes **and either**
- you did not have a spouse or a dependent child for that period **or**
- your spouse and all your dependants were in an exemption category for that period

– you can claim **full** exemption for that period that you were not entitled to Medicare benefits.

For more information on how to apply for an exemption certificate as a temporary resident, contact Medicare Australia on **1300 300 271** or visit their website at **www.medicareaustralia.gov.au**

# QUESTION 43

**THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS.**

## Medicare levy surcharge

You may have to pay Medicare levy surcharge (MLS) if you or your dependants (including your spouse, even if they had their own income) did not have an appropriate level of private patient hospital cover for the whole of 2007–08 and your income was above a certain amount.

An appropriate level of private patient hospital cover generally is cover provided by a registered health insurer for hospital treatment in Australia which has an excess of:

- $500 or less (for a policy covering only one person), or
- $1,000 or less (for all other policies).

Excess is the amount you pay before your health insurer pays for any claims you make.

**NOTE**
General cover (formerly called ancillary cover) or 'extras' is not private patient hospital cover because it only covers items such as optical, dental, physiotherapy or chiropractic treatment.

### Dependants

For this question, a dependant (regardless of their income) includes:

- your spouse – even if they worked during 2007–08 or had their own income (see the definition of spouse on page 48)
- your children (children aged under 21 years, and full-time students aged 21–25 years).

They must have been Australian residents and you must have contributed to their maintenance.

**STOP**
You cannot use the short tax return if you have to pay MLS for the sole reason that your spouse has shown on their tax return (supplementary section) a lump sum payment in arrears at item **20 Foreign source income and foreign assets or property** or at item **24 Other income.** In that instance, you may be entitled to a tax offset up to the amount of MLS you have to pay.

## WHAT YOU SHOULD HAVE

A statement from your health insurer which covers you for private hospital cover showing the number of days covered by an appropriate level of health cover.

If you do not have this statement, contact your health insurer.

## WHAT YOU MUST DO

Use the following steps to work out what you must write at this item.

### STEP 1

Item **43** on your short tax return asks 'Did you and **all** your dependants (including your spouse) have an appropriate level of private patient **hospital cover** for all of 2007–08?' Print **X** in the **Yes** or **No** box at **E**.

If **yes**, you do not have to pay MLS. You have finished this question.

If **no**, go to step 2.

### STEP 2

Whether you have to pay MLS depends on:

- your income for Medicare levy purposes – called your **MLS income**, and
- your **combined MLS income** – if you had a spouse for the whole of 2007–08 or your spouse died in 2007–08.

Use the following worksheets to work out your MLS income and your combined MLS income, and then go to step 3.

### Your MLS income

| | | |
|---|---|---|
| Your taxable income (item **32**) | $ | (a) |
| Your reportable fringe benefits (item **20**) | $ | (b) |
| Add (a) and (b). | $ | (c) |

The amount at (c) is your **MLS income.**

### Your combined Medicare levy surcharge (MLS) income

| | | |
|---|---|---|
| Your MLS income from (c) in the previous column | $ | (d) |
| Your spouse's taxable income | $ | (e) |
| Your spouse's reportable fringe benefits | $ | (f) |
| Your spouse's share of trust income on which the trustee was assessed under section 98 of the *Income Tax Assessment Act 1936* and which has not been included in your spouse's taxable income | $ | (g) |
| Distributions to your spouse on which family trust distribution tax has been paid, and your spouse would have had to show the distribution as assessable income if the tax had not been paid | $ | (h) |
| Add (d), (e), (f), (g) and (h). | $ | (j) |

The amount at (j) is your **combined MLS income**.

### STEP 3

1 Work out whether you were in one or more of the following categories for the whole of 2007–08:

| |
|---|
| Your MLS income was **$50,000 or less and**<br>■ you were single without a dependent child for the whole of 2007–08, or<br>■ you were single without a dependent child for part of 2007–08 and your spouse did not die during the year. |
| You were single with a dependent child and your MLS income was **$100,000 or less** (plus $1,500 for each dependent child after the first). |
| You had a spouse* (with or without dependent children), and your combined MLS income was **$100,000 or less** (plus $1,500 for each dependent child after the first). |

| |
|---|
| You and all your dependants (including your spouse, if any) were in a Medicare levy exemption category (question **42**). |
| Your combined MLS income was above the limit, but your MLS income was **equal to or less than $17,309**. |

* If your spouse died in 2007–08 and you did not have another spouse before the end of the year, you are treated as having a spouse for the whole of 2007–08.

2 If you were in one or more of the above categories for the whole of 2007–08 write **366** at **A** item **43** on your short tax return. You do not have to pay the surcharge. You have finished this question.

If this did not apply to you, go to step 4.

### STEP 4

**You may have to pay the surcharge.**

1 For 2007–08, work out the number of days you do not have to pay the surcharge. This is:

**(a)** the number of days you and all your dependants (including your spouse, if any) either
- had an appropriate level of private patient hospital cover, or
- were in a Medicare levy exemption category (from item **42**)

*plus*

**(b)** the number of days – not already counted in **(a)** – that you had a spouse or dependent child, if
- for part of 2007–08 you were single without a dependent child **and**
- during the balance of the year you maintained a spouse and/or a dependent child (and your spouse did not die during the year, if you had one) **and**
- your MLS income was less than $100,000 (plus $1,500 for each dependent child after the first).

Write the total number of days you do **not** have to pay the surcharge at **A** item **43** on your short tax return.

2 Write the number of your dependent children at **D** item **43** on your short tax return.

We will work out any surcharge you have to pay.



# QUESTION 44

## Private health insurance policy details

At this item, give details of the private health insurance policies which covered you in 2007–08 (even if the policies did not include hospital cover).

You may be covered under a family policy (for example, your spouse's or your parents' policy).

**STOP**

If you had more than two private health insurance policies during the year, you cannot use the short tax return.

### WHAT YOU SHOULD HAVE

Statements from the registered health insurers which covered you. These statements should have the details you need to be able to complete this item.

If you do not have a statement, contact your health insurer.

### WHAT YOU MUST DO

At item **44** on your short tax return, list the private health insurance policies which covered you in 2007–08.

You must show:
- the health insurer ID
- your membership number
- the type of cover.

For the type of cover, use the following code letters:

| | |
|---|---|
| Hospital | **H** |
| General (also known as 'extras') | **A** |
| Combined hospital and general | **C** |

If you changed the cover under a policy during the year, use the code letter for the type of cover that gave you the highest level of cover.

# QUESTION 45

## Under 18

If you were aged under 18 years on 30 June 2008, you must complete this item or you may be taxed at a higher rate than necessary.

This question will help you work out whether your tax needs to be adjusted.

### WHAT YOU MUST DO

**STEP 1**

Tick any of the following that applied to you on 30 June 2008:

☐ You were working full time.

☐ You had worked full time for three months or more in 2007–08 (ignoring any period of full-time work that was followed by full-time study)
**and**
you intended to work full time for most or all of 2008–09 and not study full time in 2008–09.

