



Australian Government
Australian Taxation Office

Short tax return instructions 2006

To help you complete your short tax return
for 1 July 2005 – 30 June 2006

Lodge your completed short tax return by phone
on **13 28 65** or by mail.

The *Short tax return for individuals 2006* refers to page numbers
in these instructions when you need to read information.



**Lodge your tax return
by 31 October 2006.**



**Can you use the *Short tax
return for individuals 2006*?**

See the loose leaf cover
attached to the short tax
return.



**Why not lodge your completed short tax
return by phone?**

The service is available 24 hours a day, 7 days a week.

We expect it will take you less than 12 minutes.

It's easy and we will process your tax return within 14 days.

Phone 13 28 65 to lodge.

COMMISSIONER'S GUARANTEE

Short tax return instructions 2006 has been prepared to help you complete your tax return correctly. Within the self-assessment system, the Tax Office works to provide you with the assistance necessary to understand your obligations, and to make it as easy as possible for you to comply.

We put a lot of effort into ensuring the *Short tax return instructions 2006* is right. I ask simply that you take the time and make the effort to follow our guidance.

I offer you the following assurances if you follow the *Short tax return instructions 2006*:

- We do not expect you to know more than what we have presented to you in *Short tax return instructions 2006* and its related publications.
- If we state the tax law incorrectly in *Short tax return instructions 2006* and as a result you do not pay enough tax:
 - we won't ask you to pay the missing tax
 - we won't charge you interest on that missing tax
 - we won't charge you a penalty.
- If any other part of *Short tax return instructions 2006* is wrong or misleading and as a result you do not pay enough tax:
 - we may ask you to pay the missing tax
 - we won't charge you interest on that missing tax
 - we won't charge you a penalty.
- If you make an honest mistake and as a result you do not pay enough tax, my staff will accept that you have honestly described your tax affairs:
 - we will ask you to pay the missing tax

- we may ask you to pay interest
- we won't charge you a penalty.

Naturally, if you don't follow our instructions in *Short tax return instructions 2006* when you prepare your tax return you are not covered by these assurances.

Following the *Short tax return instructions 2006* means you must:

- act reasonably and in good faith
- have on hand all your necessary documentation and records for the 2005–06 income year (1 July 2005 to 30 June 2006)
- read the loose leaf cover to the short tax return to see if you are able to use it
- read all the explanatory pages – they provide valuable information ranging from whether you need to lodge a tax return at all to how you can get a faster refund
- read each question caption carefully and:
 - if it does not apply to you, go to the next question
 - if it does apply to you, read the question carefully so that you provide the required details on your tax return
- complete the Medicare levy surcharge item (question **44**)
 - 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.



Michael D'Ascenzo

Michael D'Ascenzo Commissioner of Taxation

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QUESTION 1

Can you use the *Short tax return for individuals 2006*?

You will need to read the loose leaf cover to the *Short tax return for individuals 2006* to see if you can use the short tax return.

For information on other ways to prepare your tax return, see page 51.

QUESTION 2

Identification

Tax file number

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

Sequence number

If you have **not** lodged a tax return at all in the past five years, please go to question **3**.

If you want to lodge your tax return by phone the sequence number from a notice of assessment issued to you in the last five years will be used for identification. The sequence number is located in the top right-hand corner of the notice, under the date of issue, as shown by the arrow in the example in the previous column.

You need to quote the sequence number from only one notice of assessment issued to you in the last five years.

- Generally you receive only one notice of assessment for an income year, so quote the sequence number from the most recent notice of assessment you have.
- If you were issued with a notice of **amended** assessment, quote the sequence number from the latest notice of amended assessment for that year.

If you cannot locate any of your notices of assessment from the last five years, please call the Personal Tax Infoline on **13 28 61**.

If you want to lodge your tax return by mail, you do not need to provide a sequence number.

WHAT YOU MUST DO

Write the nine digits from your sequence number in the boxes provided at item **2** on your short tax return.

(or to address on envelope if barcoded)
GPO BOX 9990
Sydney NSW 2001



Ms Jane Doe
PO Box 1111
Anywhere NSW 1001



Your Tax File Number is
123 456 789

Date of Issue
3 SEP 03

Sequence Number
SYD 123456 / 789 ←

Income Tax Assessment Act 1936 and Income Tax Assessment Act 1997

NOTICE OF ASSESSMENT
For the year ending 30 June 2003 (or substituted accounting period)

Your taxable Income is \$87965		
Tax on Taxable Income	A	28723.55DR
Medicare Levy	O	1319.47DR
PAYG Withholding Credits	E	31968.00CR
Tax Offsets and Other Credits	G	1214.00CR
Balance of this Assessment	L	3138.98CR

A refund cheque for this amount is below

***** Additional Information *****

Tax offsets and other credits include \$41.00 Franking tax offset.

PLEASE SEE THE REVERSE FOR IMPORTANT INFORMATION ABOUT YOUR ASSESSMENT.

E Holland
Deputy Commissioner of Taxation
Sydney Office, 100 Market Street, Sydney

This cheque is protected with an ultra violet fluorescent ink, which can be verified under an ultra violet light; the absence of this could indicate a fraudulent cheque

Reserve Bank of Australia
Sydney, NSW

Australian taxation Office,
Sydney
Official Drawing Account No. 3

Dollars					Cents	
Hundred Thousands	Ten Thousands	Thousands	Hundreds	Tens	Units	
*****	*****	THREE	ONE	THREE	EIGHT	98

PAY: \$ 3138.98

TO: _____ OR ORDER

Endorsement of Payee..... Signing Officer..... *A.N. Other*

QUESTION 3

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, or
- you have been in Australia for more than half of 2005–06, 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 Tax Infoline on **13 28 61**.

If you are **not** an Australian resident for tax purposes, you cannot use the short tax return.

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 2005–06.

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 have changed since you last notified us and you want to lodge by **phone**, you need to update these details before you lodge your 2006 tax return by phone. To update your name or postal address details, phone the Personal Tax Infoline on **13 28 61**.

QUESTION 10

Your spouse's name

This question is about

Your spouse in 2005–06.

If you had a spouse (married or de facto) **at any time** in 2005–06, you must write their name here.

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

If you had **more than one** spouse in 2005–06, you must give the name of the last spouse you had in 2005–06.

If you did **not** have a spouse at any time in 2005–06, 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

There are no instructions for this item. Please see your tax return.

QUESTION 12

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

If:

- you have changed or updated your account details since you last notified the Tax Office and you are lodging by **phone**, or
 - you are using the electronic funds transfer (EFT) option for the first time and you are lodging by **phone**
- you will need to call the Personal Tax Infoline on **13 28 61** to update or supply your account details **before** you lodge your 2006 tax return by phone.

! NOTE

The phone lodgment service is unable to change or add account details during your lodgment. If you say 'no' to the question 'Do you want your refund paid directly into your financial institution account?', any refund due will be posted to you.

QUESTION 13

Main salary and wage occupation

This question is about

Your occupation with your **main** employer in 2005–06.

If you had more than one job, 'main employer' is the one who **paid you the most** in 2005–06.

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

WHAT YOU MUST DO

Write 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 2005–06 from:

- salary
- wages
- commissions
- bonuses
- payments for lost salary or wages paid under an accident or insurance policy or worker's 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 pension
- 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 attach it to your short tax return.

WHAT YOU MUST DO

Use the information on each payment summary.

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

- the employer's ABN (Australian business number)
- 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).

QUESTION 15

Employment allowances you received

This question is about

Income you received in 2005–06 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

Award overtime meal allowances of \$21.10 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 or 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.

QUESTION 16

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

This question is about

Income you received in 2005–06 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
- farm help income support
- interim income support payments
- 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 (VCES)
 - payment under the Assistance for Isolated Children 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
- other taxable Commonwealth education or training payments.

This question is NOT about

- Any other taxable Australian Government payments. You will be asked about these in the next question.

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 an individual tax return (supplementary section).

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.

QUESTION 17

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

This question is about

Income you received in 2005–06 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 payments listed under **Pensions** in **Exempt income** on page 47
- an Australian annuity or superannuation pension – 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 35 (**Senior Australians** tax offset) and question 36 (**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.

QUESTION 18

Australian annuities and superannuation pensions you received

This question is about

Income you received in 2005–06 from:

- annuities
- superannuation pensions
- similar pensions

paid to you by Australian:

- superannuation funds
- retirement savings accounts (RSA)
- life assurance companies.

This includes pensions paid by a fund established for the benefit of Commonwealth, state or territory employees and their dependants – for example, funds managed by ComSuper and VicSuper.

! NOTE

If you received an annuity or pension while you were still working, you include it at this item.

This question is NOT about

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

WHAT YOU NEED

Your **payment summary** or a statement from each payer of the annuity or pension

WHAT YOU MUST DO

STEP 1

Using the information on your payment summaries and statements:

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

STEP 2

Write the totals at item 18 in the **Tax withheld** column and the **Income** column on your short tax return.

! NOTE

You may be entitled to a tax offset for your annuity or pension. Read question 37 on page 23 to find out more about this tax offset.

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 2005–06 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) debt.

Your employer needs to show your fringe benefits on your payment summary if their taxable value exceeded \$1,000 in the fringe benefits tax year. The highest marginal rate of income tax plus Medicare levy is used to gross up your fringe benefits, so a fringe benefit with a taxable value of \$1,001 becomes a reportable fringe benefits amount of \$1,943. If your payment summary shows a reportable fringe benefits amount of less than \$1,943 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 \$1,943.