☐ You were entitled to a disability support pension or a rehabilitation allowance, or someone was entitled to receive a carer allowance to take care of you.

☐ You were permanently blind.

☐ You were disabled with the likelihood of that disability being permanent or long term.

☐ You were entitled to a double orphan pension and you received little or no financial support from your relatives.

☐ You were unable to work full time because of permanent mental or physical disability and you received little or no financial support from your relatives.

**If you ticked** any of the above, write **0** at item **45** on your short tax return and print **A** in the **Age code** box. This will ensure all your income will be taxed at normal rates. You have finished this question.

**If you did not tick** any of the above read on.

**STEP 2**

Use the following worksheet to work out how much of your income will be taxed at normal rates. (Such income is called 'excepted net income'.) Any other income you received will be taxed at a higher rate.

| | | |
|---|---|---|
| Total of the income amounts you showed at items **14** to **18**, and **23** | $ | (a) |
| Income you showed at items **21** and **22** which was received from the investment of:<br>■ amounts shown at items **14** to **18**, and **23**<br>■ similar amounts received in previous years of income | $ | (b) |
| Add (a) and (b). | $ | (c) |
| Total of the deduction amounts you showed at items **25** to **27** | $ | (d) |
| Expenses at item **28** which related to the investment of:<br>■ amounts shown at items **14** to **18**, and **23**<br>■ similar amounts received in previous years of income | $ | (e) |
| Add (d) and (e). | $ | (f) |
| Take (f) away from (c). | $ | (g) |

The amount at (g) will be taxed at normal rates. Write this amount at item **45** on your short tax return.

If the amount at (g) is $0 or less, write **0** at item **45**.

Print **M** in the **Age code** box.

# QUESTION 46

## Your spouse's details

**DEFINITION**

**Your spouse** is your husband or wife to whom you are legally married, or a person who lives with you on a genuine domestic basis as your husband or wife. Under Australian law your husband or wife cannot be the same sex as you.

You must complete item **46** if you completed any of the following items:
- **33** Dependent spouse – no dependent children
- **34** Senior Australians
- **35** Pensioner offset
- **41** Medicare levy reduction
- **42** Medicare levy exemption
- **43** Medicare levy surcharge.

### WHAT YOU MUST DO

At item **46** on your short tax return:
- Specify your spouse's sex. Print **X** in the relevant **Male** or **Female** box.
- Write your spouse's date of birth.
- Answer the question 'Did you have a spouse for all of 2007–08?' Print **X** in the relevant **Yes** or **No** box.
- If you did not have a spouse for the full year, write the start and end dates of the period you had a spouse between 1 July 2007 and 30 June 2008 in the appropriate boxes.

If you had more than one spouse in 2007–08, give the date of birth of the last spouse, and the start and end dates of the period you had the last spouse.

# QUESTION 47

## Your spouse's 2007–08 taxable income

Complete item **47** if **any** of the following applies:
- you claimed the **senior Australians tax offset** (item **34**)
- you claimed the **pensioner tax offset** (item **35**)
- you are eligible for a **Medicare levy reduction** based on your family taxable income (item **41**) and you had a spouse on 30 June 2008 or your spouse died in 2007–08
- you claimed a **Medicare levy exemption** (item **42**)
- you and your dependants did not have an appropriate level of private patient hospital cover for all of 2007–08 (you answered **No** at **E** item **43**).

Your spouse must first work out their taxable income – usually by doing their tax return.

If your spouse does not have to lodge a tax return, please provide an estimate of their taxable income.

### WHAT YOU MUST DO

Write your spouse's taxable income in the box at item **47** on your short tax return. If your spouse did not have a taxable income, write **0**.

# QUESTION 48

## Your spouse's share of trust income

Complete item **48** if **any** of the following applies:
- you claimed the **senior Australians tax offset** (item **34**)
- you claimed the **pensioner tax offset** (item **35**)
- you and your dependants did not have an appropriate level of private patient hospital cover for all of 2007–08 (you answered **No** at **E** item **43**).

### WHAT YOU MUST DO

If your spouse received a share of trust income on which the trustee was assessed under section 98 of the *Income Tax Assessment Act 1936* and which has not been included in your spouse's taxable income, write the amount at item **48** on your short tax return. Otherwise, write **0**.

# QUESTION 49

## Your spouse's income from family trust distribution

## Your spouse's reportable fringe benefits amounts

Complete item **49** if you and your dependants did not have an appropriate level of private patient hospital cover for all of 2007–08 (you answered **No** at **E** item **43**).

### WHAT YOU MUST DO

**STEP 1**

If your spouse received a distribution on which family trust distribution tax has been paid, and your spouse would have had to show the distribution as assessable income if the tax had not been paid, write the amount of distribution at **U** item **49** on your short tax return. Otherwise, write **0**.

**STEP 2**

If your spouse received any reportable fringe benefits amounts, write the total amount at **S** item **49** on your short tax return. Otherwise, write **0**.

# QUESTION 50

## Age pension and other such government payments paid to your spouse in 2007–08

## Exempt pension income your spouse received in 2007–08

Complete item **50** if **either** of the following applies:
- you claimed the **senior Australians tax offset** (item **34**)
- you claimed the **pensioner tax offset** (item **35**).

### WHAT YOU MUST DO

**STEP 1**

Check to see whether your spouse received any of the following **Australian Government payments** (ignore any 'exempt pension' income – this is covered at step 2):
- age pension
- age service pension
- carer payment
- disability support pension (if your spouse was of age-pension age)
- education entry payment
- parenting payment (single)
- widow B pension
- wife pension
- income support supplement
- Defence Force Income Support Allowance (DFISA) where the pension, payment or allowance to which it relates is taxable
- 'DFISA-like' payment from the Department of Veterans' Affairs (DVA)
- invalidity service pension (if your spouse was of age-pension age)
- partner service pension
- bereavement allowance.

Add up the total amount of these payments paid to your spouse in 2007–08. (Exclude any exempt pension payments.) Write this amount at **P** item **50** on your short tax return. If your spouse did not receive any payment listed at step 1, write **0**.

**STEP 2**

Check to see whether your spouse received any of the following **exempt pension** income:

- carer payment where
  - – the carer and either the care receiver or all of 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 them on a day when the whole of their social security pension or benefit, which is also payable to them on that day, is exempt from income tax under section 52–10 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 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 partner are under age-pension age or the recipient is under age-pension age and the partner has died.

> **NOTE**
>
> Lump sum bereavement payments received as part of any of the above payments are exempt only up to the tax-free amount. Phone **13 28 61** to find out how much of a lump sum bereavement payment is exempt.

Add up the total amount of exempt pension income paid to your spouse in 2007–08. Write this amount at **Q** item **50** on your short tax return. If your spouse did not receive any payment listed at step 2, write **0**.

# QUESTION 51

## Your spouse's separate net income

Complete item **51** if any of the following applies:

- you are claiming **dependent spouse tax offset** (item **33**), or
- you are claiming an amount for your spouse in your **zone tax offset** (item **38**).

### WHAT YOU MUST DO

For item **33** or item **38** (**table 5.1**), you will have worked out your spouse's **separate net income** (using the calculations on the next page).

Write your spouse's separate net income at item **51** on your short tax return. If your spouse did not have a separate net income, write **0**.

# QUESTION 52

## Your declaration

Read the declaration, then sign and date it.

**You have now completed your *Short tax return for individuals 2008*.**

You can lodge your tax return with us by phone or mail. To lodge by phone, call **13 28 65**, press **2** and **2** again.

### RECEIPT NUMBER

If you are lodging your short tax return by phone, you will be given a receipt number which will be your proof of lodgment. Write this number in the space provided at the bottom of the short tax return.

> **STOP**
>
> Do not send us the paper copy of your tax return if you have lodged by phone and received a receipt number. Keep it for your records.

# DEPENDANT'S SEPARATE NET INCOME

Some questions ask you to work out the separate net income (SNI) of a dependent spouse or child. See the definition of spouse on page 48.

SNI is different from taxable income – SNI includes some exempt income (income which is not taxable) and has some different deductions.

To work out the SNI for each dependant, use the following three steps – first work out your dependant's income, then any reductions to that income, to get their separate net income. You will need to add up your dependant's Centrelink payments (Centrelink payments are listed on page 14), and other Australian Government payments (other Australian Government payments are listed on page 15), but **not the following payments**:

- baby bonus (formerly called maternity payment, that is, not the baby bonus tax rebate)
- carer allowance
- child care benefit
- child care tax rebate
- child disability assistance
- family tax benefit
- incentive scheme payments relating to certain private health insurance policies
- maternity immunisation allowance
- payments to carers under the scheme determined under Schedule 4 to the *Social Security and Veterans' Affairs Legislation Amendment (One-off Payments and Other 2007 Budget Measures) Act 2007*
- payments to older Australians under a scheme determined under Schedule 2 to the *Social Security and Veterans' Affairs Legislation Amendment (One-off Payments and Other 2007 Budget Measures) Act 2007*
- the 2007 one-off $1,000 payment to carers who received a carer payment, wife pension, partner service pension, carer service pension or carer allowance (paid under the *Social Security Act 1991*)
- the 2007 one-off $1,000 payment to older Australians (paid under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*).

**STEP 1**

**Dependant's income**

| | | |
|---|---|---|
| Salary and wages – but **not** lump sum severance or retirement payments of a capital nature or as compensation for losing a job | $ | |
| Australian annuities and superannuation income streams | $ | |
| Centrelink payments and exempt Australian Government payments excluding any payment listed in the previous column | $ | |
| Veterans' Affairs payments – but **not**<br>■ Japanese internment compensation payment<br>■ German Forced Labour Compensation Programme (GFLCP) payments | $ | |
| Interest and dividend income – but **not** franking credits attached to franked dividends | $ | |
| Business, trust and rental income | $ | |
| Any maintenance payments your spouse received for their own support after divorce or separation | $ | |
| Maintenance or accommodation component of a scholarship paid by the Commonwealth or state – but **not** if it is<br>■ for helping to educate isolated children aged under 16 years **or**<br>■ Commonwealth or state assistance with school fees, purchase of textbooks, or travelling expenses **or**<br>■ non-government scholarships for the education of a dependent child or student | $ | |
| Any net capital gain for the income year | $ | |
| Add up the amounts in the column. | $ | (a) |

The amount at (a) is your **dependant's total income**.

## STEP 2

### Dependant's reductions to income

| | | |
|---|---|---|
| Expenses incurred in earning income which could be claimed as a tax deduction – but **not** gifts, donations, tax agent's fees or prior year losses | $ | |
| Child care expenses incurred by the dependant because they were working, less any cash rebates | $ | |
| Expenses incurred by the dependant for travel to and from child care because they were working | $ | |
| Expenses incurred by the dependant for travel to and from work | $ | |
| Expenses incurred by the dependant in conducting a business activity that resulted in a deferred non-commercial business loss, even if your dependant did not lodge a tax return | $ | |
| Add up the amounts in the column. | $ | (b) |

The amount at (b) is your **dependant's total reduction**.

NOTE

Where any of the expenses at step 2 above include car expenses, a calculation based on a rate per kilometre multiplied by the actual number of kilometres travelled is acceptable – see the cents per kilometre method described on page 21. If you use this method, the 5,000 km limit does not apply for the purposes of calculating the separate net income of your dependant.

## STEP 3

### Dependant's separate net income

| | | |
|---|---|---|
| Take (b) at step 2 away from (a) at step 1. | $ | (c) |

The amount at (c) is your dependant's **separate net income**.

If the amount at (c) is less than zero, your dependant's separate net income is zero.

# PRIVACY AND ACCESS TO INFORMATION

## COLLECTING YOUR INFORMATION

We are authorised by the *Taxation Administration Act 1953* to ask you to quote your tax file number (TFN). It is not an offence not to quote your TFN. However, your assessment may be delayed if you do not quote your TFN.

We are authorised by the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *A New Tax System (Australian Business Number) Act 1999* and the *A New Tax System (Family Assistance) (Administration) Act 1999* to ask for the other information on your tax return. We need this information to help us to administer the tax laws and parts of the family assistance law.

## WHO ELSE CAN WE GIVE YOUR INFORMATION TO?

We can give your information to some government agencies specified in law, for example:

- benefit payment agencies such as Centrelink, the Department of Education, Employment and Workplace Relations, and the Department of Families, Housing, Community Services and Indigenous Affairs
- law enforcement agencies such as state and federal police
- other agencies such as the Child Support Agency and the Australian Bureau of Statistics.

This disclosure is usually to check eligibility for government benefits, for law enforcement purposes or for statistical purposes. Any further use of your information by these agencies is also controlled by law.

If you receive a refund cheque with your notice of assessment, we provide details of your refund to the Reserve Bank of Australia to assist in clearing your cheque.

We can also disclose your information in performing our duties under the tax and family assistance laws. Otherwise, we can give your information only to you or to someone you have appointed to act for you.

### Child Support Agency clients

The Child Support Agency may use the information you give us to assess or collect child support.

## HOW DO WE PROTECT YOUR INFORMATION?

The tax and family assistance laws contain secrecy provisions that prohibit officers (including employees and contractors) of the Tax Office or of any other government agency from improperly accessing, recording or disclosing any information you provide on your tax return. These provisions allow officers to disclose information in performing their duties and in certain other specified circumstances. A person can be fined up to $11,000 and sentenced to two years in prison for breaking these provisions.

In addition, the *Privacy Act 1988* protects personal information held by federal government agencies. It also protects TFNs, no matter who holds them.

## WHO CAN ASK YOU FOR YOUR TFN?

Only certain people and organisations can ask you for your TFN. These include employers, some federal government agencies, trustees for superannuation funds, payers under the pay as you go (PAYG) system, higher education institutions, the Child Support Agency and investment bodies such as banks.