QUESTION 21

Interest

This question is about

Interest you received in 2005–06 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 you received or were credited with by the Tax Office.

This question is NOT about

- dividends (these are shown at the next question)
- interest from a partnership or trust
- interest from a cash management trust or similar trust investment product.

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
- Tax Office notices of assessment received during 2005–06 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 and debits tax).

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 2005–06 from shares in Australian companies (but not managed funds).

It includes:

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

Dividends are assessed in the year they were actually paid or credited to you (even if they relate to the previous year).

This question is NOT about

- dividends paid by a partnership, trust, managed fund or cash management trust (if you had these, you cannot use the short tax return)
- dividends that have Australian franking credits attached from a New Zealand company (if you had these, you cannot use the short tax return).

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

WHAT YOU NEED

Your dividend statement from each payer.

Your statement should show:

- unfranked amount – dividend on which company tax has **not** been paid
- franked amount – dividend on which company tax **has** been paid
- franking credit – the amount of company tax applied to the franked amount.

Your dividend statement may state that all or a part of an unfranked amount is paid out of conduit foreign income. Please 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 franking credits total more than \$5,000, you cannot use the short tax return.

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 2005–06 which were not part of your normal salary and wages (question 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**. (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 (if you received these, you cannot use the short tax return).

If you are not sure if you should include a particular payment you received, phone the Personal Tax 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.

(If you wish to claim using the 12% of original value method, the one-third of actual expenses method or the logbook method, do **not** use the *Short tax return for individuals 2006*. See page 51 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 2005–06.

The most you can claim under 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, or
- 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 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 the **cents per kilometre** (km) for your car's engine:

Ordinary engine	Rotary engine	Cents per km
1600cc or less	800cc or less	55 cents
1601–2600cc	801–1300cc	66 cents
2601cc and over	1301cc and over	67 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)	<input type="text"/>	(a)
Cents per km for your car's engine (55, 66 or 67 cents)	<input type="text"/>	(b)
(a) multiplied by (b)	<input type="text"/>	(c)
(c) divided by 100	\$ <input type="text"/>	(d)

The amount at (d) is the 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 55 cents per kilometre.

The amount you can claim is: $(1,000 \times 55) \div 100 = \550

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 only claim for a non-compulsory work uniform 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, 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.

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 amount you are claiming at this item (except for cleaning 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 51 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 2005–06 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, and home office expenses – if you wish to claim these, 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 only claim payments of levies to a strike fund 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 only claim the cost of overtime meals 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 **\$21.10 per meal**, you will need written evidence (receipts or diary entries).

Protective items

You can claim the cost of equipment or other items that you used to protect yourself from the risk of injury or illness at work – for example, safety glasses, hard hats, gloves, 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 51 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 2005–06.

STEP 2

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

QUESTION 28

Bank account fees and debits tax

This question is about

Deductions for:

- **account-keeping fees** for accounts kept for investment purposes – for example, a cash management account
- **state government debits tax** on bank transactions you made to pay for expenses which are tax deductible. (Debits tax was abolished from 1 July 2005. However, debits tax relating to transactions occurring prior to 1 July 2005 may have been charged to your accounts after this date.)

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 and debits tax for 2005–06.

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

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 and 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 registered political parties. At the time of printing *Short tax return instructions 2006*, there was legislation before Parliament which will increase the maximum amount you can claim to \$1,500. The legislation will also allow a deduction up to a total of \$1,500 for contributions to independent members of and candidates for an Australian parliament (state or federal) or legislative assembly. If you want to know if the legislation has been enacted, phone the Personal Tax Infoline on **13 28 61**.

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 donation.

You can only claim for **voluntary** donations.

You **cannot** claim 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.

This question is NOT about

- gifts or donations of property
- gifts or donations to an approved cultural or environmental organisation
- making an election to spread your deduction over five years or less
- contributions relating to fund-raising events – you can claim for contributions you make of more than \$250 to a fund-raising event where the minor benefit you get in return is no more than \$100 or 10% of the value of the contribution, whichever is less (see **Deductions for contributions relating to fund-raising events** at question **D8** in *TaxPack 2006* for more information).

If you wish to claim these, you cannot use the short tax return.

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 2005–06.

STEP 2

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

QUESTION 30

Deductible amount of undeducted purchase price (UPP) of an Australian annuity or superannuation pension

This question is about

Deductions for the deductible amount of the undeducted purchase price (UPP) of **Australian annuities and superannuation pensions**.

If you showed income from an Australian annuity or superannuation pension at item **18**, check to see if there is a deductible amount you can claim. You may already have an advice from the Tax Office which tells you this. If you do not have an advice from the Tax Office, ask your payer. If your payer cannot tell you, phone us on **13 10 20**.

! NOTE

Pensions from Centrelink and the Department of Veterans' Affairs (DVA) listed at question **17** do not have a deductible amount.

WHAT YOU MUST DO**STEP 1**

Work out the **total deductible amount** of the UPP of all your Australian annuities and superannuation pensions shown at item **18**.

STEP 2

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

QUESTION 31

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 or the **TAXPACKEXPRESS** service
- tax reference material you bought
- travel associated with obtaining tax advice
- obtaining tax advice from a recognised tax adviser such as a registered tax agent, barrister or solicitor. You can also claim the cost of advice from a recognised tax adviser for a family tax benefit tax claim lodged with the Tax Office.

You cannot claim 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 the Tax Office asked you to supply information about another person's tax affairs, you can claim any related expenses.

WHAT YOU MUST HAVE

Receipts for all your expenses.

WHAT YOU MUST DO

STEP 1

Work out the **total amount** of your expenses for managing your tax affairs for 2005–06.

STEP 2

Write this amount at item **31** on your short tax return.

QUESTION 32

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 **32** on your short tax return.

QUESTION 33

TAXABLE INCOME

WHAT YOU MUST DO

STEP 1

Do the calculation:

total income (shown at item **24**)

minus

total deductions (shown at item **32**).

STEP 2

Write the result at item **33** on your short tax return.

QUESTION 34

Dependent spouse, no dependent children

You may be able to claim a dependent spouse tax offset for **any period** in 2005–06 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**.

! 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
- you or your spouse 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).

If either of these situations applied and you wish to claim the dependent spouse tax offset, you **cannot use** the *Short tax return for individuals 2006*.

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 \$6,722**. (This 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 2005–06 – see pages 45–6.

If your spouse's separate net income was **less than \$286**, you can claim the full amount of **\$1,610** – **write** this amount at item **34** on your short tax return. You have **finished** this question.

If your spouse's separate net income was **\$286 or more**, go to step 3.

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 45–6. If you are claiming for more than one period, the total separate net income will be the sum of the separate net incomes for each period 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 365 days)		(a)
(a) multiplied by \$4.41 (or use \$1,610 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 34 on your short tax return.		
Otherwise, continue working:		
(c) minus \$282		(d)
(d) divided by 4		(e)
(b) minus (e)		(f)
If the amount at (f) is \$0 or less, you cannot claim a dependent spouse tax offset.		
Otherwise, the amount at (f) is your tax offset for the period – write this amount at item 34 on your short tax return.		

– IMPORTANT

If you are claiming this tax offset, you must also complete your spouse's details at items **10**, **48** and **53**.

QUESTION 35

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 2006 you were:

- a male aged 65 years or more, or a female aged 63 years or more (**age-pension age**), or
- a male veteran or war widower aged 60 years or more, or a female veteran or war widow aged 58 years or more.

Condition 2

Any of the following applied for 2005–06:

- You did **not** have a spouse – and your taxable income was less than **\$39,808**.
- 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 **\$74,974**.
- You **did** have a spouse – and the combined taxable income* of you and your spouse was less than **\$62,126**.

* 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 2005–06:

- You received the age pension from Centrelink, or a pension, allowance or benefit from Veterans' Affairs.
- 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 tests
 - 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 Veterans' Affairs 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 2005–06 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 2005–06:

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 \$16,540, 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 \$11,334, use	E

STEP 2

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

We will work out the amount of your tax offset.

STEP 3

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

Both you and your spouse were a veteran, war widow or war widower.	X
Only you were a veteran, war widow or war widower.	V
Only your spouse was a veteran, war widow or war widower.	W

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

QUESTION 36

Pensioner offset

 Do not complete this question if you answered question **35**. Go to question **37**.

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 at any time in 2005–06 while 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 2005–06, use the following code letter:

If both P and I apply to you, select	I
If S , P and I all apply to you, select	J
If both S and I apply to you, select	J
If both S and P apply to you, select	Q

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

STEP 2

Write your code letter in the **Tax offset** code box at item **36** on your short tax return.

STEP 3

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

Both you and your spouse were a veteran, war widow or war widower.	X
Only you were a veteran, war widow or war widower.	V
Only your spouse was a veteran, war widow or war widower.	W

Write the code letter in the **Veteran** code box at item **36** 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. By using the amounts you write in the spouse details section of your short tax return we will work out if you are entitled to have it transferred to you.

QUESTION 37

Annuity and superannuation pension

If you received taxable income from an Australian annuity or superannuation pension (item **18**), you may be entitled to a tax offset.

WHAT YOU MUST HAVE

Details of your annuity or pension, such as:

- whether it **qualifies** for a tax offset, and if so **how much of it is eligible** for a tax offset – this information should be on your annuity or pension statement. Contact your superannuation provider if you are not sure.
- the **rebatable proportion** – this is the part of your annuity or pension that may be eligible for a tax offset. It will be one (1) unless you were issued with a reasonable benefit limit (RBL) determination stating otherwise **or** you are receiving a pension that was previously payable to someone who has died and an RBL determination was issued for the pension when it originally commenced, showing a rebatable portion of less than one. If you do not have this information, phone us on **13 10 20**.

WHAT YOU MUST DO

Use the appropriate table on this page to work out your tax offset amount.

Use this table if one of the following applied:

- you were 55 years of age before 1 July 2005
- you turned 55 on or after 1 July 2005 and your pension started on or after your 55th birthday
- you were receiving a death or disability pension at any age.

The amount of your annuity or pension which is eligible for a tax offset	\$	<input type="text"/>	A
Amount you are claiming as a deduction at item 30	\$	<input type="text"/>	B
Take B away from A .	\$	<input type="text"/>	C
Rebatable proportion of your annuity or pension (see under What you must have)		<input type="text"/>	D
Multiply C by D .	\$	<input type="text"/>	E
Multiply E by 0.15 .	\$	<input type="text"/>	F

The amount at **F** is your tax offset – **write** this amount at item **37** on your short tax return.

Use this table if you turned 55 years of age on or after 1 July 2005 and your pension started before your 55th birthday:

The amount of annuity or pension that was paid to you on or after your 55th birthday	\$	<input type="text"/>	A
Number of days from your 55th birthday to 30 June 2006		<input type="text"/>	B
Number of days from the day your annuity or pension started to 30 June 2006 (if it started before 1 July 2005, use 365 days)		<input type="text"/>	C
Divide B by C .		<input type="text"/>	D
Amount you are claiming as a deduction at item 30	\$	<input type="text"/>	E
Multiply E by D .	\$	<input type="text"/>	F
Take F away from A .	\$	<input type="text"/>	G
Rebatable proportion of your annuity or pension (see under What you must have)		<input type="text"/>	H
Multiply G by H .	\$	<input type="text"/>	J
Multiply J by 0.15 .	\$	<input type="text"/>	K

The amount at **K** is your tax offset – **write** this amount at item **37** on your short tax return.

QUESTION 38

Private health insurance

This question is about

Claiming the private health insurance rebate for a percentage of the premium you or your employer has paid towards an appropriate private health insurance policy, such as one provided by a registered health fund for **hospital, ancillary** – also known as ‘extras’ – or **combined hospital and ancillary** cover where every person covered by the policy is eligible to claim benefits under the Medicare system. Check with your health fund if you are unsure.

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

! NOTE

If the statement from your health fund was based on projected figures, you cannot use the *Short tax return for individuals 2006* if the amounts paid differ from the amounts projected.

WHAT YOU MUST HAVE

- A **private health insurance statement** from your health fund. If you did not receive this statement, you should contact your fund and request one. If you were a member of more than one health fund during the year you should receive a statement from each fund.
- The amount of any cash or cheque payment you have received from Medicare for your private health insurance.

You have finished this question if you have a statement from all the health funds you paid a premium to and the amount at **G** on each statement is 0 – this means you have already received your full entitlement.

WHAT YOU MUST DO

If you have a private health insurance statement for your policy, use the calculation table below to work out your tax offset amount.

CALCULATION TABLE

Amount shown at G on your statement	\$ <input type="text"/>	(a)
Amount of any cash or cheque rebate received from Medicare for your private health insurance premium	\$ <input type="text"/>	(b)
(a) minus (b) – this is your private health insurance tax offset.	\$ <input type="text"/>	(c)

If (c) is \$0 or a negative amount, you have already received your full entitlement.

If (c) is more than \$0, this amount is your private health insurance tax offset – if you have only one policy, **write** this amount at item **38** on your short tax return.

! NOTE

- If you have more than one policy, complete the calculation table for each one and then add up all the amounts at (c), ignoring any negative amounts. The total is the tax offset you are eligible to claim.

Write this amount at item **38** on your short tax return.

Note: If any of your statements show two **G** labels, each with a different amount, use the higher amount.

LOCALITIES FOR ZONE TAX OFFSET

Locations that are within 250 kilometres of the locations 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 Bidyadanga (Lagrange) Broome* Carnarvon Dampier Derby Goldsworthy Karratha Marble Bar Newman* Pannawonica Paraburdoo Port Hedland* Roebourne Shay Gap Tom Price* Wittenoom	Northern Territory Alice Springs* Batchelor Darwin Hermannsburg Katherine* Pine Creek Santa Teresa Tindal
	Queensland Camooweal Cloncurry Mount Isa*

ZONE B

Western Australia Boulder Coolgardie Esperance Kalgoorlie* Kambalda Leonora Mullewa Norseman Northampton Ravensthorpe Southern Cross	Queenland 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
New South Wales Bourke Brewarrina Broken Hill Cobar Collarenebri Lightning Ridge Menindee Wilcannia		
Tasmania Queenstown Rosebery		
South Australia Woomera		

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	Tasmania Furneaux Group Islands King Island
	South Australia Amata Aboriginal Community Coober Pedy Cook Innamincka Leigh Creek Marree Nullarbor Oodnadatta Penong Roxby Downs Tarcoola
Northern Territory Alyangula Angurugu Borroloola Elliott Galiwinku Jabiru Lajamanu/Hooker Creek Maningrida Milikapiti Milingimbi Nguu Ngukurr Nhulunbuy (Gove) Numbulwar Oenpelli Papunya Ramingining Tennant Creek Yirrkala Yuendumu Yulara	Queensland Boulia Burketown Cooktown Doomadgee Georgetown Helen Vale Hughenden Julia Creek Karumba Kowanyama Normanton Stamford Thargomindah Weipa Windorah
New South Wales White Cliffs	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

Zone (remote area) – one zone only

Check the list of localities on the previous page.

You may claim a tax offset if you lived or worked in **one zone** (zone A, zone B or a special area) for a total of **183 days or more** in 2005–06.

The 183 days do **not** have to be continuous.

IMPORTANT

This question does **not** include:

- a claim for living or working in more than one zone during 2005–06
- a claim for zone tax offset using qualifying days from previous years
- a claim for service overseas as a member of Australia's Defence Force or a United Nations armed force.

If you wish to claim any of these, you **cannot use** the short tax return.

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**.

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 2005–06, 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 2005–06	Special area	\$1,173
	Zone A	\$338
	Zone B	\$57
Able to claim the maximum dependent spouse (no dependent children) tax offset (\$1,610) at item 34	Special area	\$1,978
	Zone A	\$1,143
	Zone B	\$379

If you were in one of the above categories, at item **39** on your short tax return **write** your tax offset amount **less** any remote area allowance* you received. You have finished this question.

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

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

STEP 2

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

- yourself – step 3
- your dependent children – step 4
- your dependent spouse – step 5
- being a sole parent – 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	W \$ <input type="text"/>
For zone B, write 57	

Transfer this amount to step 7 on page 29. Then go to step 4.

STEP 4 – Amounts for dependent children

You can claim for the period (or periods) in 2005–06 you maintained dependent children.

You can claim for:

- each child who was a full-time student at a school, college or university, who was **under 25** on 30 June 2006 and whose separate net income was **less than \$1,786**
- the **first** child who was **not** a full-time student, who was **under 21** on 30 June 2006 and whose separate net income was **less than \$1,786**
- each **other** child who was not a full-time student, who was **under 21** on 30 June 2006 and whose separate net income was **less than \$1,410**.

If a student turned 25 or a child turned 21 in 2005–06, 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 45–6.

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 2006				
Number of days you maintained the child (the full year is 365 days)	A			
For a student under 25, write 1.0302 .				
For the first non full-time student under 21, write 1.0302 .	B	\$	\$	\$
For another non full-time student under 21, write 0.7727 .				
A multiplied 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 .		
		Otherwise continue working:		
D minus \$282	E	\$	\$	\$
E divided by 4	F	\$	\$	\$
C minus F	G	\$	\$	\$
		If the amount at G is \$0 or less, you cannot claim an offset for the child.		
For a special area, write 2 .				
For zone A, write 2 .	H			
For zone B, write 5 .				
G divided by H	W	\$	\$	\$
		The amounts at W are the amounts you can claim for your children – transfer these amounts to step 7 on page 29. Then go to step 5.		

STEP 5 – Amount for dependent spouse

You may be able to claim for the period (or periods) in 2005–06 you maintained your spouse.

Use the appropriate table on this page (either 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 2005–06

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 45–6) was **less than \$8,001** for the full year.

Number of days you maintained your spouse (a full year is 365 days) **A**

A multiplied by **\$5.29**
(= \$1,930 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:

C minus **\$282** \$ **D**

D divided by **4** \$ **E**

B minus **E** \$ **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**.

For zone A, write **2**. **G**

For zone B, write **5**.

F divided by **G** \$ **W**

The amount at **W** is the amount you can claim for a dependent spouse – **transfer** this amount to 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 2005–06

If you had **no** dependent children for **all** of 2005–06, you may be able to claim for your spouse if their separate net income (see pages 45–6) was **less than \$6,722** 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 **34** – if necessary, check to see if you can claim a dependent spouse (no dependent children) tax offset at item **34**.

Amount of dependent spouse (no dependent children) tax offset you are claiming at item **34** \$ **A**

For a special area, write **2**.