You do not have to give your TFN but there may be consequences if you do not – for example, if you are applying for a government benefit and you do not give your TFN, you may not be paid the benefit.

## DO YOU NEED MORE INFORMATION?

If you need more information about how the law protects your personal information or have any concerns about how we have handled your personal information, phone the Personal Infoline on **13 28 61**.

If you are unable to resolve your concerns with us about how we have handled your personal information, you can contact the Office of the Privacy Commissioner by visiting their website at **www.privacy.gov.au** or by phoning their privacy hotline on **1300 363 992**.

## FREEDOM OF INFORMATION

The *Freedom of Information Act 1982* (FOI Act) gives you the right to see your tax return and other documents – for example, payment summaries and notices of assessment. In some circumstances this information may be provided free of charge, but usually there is a charge to cover the time and expense involved in getting the information for you. We suggest you phone the Personal Infoline on **13 28 61** before you ask for information under the FOI Act.

**Keep copies of your tax returns, as we may impose a charge if you ask us for a copy.**

# HOW WE WORK OUT YOUR TAX

| | |
|---|---|
| **INCOME** | You show this amount at item **24 TOTAL INCOME** on your tax return. |
| minus | |
| **ALLOWABLE DEDUCTIONS** | You show this amount at item **31 TOTAL DEDUCTIONS** on your tax return. |
| equals | |
| **TAXABLE INCOME** | You show this amount at item **32 TAXABLE INCOME** on your tax return. We use this amount to work out the **TAX ON TAXABLE INCOME**. |
| **TAX ON TAXABLE INCOME** | If you want to estimate the tax on your taxable income, use the calculator on our website or go to pages 55–6. |
| minus | |
| **TAX OFFSETS** | You show most tax offsets at item **40 TOTAL TAX OFFSETS** on your tax return. If you are entitled to a low income, beneficiary, senior Australians, pensioner, or mature age worker tax offset, we work it out for you. You can estimate some tax offsets for yourself using the calculators on our website or go to pages 56–9. These tax offsets only reduce the amount of tax you pay.<br>Refundable tax offsets, on the other hand, are included below in the amount for **TAX CREDITS AND REFUNDABLE TAX OFFSETS**. |
| equals | |
| **NET TAX PAYABLE** | |
| plus | |
| **HELP AND SFSS LIABILITY** | If you have a Higher Education Loan Programme (HELP) debt or Student Financial Supplement Scheme (SFSS) debt, we work out your repayment. If you want to estimate it, use the calculators on our website or go to page 63. |
| plus | |
| **MEDICARE LEVY AND MEDICARE LEVY SURCHARGE** | We work out these amounts from items **41**, **42** and **43** on your tax return. If you want to estimate them, use the calculator on our website or go to pages 59–62. |
| minus | |
| **TAX CREDITS AND REFUNDABLE TAX OFFSETS** | We work out these amounts from tax you paid during the year, and any refundable tax offsets that have not already been credited or refunded to you. The refundable tax offsets are the baby bonus (item **39**), private health insurance tax offset (item **37**) and franking credits (item **22**). |
| equals | |
| **REFUND OR AMOUNT OWING** | We show this on your notice of assessment. Your refund may be affected by any outstanding liabilities to the Tax Office or the Child Support Agency. These amounts will appear on your notice of assessment as 'Other amounts payable'. Your family tax benefit (FTB) entitlement or top-up may be affected by any Family Assistance Office debt (which includes FTB and child care benefit debts). This may also affect your refund or amount owing. |

# WORKING OUT YOUR TAX REFUND OR TAX DEBT

You do not have to work out your tax refund or tax debt. We will work it out from the information you provide on your tax return and advise you of the result on your notice of assessment.

If you do want to work out your tax refund or tax debt for your own purposes, you can:

- use the tax calculators on our website at **www.ato.gov.au** or
- follow the instructions on the following pages.

There are some situations where you cannot work out your tax refund or tax debt because the calculation is too complex to explain here. These are situations where you:

- are entitled to the unused portion of your spouse's senior Australians or pensioner tax offset
- were under 18 years old and earned more than $1,666 in interest, dividends or other investment income
- had a family tax benefit tax claim
- were 60 years of age or over when you received a superannuation income stream benefit that included an untaxed element
- were under 60 years of age when you received a superannuation income stream benefit that included a taxed element or an untaxed element.

You need to work out the following amounts if they apply to you.

- Tax on taxable income – see part 1.
- Low income tax offset – see part 2.
- Beneficiary tax offset – see part 3.
- Senior Australians or pensioner tax offset – see part 4.
- Mature age worker tax offset – see part 5.
- Medicare levy – see part 6.
- Medicare levy surcharge – see part 7.
- Higher Education Loan Programme (HELP) and Student Financial Supplement Scheme (SFSS) compulsory repayments – see part 8.
- Baby bonus – see part 9.

> **NOTE**
> **Do not write on your tax return any of the amounts you work out here.**

## PART 1
## Tax on taxable income

**Table 1.1** shows the income tax rates. First find in column (a) the taxable income range to which your taxable income belongs, then refer to the amounts in that row.

### TABLE 1.1: Income tax rates

| Taxable income | Tax bracket threshold | Tax on threshold amount | Marginal tax rate on amount above threshold |
|---|---|---|---|
| (a) | (b) | (c) | (d) |
| $0 to $6,000 | $0 | $0 | Nil |
| $6,001 to $30,000 | $6,000 | $0 | 0.15 |
| $30,001 to $75,000 | $30,000 | $3,600 | 0.30 |
| $75,001 to $150,000 | $75,000 | $17,100 | 0.40 |
| $150,001 and over | $150,000 | $47,100 | 0.45 |

Transfer the amounts at (b), (c) and (d) from the relevant row to (b), (c) and (d) in **worksheet 1.1**, and follow the steps in that worksheet.

In the example in **worksheet 1.1**, Sam had a taxable income of $38,682. So he looks up the row in **table 1.1** which applies to his taxable income ($30,001 to $75,000) and works out his **tax on taxable income** as shown.

### WORKSHEET 1.1: Working out your tax on taxable income

| | Sam's | Yours | |
|---|---|---|---|
| Your taxable income (from item **32** on your tax return) | $38,682 | $ | (a) |
| Your tax bracket threshold amount (b) from **table 1.1** | $30,000 | $ | (b) |
| Tax on that threshold amount (c) from **table 1.1** | $3,600 | $ | (c) |
| Marginal tax rate on amount above threshold (d) from **table 1.1** | 0.30 | | (d) |
| Amount of income above threshold: take (b) away from (a). | $8,682 | $ | (e) |
| Tax on income above threshold: multiply (e) by (d). | $2,604.60 | $ | (f) |
| Add (c) and (f). | **$6,204.60** | $ | (g) |
| The amount at (g) is your **tax on taxable income**. | | | |

Transfer your **tax on taxable income** to step 1 on the **Final worksheet** on page 64.