For zone A, write **2**. **B**

For zone B, write **5**.

A divided by **B** \$ **W**

The amount at **W** is the amount you can claim for a dependent spouse – **transfer** this amount to step 7 on the next page. Then go to step 6.

STEP 6 – Amount for sole parent

You can claim for any period in 2005–06 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 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 2005–06 you had sole care of a child (the full year is 365 days)	\$	<input type="text"/>	A
A multiplied by \$4.143 (= \$1,512 for a full year)	\$	<input type="text"/>	B
For a special area, write 2 .			
For zone A, write 2 .		<input type="text"/>	C
For zone B, write 5 .			
B divided by C	\$	<input type="text"/>	W

This amount at **W** is the amount you can claim as a sole parent – **transfer** this amount to step 7 in the next column, then complete step 7.

STEP 7 – Zone tax offset

Use the following table to work out your tax offset:

Amounts transferred from the W boxes in steps 3, 4, 5 and 6

	Yourself (from step 3)	\$	<input type="text"/>
	Child's name		
Dependent children (from step 4)	<input type="text"/>	\$	<input type="text"/>
	<input type="text"/>	\$	<input type="text"/>
	<input type="text"/>	\$	<input type="text"/>
	<input type="text"/>	\$	<input type="text"/>
	If you have more than four children, add up your fifth and remaining dependent children's amounts and write the total here.	\$	<input type="text"/>
	Dependent spouse (from step 5)	\$	<input type="text"/>
	Sole parent (from step 6)	\$	<input type="text"/>
	Total amount (add up the column)	\$	<input type="text"/> A
	Any remote area allowance* you received	\$	<input type="text"/> B
	A minus B	\$	<input type="text"/> Z

If it is more than \$0, the amount at **Z** is your zone tax offset – **write** this amount at item **39** on your short tax return.

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

QUESTION 40

Ongoing baby bonus claim

This question is about

Claiming the baby bonus for a child aged under five years who you gained legal responsibility for 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.

You can be legally responsible for a child if you are their birth 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 Tax 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 2004–05 – that is, you provided your spouse's details on your baby bonus claim for that year, or
- you were a transferee in 2005–06 – that is, your spouse transferred their baby bonus eligibility to you for 2005–06.

If you wish to claim the baby bonus this year and any of these 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.

STEP 1

Number of days in 2005–06 that you had legal responsibility for and care of the child **and** the child was under five years of age (the full year is 365 days) **A**

If your child died before their fifth birthday, write 365 at **A** and go to step 4.

If your child turned five **on** 1 July 2005 **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, **write** the number of days from the date you became legally responsible to 30 June of your base year at **A** and go to step 4.

STEP 2

Number of days in 2005–06 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:

- birth 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 **40** on your short tax return.

If your child died during the year but before their fifth birthday, write **B** for bereavement in the code box at item **40**.

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

QUESTION 41

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 **41** 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 **42**, **43** and **44** deal with these situations.

Medicare levy **reduction** (question **42**) – you may be entitled to this if you are a low income earner.

Medicare levy **exemption** (question **43**) – you may be entitled to this for periods you were in an exemption category.

Medicare levy **surcharge** (question **44**) – 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 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 **44** is **COMPULSORY**. If you do not answer it, you may be charged the full Medicare levy surcharge.

Please refer to the following pages (33–7) when completing the Medicare levy items on the short tax return.

QUESTION 42

Medicare levy reduction

Low income earners may be eligible for a Medicare levy reduction. You only need to complete this item if either your taxable income or your family taxable income is below the relevant limits shown in the next column. We will work out any reduction you are entitled to.

WHAT YOU MUST DO

STEP 1

If you had a spouse on 30 June 2006 or your spouse died during the year, you must write your spouse's taxable income at item **49**. If your spouse had no taxable income, write **0**.

STEP 2

Work out the **number of your dependent children** that you are able to take into account for the purposes of this question from the table below. Write this number at item **42** on your short tax return. If none, write **0**.

Dependent children are those who, in 2005–06, were maintained by you, lived in Australia, and whose separate net incomes (see pages 45–6) were under the following limits:

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

! NOTE

If you were single or separated on 30 June 2006, only count the number of dependent children for whom family tax benefit was payable to you in 2005–06.

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 relevant limit:

Your taxable income limits	
If you are eligible for the senior Australians tax offset (question 35)	\$23,749
If you are eligible for the pensioner tax offset (question 36)	\$21,170
All other taxpayers	\$17,604

If you had a spouse or a dependent child or student, 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 relevant limit:

Family taxable income limits	
If you are eligible for the senior Australians tax offset (question 35)	\$34,301*
All other taxpayers	\$29,705*
* plus \$2,728 for each dependent child	

QUESTION 43

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 2005–06:

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 (previously Health Insurance Commission) showing that you were not entitled to Medicare benefits (a letter from Medicare is not sufficient).

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

WHAT YOU MUST DO

STEP 1

If you are in one of the exemption categories, use the information on this page and the next to work out if you qualify for an exemption.

Note: For this question, a dependent child is:

- a child aged under 21 years, or
- a child 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

who was an Australian resident maintained by you in 2005–06.

STEP 2

If you do qualify, work out the number of days in the periods you can claim for **full** exemption and for **half** exemption.

Note:

- The year is 365 days.
- If you have overlapping periods, do **not** count the same days more than once.

STEP 3

Write the number of days in the appropriate boxes at item **43** on your short tax return.

Leave the code box blank unless you have a certificate from the Medicare Levy Exemption Unit (see Category 3 in the previous column). If you 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 of 2005–06 AND

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

- you had a spouse and/or dependent children **but** each of them either was in an exemption category, or has to pay the Medicare levy
 - you can claim **full** exemption for that period

- you had a spouse who has to pay the Medicare levy
- **but** you had dependent children who were **not** in an exemption category but they were also dependants of your spouse
 - 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 who does **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 or a dependent child who was **not** in an exemption category and who does **not** have to pay the Medicare levy (for example, because of low income)
 - you can claim **half** exemption for that period

- your spouse is also in this medical category
- **and** you had a child who was dependent on **both** of you, and the child was **not** in an exemption category
 - 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** on the next page.

FAMILY AGREEMENT

We agree that the half Medicare levy exemption in respect of our dependant/s for the 2005–06 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 (365 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 2005–06 **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 **and**
 - you have a **certificate** from the Medicare Levy Exemption Unit of Medicare Australia
- 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, contact Medicare Australia on **1300 300 271** or visit their website at **www.medicareaustralia.gov.au**

QUESTION 44

THIS QUESTION IS COMPULSORY FOR ALL TAXPAYERS.

Medicare levy surcharge

You may have to pay a Medicare levy surcharge (MLS) if you or your dependants did **not** have an appropriate level of private patient **hospital cover** for **all** of 2005–06 and your income was above a certain amount.

An appropriate level of private patient hospital cover generally is cover provided by a registered fund 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 the private health fund pays for any claims you make.

NOTE

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
- your children (children aged under 21, and full-time students aged 21–25).

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

WHAT YOU SHOULD HAVE

A **statement** from the private health fund 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 private health fund.

WHAT YOU MUST DO

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

STEP 1

Item 44 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 2005–06?’ Print **X** in the appropriate **Yes** or **No** box.

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

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

STEP 2

Whether you have to pay the surcharge depends on:

- your income for Medicare levy purposes – called your **MLS income**, and
- your **combined MLS income** – if you had a spouse for all of 2005–06 or your spouse died in 2005–06.

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 33)	\$	<input type="text"/>
Your reportable fringe benefits (item 20)	\$	<input type="text"/>
Add up the above amounts.		
This is your MLS income .	\$	<input type="text"/>

Your combined MLS income

Your MLS income (from above)	\$	<input type="text"/>
Spouse’s taxable income	\$	<input type="text"/>
Spouse’s reportable fringe benefits	\$	<input type="text"/>
Spouse’s share of trust income on which the trustee was assessed under section 98 of the <i>Income Tax Assessment Act 1936</i> and which has not been included in your spouse’s taxable income	\$	<input type="text"/>
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	\$	<input type="text"/>
Add up the above amounts. This is your combined MLS income .	\$	<input type="text"/>

STEP 3

- 1 Work out if you were in one or more of the following categories for ALL of 2005–06:

<p>Your MLS income was \$50,000 or less AND</p> <ul style="list-style-type: none"> ■ you were single without a dependent child for all of 2005–06, or ■ you were single without a dependent child for part of 2005–06 and your spouse did not die during the year.
<p>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).</p>
<p>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).</p>
<p>You and all your dependants (including your spouse, if any) were in a Medicare levy exemption category (question 43).</p>
<p>Your combined MLS income was above the limit, but your MLS income was less than \$16,284.</p>

* If your spouse **died** in 2005–06 and you did not have another spouse before the end of the year, you are treated as having a spouse for **all** of 2005–06.

- 2 If you were in one or more of the above categories for **ALL of 2005–06** – at item **44** on your short tax return, write **365** in the ‘Number of days you do **not** have to pay the surcharge’ box. 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 2005–06, 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 (question **43**)

plus

- (b) if you were single **without a dependent child** for part of 2005–06 (and your spouse did not die during the year), and your MLS income was less than \$100,000 (plus \$1,500 for each dependent child after the first), the number of days not already counted in (a) that you had a spouse or dependent child.

Write the total in the ‘Number of days you do **not** have to pay the surcharge’ box at item **44** on your short tax return.

- 2 **Write** the number of your dependent children in the ‘Number of dependent children’ box at item **44** on your short tax return.

We will work out any surcharge you have to pay.

QUESTION 45

Private health insurance policy details

At this item, give details of the private health insurance policies which covered you in 2005–06 (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).

NOTE

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 private health funds 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 private health fund.

WHAT YOU MUST DO

At item **45** on your short tax return, **list** the private health insurance policies which covered you in 2005–06.

You must show:

- the health fund ID
- your membership number
- the type of cover.

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

Hospital	H
Ancillary (also known as 'extras')	A
Combined hospital and ancillary	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 46

Under 18

If you were aged under 18 on 30 June 2006, 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 at 30 June 2006:

- You were working full time.
- You had worked full time for three months or more in 2005–06 (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 2006–07 and not study full time in 2006–07.
- 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 did **not** tick any of the above, go to step 2 on this page.

If you ticked any of the above, write **0** at item **46** 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.

STEP 2

Use the following worksheet to work out how much of your income will be **taxed at normal rates** (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 14–18	<input style="width: 80px;" type="text"/> (a)
Any income at items 21 and 22 which was received from the investment of amounts shown at items 14–18 or the investment of similar amounts received in previous years of income	\$ <input style="width: 80px;" type="text"/> (b)
	(a) plus (b) \$ <input style="width: 80px;" type="text"/> (c)
Total of the deduction amounts you showed at items 25–27	\$ <input style="width: 80px;" type="text"/> (d)
Any expenses at item 28 which related to the investment of amounts shown at items 14–18 or the investment of similar amounts received in previous years of income	\$ <input style="width: 80px;" type="text"/> (e)
	Add (d) and (e). \$ <input style="width: 80px;" type="text"/> (f)
	Take (f) away from (c). \$ <input style="width: 80px;" type="text"/> (g)
The amount at (g) will be taxed at normal rates. Write this amount at item 46 on your short tax return. If it is \$0 or less, write 0 . Print M in the Age code box.	

QUESTION 47

Stopped full-time education for the first time in 2005–06

If you stopped full-time education for the **first time** in 2005–06, you **must** complete this item.

This question will help you to work out your tax-free threshold for 2005–06, which will affect the amount of tax you have to pay.

Stopping full-time education

You are considered to have stopped full-time education if you:

- were in a course of full-time education **at some time** in 2005–06 **and**
- were **not** in full-time education on 30 June 2006.

! NOTE

If you stopped full-time education between 1 March 2006 and 30 June 2006 **but** you started again within four months of stopping, then you are not considered to have stopped full-time education.

WHAT YOU MUST DO

STEP 1

- 1 Work out the **number of months** from when you stopped full-time education to 30 June 2006, including the month in which you stopped full-time education.
(NOTE: If the answer is 12 months, do **not** write an answer or continue with this question. You will receive the full year tax-free threshold.)

- 2 At item **47** on your short tax return, **write** the number of months in the **Months eligible for threshold** box.

Then go to step 2.

STEP 2

- 1 Work out your **net salary or wages** for the period in 2005–06 when you were in **full-time** education.

How much of your total **salary or wages** (amounts shown at items **14–18**) was earned while you were a full-time student? \$ **A**

How much of your total **work-related deductions** (amounts shown at items **25–27** and **30**) relates to that income? \$ **B**

A minus B \$ **C**

- 2 Work out the **net non-salary and wage income** for the period in 2005–06 when you were in full-time education. This is calculated in a different way from your net salary.

Total of the **income** amounts you showed at items **21–23** (if it is **0**, write **0** at **J** and go to step 3) \$ **D**

The **deduction** amount you showed at item **28** \$ **E**

D minus E \$ **F**

Number of days you were in full-time education in 2005–06 (including holidays) **G**

Multiply **F** by **G**. \$ **H**

Divide **H** by 365. \$ **J**

STEP 3

Add up **C** and **J**. \$

This is your **net income** for the period you were in full-time education.

Write this amount in the **Net income while a full-time student** box at item **47** on your short tax return.

QUESTION 48

Spouse's date of birth

Period you had a spouse in 2005–06

WHAT YOU MUST DO

At item **48** on your short tax return:

1. **Write** your spouse's date of birth.
2. Answer the question 'Did you have a spouse for all of 2005–06?' **Print X** in the relevant **Yes** or **No** box.
3. If you did not have a spouse for the full year, **write** the start and end dates of the periods you had a spouse between 1 July 2005 and 30 June 2006 in the appropriate boxes.

If you had more than one spouse in 2005–06, give the date of birth and the start and end dates of the **last** spouse.

QUESTION 49

Spouse's taxable income

Complete item **49** if **any** of the following applies:

- you claimed the **senior Australians tax offset** (item **35**)
- you claimed the **pensioner tax offset** (item **36**)
- you are eligible for a **Medicare levy reduction** based on your **family taxable income** (item **42**) **and** you had a spouse on **30 June 2006** or your spouse died in 2005–06
- you claimed a **Medicare levy exemption** (item **43**)
- you and your dependants did **not** have an appropriate level of private patient **hospital cover** for all of 2005–06 (item **44**).

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 **49** on your short tax return. If none, write **0**.

QUESTION 50

Spouse's share of trust income

Complete item **50** if **any** of the following applies:

- you claimed the **senior Australians tax offset** (item **35**)
- you claimed the **pensioner tax offset** (item **36**)
- you and your dependants did **not** have an appropriate level of private patient **hospital cover** for all of 2005–06 (item **44**).

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 **50** on your short tax return. If none, write **0**.

QUESTION 51

Spouse's income from family trust distribution

Spouse's reportable fringe benefits amounts

Complete item **51** if:

- you and your dependants did **not** have an appropriate level of private patient **hospital cover** for all of 2005–06 (item **44**).

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 in the appropriate box at item **51** on your short tax return. If none, write **0**.

STEP 2

If your spouse received any **reportable fringe benefits amounts**, **write** the total amount in the appropriate box at item **51** on your short tax return. If none, write **0**.

QUESTION 52

Age pension and other such Australian Government payments paid to your spouse Exempt pension income your spouse received

Complete item **52** if **either** of the following applies:

- you claimed the **senior Australians tax offset** (item **35**)
- you claimed the **pensioner tax offset** (item **36**).

WHAT YOU MUST DO

STEP 1

Check to see if 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 2005–06. (Exclude any exempt pension payments.)

Write this amount in the appropriate box at item **52** on your short tax return. If none, write **0**.

STEP 2

Check to see if 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) where the pension, payment or allowance to which it relates is exempt
- disability support pension paid by Centrelink to a person who is under 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.
- *Superannuation Act 1976* and *Defence Forces Retirement Benefits Act 1948* pensions and payments are taxable and **not** exempt pension income.

Add up the total amount of exempt pension income paid to your spouse in 2005–06. **Write** this amount in the appropriate box at item **52** on your short tax return. If none, write **0**.

QUESTION 53

Spouse's separate net income

Complete item **53** if any of the following applies:

- you are claiming **dependent spouse tax offset** (item **34**), or
- you are claiming an amount for your spouse in your **zone tax offset** (item **39**).

WHAT YOU MUST DO

For item **34** or item **39** (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 **53** on your short tax return. If none, write **0**.

QUESTION 54

Declaration

Please read the declaration, then sign and date it.

You have now completed your *Short tax return for individuals 2006*.

You can lodge your tax return with the Tax Office by phone or mail. To lodge by phone, call **13 28 65** and follow the prompts.

RECEIPT NUMBER

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



TAXPACK EXPRESS

is no longer available.

For a fast refund use phone lodgment. Phone **13 28 65**.

- The service is available 24 hours a day, 7 days a week.
- It takes about 12 minutes to lodge your tax return.
- Most refunds are processed within 14 days.

Dependant's separate net income

Some questions ask you to work out the 'separate net income' of a dependant spouse or child.

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

To work out the separate net income for each dependant, use the following tables – first work out your dependant's income, then any reductions to that income, then their separate net income.

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	\$ <input type="text"/>
Centrelink payments listed on pages 6–7, and exempt Australian Government payments listed on pages 47–8 – but not child care benefit, family tax benefit, maternity immunisation allowance, maternity payments, carer allowance, the one-off payment to families and carers under the Family Assistance (One-off Payment to Families and Carers) Scheme 2004, the 2005 one-off payment to carers (carer payment related, carers service pension related or carer allowance related) paid under the <i>Social Security Act 1991</i> or incentive scheme payments relating to certain private health insurance policies	\$ <input type="text"/>
Veterans' Affairs payments – but not Japanese internment compensation payment. Also not included is compensation received under the German Forced Labour Compensation Programme (GFLCP)	\$ <input type="text"/>
Interest and dividend income – but not franking credits attached to franked dividends	\$ <input type="text"/>
Business, trust and rental income	\$ <input type="text"/>
Maintenance payments your spouse received for their own support after divorce or separation	\$ <input type="text"/>
Maintenance or accommodation component of a scholarship paid by the Commonwealth or state – but not if it is for helping to educate isolated children under 16 or if it is Commonwealth or state assistance with school fees, purchase of textbooks, or travelling expenses, or non-government scholarships for the education of a dependent child or student	\$ <input type="text"/>
Any net capital gain for the income year	\$ <input type="text"/>
Total income	\$ <input type="text"/> A

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	\$	
Deductible amount of undeducted purchase price (UPP) of an Australian annuity or superannuation pension which could be claimed as a tax deduction	\$	
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	\$	
Total reductions	\$	B

! NOTE

Where any of these expenses 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 13. If this method is used, the 5,000 km limit does not apply for the purposes of calculating the separate net income of your dependant.