## PART 2
## Low-income tax offset

You are entitled to the low-income tax offset if your taxable income is less than $48,750.

The maximum tax offset of $750 applies if your taxable income is $30,000 or less. This tax offset amount reduces by 4 cents for each dollar of taxable income over $30,000.

If your taxable income is more than $30,000 and less than $48,750, use **worksheet 2.1** to work out your low-income tax offset.

### WORKSHEET 2.1: Working out your low-income tax offset

| | | |
|---|---|---|
| Maximum tax offset | $ 750 | (a) |
| Your taxable income (from item **32** on your tax return) | $ | (b) |
| Threshold at which tax offset reduces | $ 30,000 | (c) |
| Take (c) away from (b). | $ | (d) |
| Multiply (d) by 0.04. | $ | (e) |
| Take (e) away from (a). | $ | (f) |
| The amount at (f) is your **low-income tax offset**, if it is more than zero. | | |

Transfer your **low-income tax offset** to step 2 on the **Final worksheet** on page 64.

## PART 3
## Beneficiary tax offset (from item 16 on your tax return)

If you have shown income at item **16** on your tax return, use **worksheet 3.1** to work out your beneficiary tax offset.

### WORKSHEET 3.1: Working out your beneficiary tax offset

| | | |
|---|---|---|
| Total amount of allowance or payment you received (from **A** item **16** on your tax return) | $ | (a) |
| Your tax-free threshold | $ 6,000 | (b) |
| Take (b) away from (a). | $ | (c) |
| If the amount at (c) is zero or a negative amount, you are not entitled to a beneficiary tax offset. | | |
| Multiply (c) by 0.15. | $ | (d) |
| The amount at (d) is your **beneficiary tax offset**, if it is more than zero. If the amount at (a) is more than $30,000 you are entitled to an additional 15% tax offset on the amount over $30,000. | | |
| Take $30,000 away from (a). | $ | (e) |
| Multiply (e) by 0.15. | $ | (f) |
| The amount at (f) is an additional tax offset. | | |
| Add (d) and (f). | $ | (g) |
| The amount at (g) is your **beneficiary tax offset.** | | |

Transfer your **beneficiary tax offset**, either (d) or (g) as applicable, to step 2 on the **Final worksheet** on page 64.

## PART 4
## Senior Australians or pensioner tax offset (from item 34 or 35 on your tax return)

If you completed item **34** to claim the senior Australians tax offset, or item **35** to claim the pensioner tax offset, you can work out the amount of your tax offset. You need to refer to the **tax offset** code letter you showed at either item **34** or **35** on your tax return. **Table 4.1** shows the taxable income thresholds that apply for your tax offset code letter.

You can work out your tax offset at step 1. **However**, if any of the following situations applies to you, you will not be able to work out your tax offset here.

1 If you are eligible for the pensioner tax offset and you used tax offset code letter:
- **S**, **Q**, **I** or **J** and your pension was more than $13,990, or
- **P** and your pension was more than $11,685

then your actual maximum tax offset may be higher than your maximum tax offset (d) in **table 4.1**, and you may get a tax offset if your taxable income was more than the upper taxable income threshold (c) in **table 4.1**.

2 If your taxable income is between the lower taxable income threshold (b) and the upper taxable income threshold (c) in **table 4.1**, and an unused portion of your spouse's senior Australians or pensioner tax offset is available for transfer to you, you may receive a higher tax offset.

3 If your taxable income is equal to or more than the upper taxable income threshold (c) in **table 4.1**, you may still qualify for a tax offset from the transfer of any unused portion of your spouse's senior Australians or pensioner tax offset to you, if applicable.

If these situations apply, you could use the calculators on our website to work out your tax offset. Whether or not you can calculate your tax offset here, we will work out the optimum tax offset which applies for you, and show that on your notice of assessment.

**STEP 1** Find in column (a) in **table 4.1** the row with the tax offset code letter that you showed at item **34** or **35** on your tax return.

**STEP 2** Refer to the row with your tax offset code letter in **table 4.1** to determine whether you are entitled to a tax offset.
- If your taxable income is equal to or more than the amount at (c) you will not get a tax offset.
- If your taxable income is equal to, or less than, the amount at (b), you may get up to the maximum tax offset shown at (d).
- If your taxable income is more than the amount at (b) and less than the amount at (c) in **table 4.1**, transfer the amounts (b) and (d) from **table 4.1** to (b) and (d) in **worksheet 4.1** to work out your tax offset.

### TABLE 4.1: Senior Australians and pensioner tax offset thresholds

| Tax offset code letter | Lower taxable income threshold | Upper taxable income threshold | Maximum tax offset |
|---|---|---|---|
| (a) | (b) | (c) | (d) |
| **A** | $25,867 | $43,707 | $2,230 |
| **B, C** | $24,600 | $40,920 | $2,040 |
| **D, E** | $21,680 | $34,496 | $1,602 |
| **S, Q, J** | $20,194 | $37,226 | $2,129 |
| **I** | $19,214 | $35,070 | $1,982 |
| **P** | $16,734 | $29,614 | $1,610 |

**STEP 3** Work out your tax offset using **worksheet 4.1**.

### WORKSHEET 4.1: Working out your senior Australians or pensioner tax offset

| | | |
|---|---|---|
| Your taxable income (from item **32** on your tax return) | $ | (a) |
| Lower taxable income threshold (b) from **table 4.1** | $ | (b) |
| Take (b) away from (a). | $ | (c) |
| Maximum tax offset (d) from **table 4.1** | $ | (d) |
| Divide (c) by 8. | $ | (e) |
| Take (e) away from (d). | $ | (f) |

The amount at (f), if it is more than zero, is your **senior Australians** or **pensioner tax offset**.

Transfer your **senior Australians** or **pensioner tax offset** to step 2 on the **Final worksheet** on page 64.

## PART 5
## Mature age worker tax offset

To be eligible for the mature age worker tax offset, your **net income from working** must have been within certain limits and you must have been:

- an Australian resident on 30 June 2008, and
- aged 55 years or older on 30 June 2008.

The maximum mature age worker tax offset is $500. To calculate your tax offset, you need to work out your net income from working.

**STEP 1** Work out your net income from working using **worksheet 5.1**. You will need to transfer certain amounts from your tax return.

### WORKSHEET 5.1: Working out your net income from working

| | | |
|---|---|---|
| If any of the amounts listed below do not apply to you, write **0** in the appropriate box. | | |
| **Total income from working** | | |
| Salary or wages (**C** to **G** item **14**) | $ | (a) |
| Allowances, earnings, tips (**K** item **15** and **V** item **23**) | $ | (b) |
| Total reportable fringe benefits amounts (**W** item **20**) | $ | (c) |
| Add (a), (b) and (c). | $ | (d) |
| The amount at (d) is your total income from working. | | |
| **Related deductions** | | |
| Work-related car expenses (**A** item **25**) | $ | (e) |
| Work-related clothing expenses (**C** item **26**) | $ | (f) |
| Other work-related expenses (**E** item **27**) | $ | (g) |
| Add (e), (f) and (g). | $ | (h) |
| The amount at (h) is your total related deductions. | | |
| **Net income from working** | | |
| Take (h) away from (d). | $ | (i) |
| The amount at (i) is your net income from working. It can be zero or a negative amount. | | |

**STEP 2** Use **table 5.1** to check if you are eligible and find out what you need to do to work out your mature age worker tax offset.