Dependant's separate net income

A minus B \$

This is your dependant's **separate net income**.

If the amount is less than zero, write **0**.

Exempt income

Exempt income is income on which you do not pay tax. The following types of income are not taxable.

You do **not** include these amounts on your tax return, although you may need to show them for your spouse or use them in some calculations – for example, on page 45.

If you are unsure about the name of any payment you received, contact the agency or person that paid you.

If you are unsure if a payment is exempt, phone **13 28 61**.

EXEMPT AUSTRALIAN GOVERNMENT PAYMENTS

Pensions

- 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) where the pension, payment or allowance to which it relates is exempt
- Disability support pension paid by Centrelink to a person who is under 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.
- *Superannuation Act 1976* and *Defence Forces Retirement Benefits Act 1948* pensions and payments are taxable. Show these amounts at item **17**.

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
- Australian–American Educational Foundation grant
- Commonwealth scholarships or bursaries provided to foreign students
- Commonwealth secondary 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
- Some scholarships and bursaries received by full-time students
- Supplementary allowances for students paid under the Assistance for Isolated Children Scheme

Other payments

- Carer allowance paid by Centrelink
- The 2005 one-off payments to carers (carer payment, carer service pension or carer allowance related) paid under the *Social Security Act 1991*
- Child care benefit
- DFISA bonus
- Disaster relief payment
- Employment entry payment
- 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
- Maternity payment
- Mobility allowance paid by Centrelink
- Open employment incentive bonus

- Payments from the Australian Government under the incentives payments scheme relating to certain private health insurance policies
- The one-off payments to families and carers under the Family Assistance (One-off Payment to Families and Carers) Scheme 2004
- Pharmaceutical allowances 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 *Veterans' Entitlements Act 1986*
- Sugar industry exit grant
- Super Co-contributions
- Telephone allowance paid by Centrelink or the Department of Veterans' Affairs
- Utilities allowance and seniors concession allowance paid under the *Social Security Act 1991* or *Veterans Entitlement Act 1986*

EXEMPT DEFENCE FORCE AND UNITED NATIONS PAYMENTS

- Certain pay and allowances for 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 Defence Force personnel who served in prescribed overseas areas – your employer will advise you if an allowance is exempt

OTHER EXEMPT PAYMENTS

- Amounts on which family trust distribution tax has been paid
- Certain annuities and lump sums which are paid to an injured person under a structured settlement
- Certain payments made as a result of persecution during the Second World War
- Compensation payments received under the German Forced Labour Compensation Programme (GFLCP)
- Japanese internment compensation payments made under the *Compensation (Japanese Internment) Act 2001* or the *Veterans' Entitlement Act 1986*
- Mortgage and Rent Relief Scheme payments
- Most child support or spouse maintenance payments

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 paid tax during 2005–06.

You must lodge a tax return if:

- you had amounts withheld from your income, or
- you paid an amount under the pay as you go (PAYG) instalment system during the year, or
- you had amounts withheld from interest because you did not provide your tax file number (TFN) or Australian business number (ABN).

If you did **not** pay tax, you still have to lodge a tax return if any of the following reasons apply.

You were eligible for the senior Australians tax offset in 2005–06 (see page 21).

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

- **\$21,968** – if you were single, widowed or separated **at any time** during the year
- **\$21,167** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
- **\$18,247** – if you lived with your spouse for the full year.

You were not eligible for the senior Australians tax offset and you received an Australian Government payment in 2005–06 (see pages 6–7).

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

- You received an allowance or payment listed at question **16** on page 6 and you had other non-exempt income, which together made your taxable income more than \$7,567.
- You received a pension, allowance or payment listed at question **17** on page 7, AND your taxable income was more than the following relevant amount:
 - **\$19,583** – if you were single, widowed or separated **at any time** during the year
 - **\$18,663** – if you had a spouse but one of you lived in a nursing home or you had to live apart due to illness
 - **\$16,376** – if you lived with your spouse **for the full year**.

You received or earned income in 2005–06 and

- **you were not eligible for the senior Australians tax offset, and**
- **you did not receive any Australian Government payments** (see pages 6–7).

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

- **\$6,000** – if you were an Australian resident for tax purposes for the full year
- **\$772** – if you were under 18 years of age at 30 June 2006 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 stopped full-time education for the first time or 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. Page 54 shows you how to work out this amount.

OTHER REASONS

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

- You are the liable parent under a child support assessment.
- You have a reportable fringe benefits amount.
- You are entitled to a private health insurance tax offset.
- 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 which carried on a business of primary production.
- You had an interest in a partnership which 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 are a special professional covered by the income averaging provisions.
- You received income from dividends or distributions exceeding \$6,000 (or \$416 if you were under 18 years of age at 30 June 2006) and you had franking credits 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.

IF YOU DO NOT HAVE TO LODGE A TAX RETURN

You should complete and lodge a *Non-lodgment advice 2006* (below). Do **not** do this if you have already advised us or your only income was from Australian Government payments (the paying agency will have advised us).

You do not need to do a non-lodgment advice if you are applying for a refund of franking credits or lodging a baby bonus claim for 2006. The publications *Refund of franking credits: instructions and application for individuals 2006* and *Baby bonus instructions and claim 2006* are available on our website (www.ato.gov.au) or phone **13 28 61** for a copy.



Non-lodgment advice 2006

1 July 2005 to 30 June 2006

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

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 tax file number

--	--	--	--	--	--	--	--	--	--

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 2006 because none of the reasons listed on page 49 in *Short tax return instructions 2006* 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 52.

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 2006. If you are not using the pre-addressed envelope, see page 4 of the loose leaf cover to the *Short tax return for individuals 2006* for more details and the address to use.

If you made a mistake on 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 a letter to the Tax Office. In the letter, provide:

- your name, address, phone number and tax file number
- the year shown on the tax return you wish to amend – for example, 2006
- 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 – it is important that you provide this so that we can assess any penalties or shortfall interest charge correctly
- 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 payment summaries to the tax office that sent your notice of assessment.

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 will result in your paying more tax, the amount of penalty will, in most cases, be reduced.

For more information, please read the Commissioner's guarantee on the inside front cover of these instructions.

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.

You must keep most of your written evidence for five years from the date you lodge your tax return. If you are in dispute with the Tax Office, you must keep your records until the dispute is settled, if this is later.

You only need to keep your payment summary and your family agreement (see question **43**) for two years if you are an Australian resident and have simple tax affairs. To check whether you qualify for this shorter record-keeping period, refer to our website.

Other ways to prepare your tax return

If you cannot use the *Short tax return for individuals 2006* because the questions do not cover all of your tax affairs, you can use either:

- e-tax to prepare and lodge the *Tax return for individuals 2006* electronically, available at www.ato.gov.au or
- *TaxPack 2006*, and you may need *TaxPack 2006 supplement*.

From 1 July to 31 October 2006 you can get copies of *TaxPack 2006* and *TaxPack 2006 supplement* from most newsagents. Copies are also available from our Publications Distribution Service on **1300 720 092** and from Tax Office shopfronts all year.

Privacy and access to information

COLLECTING YOUR TAX INFORMATION

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 assessment may be delayed if you do not quote your TFN.

The Tax Office is also authorised by the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997* 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 taxation laws.

WHO ELSE CAN BE GIVEN YOUR TAX INFORMATION?

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

- benefit payment agencies such as Centrelink, the Department of Education, Science and Training, and the Department of Families, Community Services and Indigenous Affairs
- law enforcement agencies such as state and federal police
- other agencies such as the Child Support Agency, the Australian Bureau of Statistics and the Reserve Bank of Australia.

This disclosure is usually to check eligibility for government benefits, for law enforcement purposes or for collecting statistics. Any further use of your information by these agencies is also controlled by law. We can also disclose your information in performing our duties under the tax law.

Otherwise, we can give your information only to you or to someone you have appointed to act for you.

HOW DO WE PROTECT YOUR TAX INFORMATION?

The tax law contains secrecy provisions that prohibit any officers (including employees and contractors) of the Tax Office or of any other government department from improperly accessing, recording or disclosing anyone's tax information. 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.

CHILD SUPPORT AGENCY (CSA) CLIENTS

Information you give may be used by the CSA in assessing or collecting child support.

WHO CAN ASK YOU FOR YOUR TAX FILE NUMBER?

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 CSA 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 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 tax law protects your personal information, or have any concerns about how we have handled your personal information, phone the Personal Tax 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 Privacy Commissioner's Office by visiting their website at www.privacy.gov.au or by phoning the privacy hotline **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 Tax Infoline on **13 28 61** before you ask for information under the FOI Act.

Please keep copies of your tax returns, as a request for a copy from us may involve a charge.

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 **32 Total deductions** on your tax return.

equals

TAXABLE INCOME

You show this amount at item **33 Taxable income** on your tax return. We use this total to work out the TAX ON YOUR TAXABLE INCOME.

TAX ON TAXABLE INCOME

If you want to estimate the tax on your taxable income, use the calculator on our website or the worksheets on pages 55–6.

minus

TAX OFFSETS

You show most tax offsets at item **41 Total tax offsets** on your tax return. If you are entitled to a low income, senior Australians, mature age worker, beneficiary or pensioner tax offset, we work it out for you. You may be able to estimate these offsets for yourself using either the calculators on our website or the worksheets on pages 56–9.