### TABLE 5.1: Find out whether you are eligible for the mature age worker tax offset

| Your net income from working (i) from worksheet 5.1 | Your mature age worker tax offset | Action required |
|---|---|---|
| $0 or a negative amount | $0 | None. You are not entitled to the mature age worker tax offset. You have finished part 5. |
| $1 to $9,999 | 5% of your net income from working | Go to **worksheet 5.2**. |
| From $10,000 to $53,000 | $500 | This is your mature age worker tax offset. Write $500 at step 2 on the **Final worksheet** on page 64. You have finished part 5. |
| More than $53,000 but less than $63,000 | Reduced by 5 cents per dollar over $53,000 | Go to **worksheet 5.3**. |
| $63,000 and above | $0 | None. You are not entitled to the mature age worker tax offset. You have finished part 5. |

### WORKSHEET 5.2: Working out your mature age worker tax offset – net income from working from $1 to $9,999

| | | |
|---|---|---|
| Your net income from working (i) from **worksheet 5.1** | $ | (a) |
| Multiply (a) by 0.05. | $ | (b) |
| The amount at (b) is your **mature age worker tax offset.** | | |

Transfer your **mature age worker tax offset** to step 2 of the **Final worksheet** on page 64. You have finished part 5.

### WORKSHEET 5.3: Working out your mature age worker tax offset – net income from working from $53,001 to $62,999

| | | |
|---|---|---|
| Maximum tax offset | $ 500 | (a) |
| Your net income from working: (i) from **worksheet 5.1** | $ | (b) |
| Threshold at which tax offset reduces | $ 53,000 | (c) |
| Take (c) away from (b). | $ | (d) |
| Multiply (d) by 0.05. | $ | (e) |
| Take (e) away from (a). | $ | (f) |
| The amount at (f) is your **mature age worker tax offset**. | | |

Transfer your **mature age worker tax offset** to step 2 on the **Final worksheet** on page 64.

## PART 6
## Medicare levy (from items 41 and 42 on your tax return)

### STEP 1 Work out your basic Medicare levy.

The basic Medicare levy you pay depends on the amount of your taxable income and whether you are eligible for the senior Australians tax offset or the pensioner tax offset.

- If you are eligible for the senior Australians tax offset, use column 1 in **worksheet 6.1**.
- If you are eligible for the pensioner tax offset, use column 2 in **worksheet 6.1**.
- If you are not eligible for either of those tax offsets, use column 3 in **worksheet 6.1**.

### WORKSHEET 6.1: Working out your basic Medicare levy

| | Column 1 **Eligible for the senior Australians tax offset** | Column 2 **Eligible for the pensioner tax offset** | Column 3 **Not eligible for either of those tax offsets** | |
|---|---|---|---|---|
| When your taxable income (from item **32** on your tax return) is below a specified lower threshold, you pay no Medicare levy. | | | | |
| **Lower taxable income threshold** | $ 25,867 | $ 22,922 | $ 17,309 | (a) |
| If your taxable income is equal to or less than your threshold at (a), you pay no Medicare levy. You have finished part 6. | | | | |
| When your taxable income is above a specified upper threshold, you pay Medicare levy at the rate of 1.5% of your taxable income. | | | | |
| **Upper taxable income threshold** | $ 30,431 | $ 26,967 | $ 20,363 | (b) |
| If your taxable income is equal to or more than your threshold at (b), use the following to work out your basic Medicare levy: | | | | |
| Your taxable income | $ | $ | $ | (c) |
| Multiply (c) by 0.015. | $ | $ | $ | (d) |
| The amount at (d) is your basic Medicare levy. Go to step 2. | | | | |
| When your taxable income is between the lower and upper threshold at (a) and (b) above, you pay Medicare levy at the rate of 10% on that part of your taxable income above the lower threshold. Use the following to work out your basic Medicare levy: | | | | |
| Your taxable income | $ | $ | $ | (e) |
| Your lower threshold | $ 25,867 | $ 22,922 | $ 17,309 | (f) |
| Take (f) away from (e). | $ | $ | $ | (g) |
| Multiply (g) by 0.10. | $ | $ | $ | (h) |
| The amount at (h) is your basic Medicare levy. Go to step 2. | | | | |

**EXAMPLE 6.1**

- Cecilie is eligible for the senior Australians tax offset, so she uses column 1. Cecilie's taxable income is \$25,000. It is less than the \$25,867 threshold in column 1. She pays no Medicare levy.
- Joel is not eligible for the senior Australians tax offset nor the pensioner tax offset, so he uses column 3. Joel's taxable income is \$40,000. It is above the \$20,363 threshold in column 3. His basic Medicare levy is:
  \$40,000 × 1.5% = \$600.
- Peter is eligible for the pensioner tax offset, so Peter uses column 2. Peter's taxable income is \$25,000. It is between the \$22,922 and \$26,967 thresholds in column 2. His basic Medicare levy is:
  (\$25,000 – \$22,922) × 10% = \$207.80.

### STEP 2 Did you claim a Medicare levy reduction or exemption?

If you claimed a Medicare levy reduction or exemption at item **41** or **42**, go to step 3.

If you did not claim a Medicare levy reduction or exemption, your Medicare levy is the amount at (d) or (h) at **worksheet 6.1**. Transfer this amount to step 4 on the **Final worksheet** on page 64. You have finished part 6.

### STEP 3 Did you claim a Medicare levy reduction?

If you claimed a Medicare levy reduction at item **41**, go to step 4.

If you did not claim a Medicare levy reduction, but claimed only an exemption at item **42** (at **V** or **W**, or both), transfer your basic Medicare levy from (d) or (h) at **worksheet 6.1** directly to (a) at step 7 on page 62.

### STEP 4 Work out whether you are entitled to the family reduction amount.

If you had a spouse on 30 June 2008 or your spouse died during 2007–08, your family income is the combined taxable income of you and your spouse.

If you did not have a spouse on 30 June 2008 and you were eligible for a reduced Medicare levy based on family income, your family income is your taxable income (item **32** on your tax return).

To complete step 4, find the lower and upper income limits that apply to your circumstances in **table 6.1**.