Refundable tax offsets 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 the worksheet on pages 62–3.

plus

MEDICARE LEVY AND SURCHARGE

We work out these amounts for you from the information you provide at items **42, 43** and **44** on your tax return. If you want to estimate them, use the calculator on our website or the worksheet on pages 59–62.

minus

TAX CREDITS AND REFUNDABLE TAX OFFSETS

We work these out from any amounts of tax you paid during the year (which have not been credited or refunded) and any refundable tax offsets, that is the baby bonus (item **40**), private health insurance (item **38**) and any franking credit from item **22**.

equals

REFUND OR AMOUNT OWING

We show this on your notice of assessment. Your entitlement to a refund may be affected by any outstanding liabilities to the Tax Office or Child Support Agency. These amounts will appear on your notice of assessment as 'Other amounts payable'. An entitlement, top-up or overpayment relating to family tax benefit from the Family Assistance Office 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 want to work out your tax refund or tax debt for your own purposes, you can

- use the tax calculators on our website www.ato.gov.au, or
- follow the instructions on these pages.

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

- are entitled to use your spouse's unused senior Australians or pensioner tax offset
- were under 18 years and earned more than \$772 in interest, dividends or other investment income
- had a family tax benefit tax claim.

Working out your tax refund or tax debt

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

- Tax-free threshold – see **part 1**.
- Tax on taxable income – see **part 2**.
- Low income tax offset – see **part 3**.
- Beneficiary tax offset – see **part 4**.
- Senior Australians or pensioner tax offset – see **part 5**.
- Mature age worker tax offset – see **part 6**.
- Medicare levy – see **part 7**.
- Medicare levy surcharge – see **part 8**.
- Higher Education Loan Programme compulsory repayment – see **part 9**.
- Student Financial Supplement Scheme compulsory repayment – see **part 10**.
- Baby bonus – see **part 11**.

Transfer each of the amounts you have calculated to the **Final worksheet** on page 64.

NOTE

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

PART 1

Tax-free threshold

To work out the tax on your taxable income you need to know your tax-free threshold. This is the amount of income you can earn before you must start paying tax.

For most people the tax-free threshold is \$6,000.

If you stopped full-time education for the first time in 2005–06 and completed item **47**, a lower amount called a part-year tax-free threshold may apply. If you completed item **47**, go to **Part-year tax-free threshold** below.

Otherwise, your tax-free threshold is \$6,000. Go to **part 2** to work out the tax on your taxable income.

Part-year tax-free threshold

If you stopped full-time education for the first time in 2005–06, use **worksheet 1.1** to work out your part-year tax-free threshold.

WORKSHEET 1.1

Write the number you wrote at
N item **47** on your tax return. (a)

Multiply (a) by \$500. \$ (b)

Write the amount you wrote at
O item **47** on your tax return. \$ (c)

Add (b) and (c). \$ (d)

If (d) is less than \$6,000, that amount is your part-year tax-free threshold (**T**).

If (d) is \$6,000 or more, your tax-free threshold is \$6,000.

Read on to work out the tax on your taxable income.

PART 2

Tax on taxable income

If you are entitled to a \$6,000 tax-free threshold, use **table 2.1** below to work out the tax on your taxable income.

If the tax-free threshold you worked out on the previous page is less than \$6,000, go to **Tax-free threshold less than \$6,000** in the next column.

TABLE 2.1 – Tax on taxable income with \$6,000 tax-free threshold

Taxable income	Tax on this income
\$1–\$6,000	Nil
\$6,001–\$21,600	15 cents for each \$1 over \$6,000
\$21,601–\$63,000	\$2,340 + 30 cents for each \$1 over \$21,600
\$63,001–\$95,000	\$14,760 + 42 cents for each \$1 over \$63,000
\$95,001 and over	\$28,200 + 47 cents for each \$1 over \$95,000

Note: To work out your tax, identify the income amount less than but nearest your taxable income and note the tax on that income. Transfer these two amounts to (b) and (c) in **worksheet 2.1**.

Tax on: \$6,000 is nil
 \$21,600 is \$2,340
 \$63,000 is \$14,760
 \$95,000 is \$28,200

EXAMPLE for \$6,000 tax-free threshold

Sam had a taxable income of \$28,682 for 2005–06. He works out his tax as follows:

Taxable income (from item 33 on page 3 of Sam's tax return)	\$28,682 (a)	
Amount in income list in table 2.1 that is less than but nearest Sam's taxable income	\$21,600 (b)	
Tax on (b)	\$2,340.00 (c)	
Tax on remaining income	Take (b) away from (a).	\$7,082 (d)
	Tax rate applied to (d)*	0.30 (e)
	Multiply (d) by (e).	\$2,124.60 (f)
Tax on your taxable income		
Add (c) and (f).	\$4,464.60 (g)	

* This is the rate (from **table 2.1**) which applies to the income range in which Sam's taxable income falls.

WORKSHEET 2.1 – Working out your tax

Your taxable income (from item **33** on page 3 of your tax return) \$ (a)

Amount in income list in **table 2.1** that is less than but nearest your taxable income \$ (b)

Tax on (b) \$ (c)

Tax on remaining income

- Take (b) away from (a). \$ (d)
- Tax rate applied to (d)* (e)
- Multiply (d) by (e). \$ (f)

Tax on your taxable income

Add (c) and (f). \$ (g)

* This is the rate (from **table 2.1**) which applies to the income range in which your taxable income falls.

Transfer the amount of tax on your taxable income (g) to the **Final worksheet** step 1 label **A** on page 64. You have finished part 2.

Tax-free threshold less than \$6,000

Your tax-free threshold (**T**) is the amount you worked out on the previous page.

Write here your tax-free threshold (**T**). \$

Write here your taxable income from item **33** on page 3 of your tax return. \$ (a)

If (a) is \$21,600 or less, use **table 2.2** and **worksheet 2.2** below. If (a) is over \$21,600 use **table 2.3** and **worksheet 2.3**.

TABLE 2.2 – Tax on taxable income of \$21,600 or less

Taxable income	Tax on this income
\$1 to T	Nil
(T + \$1) to \$21,600	15 cents for each \$1 over T

WORKSHEET 2.2 – Working out your tax

Write your taxable income from item **33** of your tax return. \$ (a)

Take **T** away from (a). \$ (b)

Tax on your taxable income

Multiply (b) by 0.15 (tax rate of 15 cents per \$1). \$ (c)

Transfer the amount of tax on your taxable income (c) to the **Final worksheet** step 1 label **A** on page 64. You have finished part 2.

TABLE 2.3 – Tax on taxable income over \$21,600

To work out your tax for the year, you will first need to work out below the tax you would pay on \$21,600, which we call **S**.

Take **T** away from \$21,600. \$ (d)

Multiply (d) by 0.15
(tax rate of 15 cents per \$1). \$ **S**

Transfer this amount, **S**, to (c) in **worksheet 2.3**.

Taxable income	Tax on this income
\$21,601–\$63,000	S + 30 cents for each \$1 over \$21,600
\$63,001–\$95,000	S + \$12,420 + 42 cents for each \$1 over \$63,000
\$95,001 and over	S + \$25,860 + 47 cents for each \$1 over \$95,000

Note: From the list below, identify the income amount less than, but nearest to, your taxable income, and note the tax on that income. Transfer these amounts to (b) and (d) in **worksheet 2.3**.

Income amount and tax on it: \$21,600 is **S**
\$63,000 is **S** + \$12,420
\$95,000 is **S** + \$25,860

EXAMPLE for tax-free threshold less than \$6,000 and taxable income over \$21,600

Karen had a tax-free threshold (**T**) of \$5,000. Her taxable income for 2005–06 was \$63,544.

Karen's **S** amount is worked out as follows:

$(\$21,600 - \$5,000) \times \$0.15 = \$2,490.00$

Karen transfers this amount to (c), below.

Taxable income (from item **33** on Karen's tax return) \$ (a)

Amount in taxable income list in **table 2.3** that is less than but nearest Karen's taxable income \$ (b)

S (tax on the first \$21,600 of Karen's income) \$ (c)

Tax on (b) from **table 2.3** \$ (d)

Tax on remaining income { Take (b) away from (a). \$ (e)

Tax rate applied to (e)* \$ (f)

Multiply (e) by (f). \$ (g)

Tax on Karen's taxable income
Add (c), (d) and (g). \$ (h)

* This is the rate (from **table 2.3**) which applies to the income range in which Karen's taxable income falls.

WORKSHEET 2.3 – Working out your tax

Write your taxable income (from item **33** on page 3 of your tax return). \$ (a)

Amount in income list in **table 2.3** that is less than but nearest your taxable income \$ (b)

S (tax on the first \$21,600 of your income) \$ (c)

Tax on (b) from **table 2.3** \$ (d)

Tax on remaining income { Take (b) away from (a). \$ (e)
Tax rate applied to (e)* \$ (f)

Multiply (e) by (f). \$ (g)

Tax on your taxable income
Add (c), (d) and (g). \$ (h)

* This is the rate (from **table 2.3**) which applies to the income range in which your taxable income falls.

Transfer the amount of tax on your taxable income (h) to the **Final worksheet** step 1 label **A** on page 64.