**TABLE 6.1: Family income table for 2007–08**

| Number of dependent children and students | Lower income limit | Upper income limit |
|---|---|---|
| If you are eligible for the **senior Australians tax offset** | | |
| 0 | \$37,950 | \$44,647 |
| 1 | \$40,632 | \$47,802 |
| 2 | \$43,314 | \$50,957 |
| Increment | \$2,682 | \$3,155 |
| If you are **not eligible** for the **senior Australians tax offset** | | |
| 0 | \$29,207 | \$34,361 |
| 1 | \$31,889 | \$37,516 |
| 2 | \$34,571 | \$40,671 |
| Increment | \$2,682 | \$3,155 |
| If you had more than two children who were dependants or students, you can extend this table. Increase the relevant lower and upper income limits by the appropriate increment for each additional child or student. | | |

If your family income was less than or equal to your lower income limit, you do not pay the Medicare levy. You have finished part 6.

If your family income was greater than your lower income limit but less than or equal to your upper income limit, you pay a reduced Medicare levy.

The worksheets at steps 5 and 6 show you how to work out the amount of reduced Medicare levy you pay.

**EXAMPLE 6.2**

Trevor, who is not eligible for the senior Australians tax offset, had two dependent children and a spouse on 30 June 2008. His taxable income was \$21,000 and his spouse's taxable income was \$17,500 – a family income of \$38,500. His family income is between the lower and upper family income limits in **table 6.1**. His basic Medicare levy is \$315, from **worksheet 6.1**. Go to step 5 to see how Trevor works out his Medicare levy.

**STEP 5 Work out your family reduction amount and your share of it.**

### WORKSHEET 6.2: Calculating your family reduction amount

| | Trevor's | Yours | |
|---|---|---|---|
| Family income | $38,500 | $ | (a) |
| Lower income limit from **table 6.1** | $34,571 | $ | (b) |
| Take (b) away from (a). | $3,929 | $ | (c) |
| Multiply (b) by 0.015. | $518.56 | $ | (d) |
| Multiply (c) by 0.085. | $333.96 | $ | (e) |
| Take (e) away from (d). | $184.60 | $ | (f) |

The amount at (f) is your family reduction amount.

If your spouse's taxable income was less than $17,310, go to step 6 to work out your reduced Medicare levy.

If your spouse's taxable income was $17,310 or more, you will share the family reduction amount shown in **worksheet 6.3**.

### WORKSHEET 6.3: Calculating your share of the family reduction amount

| | Trevor's | Yours | |
|---|---|---|---|
| Family reduction amount (f) from **worksheet 6.2** | $184.60 | $ | (g) |
| Your taxable income (item **32** on your tax return) | $21,000 | $ | (h) |
| Multiply (g) by (h). | $3,876,600 | $ | (i) |
| Family income (a) from **worksheet 6.2** | $38,500 | $ | (j) |
| Divide (i) by (j). | $100.69 | $ | (k) |

The amount at (k) is your share of the family reduction amount.

Your family reduction amount is unlikely to be more than your basic Medicare levy from step 1. If it is, your Medicare levy will be reduced to zero, and any excess family reduction amount may be transferred to reduce your spouse's basic Medicare levy. If this applies to you, you will not pay any Medicare levy, and you have finished part 6.

Similarly, it is possible that your spouse has an excess family reduction amount which can be transferred to you. To determine whether that is the case, proceed with **worksheet 6.4**.

### WORKSHEET 6.4: Calculating your share of the family reduction amount after a transfer from your spouse

**Calculating your spouse's share of the family reduction amount**

| | Trevor's | Yours | |
|---|---|---|---|
| Your spouse's basic Medicare levy using step 1 | $19.10 | $ | (l) |
| Your family reduction amount (f) from **worksheet 6.2** | $184.60 | $ | (m) |
| Your share of the family reduction amount (k) from **worksheet 6.3** | $100.69 | $ | (n) |
| Take (n) away from (m). | $83.91 | $ | (o) |

The amount at (o) is your spouse's share of the family reduction amount.

**Transfer of any excess family reduction amount from your spouse**

| | Trevor's | Yours | |
|---|---|---|---|
| Take (l) away from (o). | $64.81 | $ | (p) |

If (p) is zero or less than zero (negative), your spouse does not have an excess family reduction amount. Go to step 6 and use the amount at (n) above for that step.

Otherwise the amount at (p) is the excess family reduction amount transferred to you from your spouse.

| | Trevor's | Yours | |
|---|---|---|---|
| Add (n) and (p). | $165.50 | $ | (q) |

The amount at (q) is your new share of the family reduction amount after the transfer.

**STEP 6 Work out your reduced Medicare levy.**

| | Trevor's | Yours | |
|---|---|---|---|
| Your basic Medicare levy from (d) or (h) at **worksheet 6.1** | $315.00 | $ | (a) |
| Your family reduction amount (f), (k) or (q) as applicable, from **worksheets 6.2**, **6.3** or **6.4** respectively | $165.50 | $ | (b) |
| Take (b) away from (a). | $149.50 | $ | (c) |
| The amount at (c) is your reduced **Medicare levy**. | | | |

If you claimed an exemption and completed item **42** (either **V** or **W**, or both) on your tax return, go to step 7.

Otherwise, transfer your reduced **Medicare levy** to step 4 on the **Final worksheet** on page 64. You have finished part 6.

**STEP 7 Work out your exemption amount and your Medicare levy.**

| | | |
|---|---|---|
| Your reduced Medicare levy (c) from step 6 or your basic Medicare levy (d) or (h) from **worksheet 6.1** | $ | (a) |
| **Full exemption** | | |
| Number of days at **V** item **42** on your tax return | | (b) |
| Multiply (a) by (b). | $ | (c) |
| Divide (c) by 366. | $ | (d) |
| **Half exemption** | | |
| Number of days at **W** item **42** on your tax return | | (e) |
| Multiply (e) by (a). | $ | (f) |
| Divide (f) by 366. | $ | (g) |
| Divide (g) by 2. | $ | (h) |
| Add (d) and (h). | $ | (i) |
| The amount at (i) is your exemption amount. | | |
| Take (i) away from (a). | $ | (j) |
| The amount at (j) is your **Medicare levy**, if any. | | |

Transfer your **Medicare levy** to step 4 on the **Final worksheet** on page 64.

## PART 7
## Medicare levy surcharge (from item 43 on your tax return)

The Medicare levy surcharge applies only if you selected **No** at **E** item **43** on your tax return. To work out your Medicare levy surcharge, use **worksheet 7.1**.

**WORKSHEET 7.1: Working out your Medicare levy surcharge**

| | | |
|---|---|---|
| Your taxable income (from item **32** on your tax return) | $ | (a) |
| Your total reportable fringe benefits amounts (from **W** item **20** on your tax return) | $ | (b) |
| Add (a) and (b). | $ | (c) |
| Divide (c) by 100 to get 1%. | $ | (d) |
| If the surcharge applies for the whole year, the amount at (d) is your **Medicare levy surcharge**. | | |
| If the surcharge applies for only **part** of the year, continue with the steps below. | | |
| Number of days (from **A** item **43** on your tax return) | | (e) |
| Take (e) away from 366. | | (f) |
| Multiply (d) by (f). | $ | (g) |
| Divide (g) by 366. | $ | (h) |
| The amount at (h) is your part-year **Medicare levy surcharge**. | | |

Transfer the amount of your whole-year or part-year **Medicare levy surcharge** to step 4 on the **Final worksheet** on page 64.

## PART 8
## Compulsory Higher Education Loan Programme (HELP) and Student Financial Supplement Scheme (SFSS) repayments

A compulsory HELP or SFSS repayment will be included when:

- you have an accumulated HELP or SFSS debt, and
- your HELP or SFSS repayment income at (c) in **worksheet 8.1** is more than $39,824.

Your accumulated HELP debt may include HECS-HELP, FEE-HELP or OS-HELP debts. Only one compulsory HELP repayment will be calculated in this assessment based on your accumulated HELP debt.

Your accumulated SFSS debt on 1 June 2008 includes all outstanding loans taken out from 1993 to 2003. Only one compulsory SFSS repayment will be calculated in this assessment based on your accumulated debt.

> **NOTE**
> You will not have to make a compulsory HELP or SFSS repayment if you have a spouse or dependants and if, due to low family income, you:
> - are entitled to a reduction of your Medicare levy, or
> - do not have to pay the Medicare levy.
>
> Questions **41** and **42** on pages 41–4 show you how to work out whether you qualify.

Your compulsory HELP or SFSS repayment is a percentage of your HELP or SFSS repayment income. Follow the steps below to work out your compulsory repayment.

**STEP 1** **Work out your HELP or SFSS repayment income.**

### WORKSHEET 8.1

| | | |
|---|---|---|
| Your taxable income (from item **32** on your tax return) | $ | (a) |
| Your total reportable fringe benefits amounts (from **W** item **20** on your tax return) | $ | (b) |
| Add (a) and (b). | $ | (c) |
| The amount at (c) is your HELP or SFSS repayment income. | | |

**STEP 2** Find the repayment rate that applies to your HELP repayment income in **table 8.1** and your SFSS repayment income in **table 8.2**.

### TABLE 8.1: HELP repayment rates as a percentage of HELP repayment income

| Income | Rate | Income | Rate |
|---|---|---|---|
| Below $39,825 | nil | $55,323–$59,915 | 6% |
| $39,825–$44,360 | 4% | $59,916–$63,068 | 6.5% |
| $44,361–$48,896 | 4.5% | $63,069–$69,405 | 7% |
| $48,897–$51,466 | 5% | $69,406–$73,959 | 7.5% |
| $51,467–$55,322 | 5.5% | $73,960 and above | 8% |

### TABLE 8.2: SFSS repayment rates as a percentage of SFSS repayment income

| Income | Rate |
|---|---|
| Below $39,825 | Nil |
| $39,825–$48,896 | 2% |
| $48,897–$69,405 | 3% |
| $69,406 and above | 4% |

**STEP 3** Multiply your repayment income (c) from **worksheet 8.1** by the relevant repayment rate from step 2.The result is your compulsory repayment which will be shown on your notice of assessment at **X** for HELP and at **R** for SFSS. If the balance of your accumulated debt is less than the calculated repayment amount, you pay only the balance.

Transfer your **HELP repayment** or **SFSS repayment** amount to step 6 on the **Final worksheet** on page 64.

For more information about repaying your HELP debt, see *Repaying your HELP debts in 2007–08* (NAT 3913).

For more information about repaying your SFSS loans taken out in any of the years from 1993 to 2003, see *Repaying your Financial Supplement loan 2007–08* (NAT 2789).

These publications are available on our website or to get a printed copy, phone our Publications Distribution Service on **1300 720 092.**

## PART 9
## Baby bonus

To work out the amount of baby bonus you are claiming, use the baby bonus calculator on our website or phone the Personal Infoline on **13 28 61**.

Transfer the amount of your **baby bonus** to step 8 on the **Final worksheet** on page 64.

# FINAL WORKSHEET

To estimate your tax refund or debt, you can use the comprehensive tax calculator on our website or complete the steps below.

Read pages 55–63 to work out the amounts which you need to complete this worksheet. If any of the amounts listed do not apply to you, write **0** in the appropriate box.

**STEP 1 Tax on taxable income**

| | | |
|---|---|---|
| Tax you worked out on page 56 | $ | A |

**STEP 2 Tax offsets**

| | | |
|---|---|---|
| **Total tax offsets** from item **40** on your tax return (Do not include your private health insurance tax offset from item **37**, you show that amount at step 8.) | $ | B |
| **Low income tax offset** from page 56 | $ | C |
| **Senior Australians, pensioner or beneficiary tax offset** from pages 56–7 | $ | D |
| **Mature age worker tax offset** from pages 58–9 | $ | E |
| Add **B**, **C**, **D** and **E**. | $ | F |

**STEP 3 Tax payable**

| | | |
|---|---|---|
| Take **F** away from **A**. If this amount is less than zero, write **0**. | $ | G |

**STEP 4 Medicare levy and Medicare levy surcharge**

| | | |
|---|---|---|
| **Medicare levy** from pages 59–62 | $ | H |
| **Medicare levy surcharge** from page 62 | $ | I |
| Add **H** and **I**. | $ | J |

**STEP 5 Total tax payable**

| | | |
|---|---|---|
| Add **G** and **J**. | $ | K |

**STEP 6 HELP and SFSS debt repayments**

| | | |
|---|---|---|
| HELP repayments from page 63 | $ | L |
| SFSS debt repayments from page 63 | $ | M |
| Add **L** and **M**. | $ | N |

**STEP 7 Total amount payable**

| | | |
|---|---|---|
| Add **K** and **N**. | $ | O |

**STEP 8 Tax credits and refundable tax offsets**

| | | |
|---|---|---|
| **Pay as you go (PAYG) withholding** Total credits from payment summaries: amount at **Total tax withheld** from item **19** on your tax return | $ | P |
| **Pay as you go (PAYG) instalments** from your instalment activity statement, if you have one | $ | Q |
| **Private health insurance tax offset** from item **37** on your tax return | $ | R |
| **Franking credits** from **U** item **22** on your tax return | $ | S |
| **Baby bonus** – see page 63 | $ | T |
| Add **P**, **Q**, **R**, **S** and **T**. | $ | U |

**STEP 9 Refund or net amount payable**

| | | |
|---|---|---|
| Take **U** away from **O**. | $ | V |

### Are you entitled to a refund or do you have a tax debt?

If **V is negative** (less than zero), this is the amount of **refund due to you**. If you have a Family Assistance Office debt (which includes family tax benefit and child care benefit debts), tax debts or outstanding child support payments, we may deduct some or all of them from your refund.

If **V is positive** (more than zero), this is the amount of **tax you have to pay**.

The *Short tax return instructions 2008* is a public ruling in accordance with Division 358 of Schedule 1 to the *Taxation Administration Act 1953*. However, it is a public ruling only for individuals acting reasonably and in good faith while using this publication to complete their 2007–08 personal tax return.



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