PART 3

Low income tax offset

You are entitled to the low income tax offset if **your taxable income is less than \$27,475**.

You get the maximum tax offset of \$235 if your taxable income is \$21,600 or less. The tax offset reduces by four cents for each dollar of taxable income over \$21,600.

If your taxable income is more than \$21,600 but less than \$27,475, use the following worksheet to work out your tax offset.

Maximum tax offset \$ (a)

Write your taxable income (from item **33** on page 3 of your tax return) here. \$ (b)

Threshold at which tax offset reduces \$ (c)

Take (c) away from (b). \$ (d)

Divide (d) by 100. \$ (e)

Multiply (e) by 4. \$ (f)

Your offset Take (f) away from (a). \$ (g)

The amount at (g) is the tax offset you are entitled to. Transfer the amount of low income tax offset (g) to the **Final worksheet** step 2 label **C** on page 64.

PART 4

Beneficiary tax offset (from item 16)

The beneficiary tax offset applies only if you have reported income at item **16**. Use the following worksheet to work out your beneficiary tax offset.

Total amount of allowance or payment you received – from A at item 16 on page 2 of your tax return	\$	<input type="text"/>	(a)
Take \$6,000 (your tax-free threshold) away from (a). Or, if you calculated your tax-free threshold to be T in part 2 , take T away from (a).	\$	<input type="text"/>	(b)
If (b) is zero or a negative amount, you are not entitled to a tax offset.			
Your offset Multiply (b) by 0.15.	\$	<input type="text"/>	(c)

If the amount you have shown at (a) is more than \$21,600 you are entitled to an additional 15% tax offset on the amount over \$21,600.

Take \$21,600 away from (a).	\$	<input type="text"/>	(d)
Multiply (d) by 0.15 to work out any additional offset.	\$	<input type="text"/>	(e)
Your total offset Add (c) and (e).	\$	<input type="text"/>	(f)

Transfer the amount of your beneficiary tax offset, (c) or (f) as applicable, to the **Final worksheet** step 2 label **D** on page 64.

PART 5

Senior Australians or pensioner offset (from item 35 or 36)

If you meet the eligibility conditions set out at question **35** for the senior Australians tax offset or question **36** for the pensioner tax offset, you can work out your tax offset below.

You need to know your taxable income. This is the amount you showed at item **33** on page 3 of your tax return. Write it at (a) in **worksheet 5.1** on the next page.

Tables 5.1 and **5.2** on this page and the next page show the taxable income thresholds that apply to each tax offset – **table 5.1** for the senior Australians tax offset, and **table 5.2** for the pensioner tax offset. Only one table, **table 5.1** or **5.2**, applies to you.

If you have a spouse who is eligible for the senior Australians or pensioner tax offset and your taxable income is more than the relevant amounts in column 2 of the table which applies to

you, you may still get a tax offset because of a transfer of the unused portion of your spouse’s senior Australians or pensioner tax offset.

If you are eligible for the pensioner tax offset, please note that you will not be able to work out your tax offset if:

- you used tax offset code letter **S, Q, I** or **J** and you received more than \$12,734 pension income
- you used tax offset code letter **P** and you received more than \$10,632 pension income

See note 2 under **table 5.2** on the next page for more information.

To work out your tax offset use the steps below.

STEP 1

- Select which table, **5.1** or **5.2**, on this page and the next page applies to you, and let’s call it ‘your table’.
- Select from column 1 in your table which code letter applies to you. This is the same as the code letter you showed at item **35** or **36** on page 3 of your tax return.

STEP 2

You may get up to the full tax offset shown in column 4 of your table, if your taxable income is equal to, or less than, the amount in column 2 for the code letter which applies to you. If your taxable income is more than the amount in column 2 and less than the amount in column 3 of your table, use **worksheet 5.1** on the next page to work out your tax offset.

TABLE 5.1 – Senior Australians tax offset thresholds

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4
Your senior Australians tax offset code letter	You may get up to the full tax offset if your taxable income is equal to or less than this amount.	You will not get a tax offset if your taxable income is equal to or more than this amount⁽¹⁾.	Maximum tax offset
A	\$21,968	\$39,808	\$2,230
B*, C*	\$21,167	\$37,487	\$2,040
D*, E*	\$18,247	\$31,063	\$1,602

⁽¹⁾ For the code letters with an asterisk (*) you may still get a tax offset because of a transfer of the unused portion of your spouse’s senior Australians or pensioner tax offset. We will work it out for you.

TABLE 5.2 – Pensioner tax offset thresholds

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4
Your pensioner tax offset code letter	You may get up to the full tax offset if your taxable income is equal to or less than this amount.	You will not get a tax offset if your taxable income is equal to or more than this amount ⁽¹⁾ .	Maximum tax offset ⁽²⁾
S, Q*, J*	\$18,727	\$33,999	\$1,909
I*	\$17,807	\$31,975	\$1,771
P*	\$15,520	\$26,944	\$1,428

⁽¹⁾For the code letters with an asterisk (*) you may still get a tax offset because of a transfer of the unused portion of your spouse’s senior Australians or pensioner tax offset. We will work it out for you.

⁽²⁾Your maximum tax offset may be higher than the amount in column 4, and you may get a tax offset if your taxable income was more than the amount in column 3 if:

- you used **S, Q, I** or **J** and your pension was more than \$12,734
- you used **P** and your pension was more than \$10,632.

We will work it out for you.

WORKSHEET 5.1

Write here your taxable income from item **33** on page 3 of your tax return. \$ (a)

Write the taxable income threshold for your code letter (from column 2 in your table). \$ (b)

Take (b) away from (a). \$ (c)

Write here your maximum tax offset for your code letter (from column 4 in your table). \$ (d)

Divide (c) by 8. \$ (e)

Your tax offset Take (e) away from (d). \$ (f)

If the amount at (f) is more than zero, this is your tax offset. The tax offset you work out here will not include any unused portion of your spouse’s senior Australians or pensioner tax offset that we may transfer to you.

Do not write your tax offset amount anywhere on your tax return. Transfer the amount of your tax offset (f) to the **Final worksheet** step 2 label **D** on page 64.

PART 6

Mature age worker tax offset

To be eligible for the mature age worker tax offset you must have:

- had net income from working within certain limits
- been an Australian resident on 30 June 2006, and
- been aged 55 years or older at 30 June 2006.

The maximum tax offset is \$500. To determine your tax offset, you need to work out your net income from working.

How to work out your net income from working

Complete **worksheet 6.1**. To do this you will need to transfer the figures from your tax return.

WORKSHEET 6.1

If any of the amounts listed below do not apply to you, write **0** in the appropriate box.

STEP 1 Income from working

Salary and wages (labels **C** to **G** at item **14**) \$

Allowances, earnings, tips (**K** item **15** and **V** item **23**) \$

Total reportable fringe benefits amounts (**W** item **20**) \$

Add up all your income from working. \$ (a)

STEP 2 Related deductions

Work-related car expenses (**A** item **25**) \$

Work-related clothing expenses (**C** item **26**) \$

Other work-related expenses (**E** item **27**) \$

Add up all your related deductions. \$ (b)

STEP 3 Net income from working

Take (b) away from (a). (Your answer can be a negative amount.) \$ (c)

Use **table 6.1** on the next page to determine which worksheet you need to use next.

If your net income from working at (c) is:	Your tax offset is:	To calculate your offset
0 or a negative amount	Nil	You are not entitled to the tax offset.
\$1 to \$9,999	5% of your net income from working	Use worksheet 6.2 .
Between \$10,000 and \$53,000	\$500	This is your tax offset. You do not need to calculate it.
More than \$53,000 but less than \$63,000	Reduced by 5 cents per dollar over \$53,000	Use worksheet 6.3 .
\$63,000 and above	Nil	You are not entitled to the tax offset.

WORKSHEET 6.2 – Net income from working is from \$1 to \$9,999

Write here your net income from working, (c) from **worksheet 6.1**. \$ (c)

Your tax offset Multiply (c) by 0.05. \$ (d)

Transfer the amount of mature age worker tax offset (d) to the **Final worksheet** step 2 label **E** on page 64. You have finished part 6.

WORKSHEET 6.3 – Net income from working is from \$53,001 to \$62,999

Maximum tax offset \$ 500 (e)

Write here your net income from working, (c) from **worksheet 6.1**. \$ (c)

Threshold at which tax offset reduces \$ 53,000 (g)

Take (g) away from (c). \$ (h)

Multiply (h) by 0.05. \$ (i)

Your tax offset Take (i) away from (e). \$ (j)

Transfer the amount of mature age worker tax offset (j) to the **Final worksheet** step 2 label **E** on page 64.

PART 7

Medicare levy (from items 42 and 43)

To work out your Medicare levy, you can use the Medicare levy calculator on our website or follow the steps below.

STEP 1 Work out your basic levy.

- If you were eligible for the senior Australians tax offset – see page 21 – and your taxable income was:
 - \$21,968 or less, you do not pay any Medicare levy
 - between \$21,968 and \$23,750, your levy is 20 cents for every dollar above \$21,968
 - \$23,750 or more, your levy is 1.5% of your taxable income.
- If you were eligible for the pensioner tax offset – see page 22 – and your taxable income was:
 - \$19,583 or less, you do not pay any Medicare levy
 - between \$19,583 and \$21,171, your levy is 20 cents for every dollar above \$19,583
 - \$21,171 or more, your levy is 1.5% of your taxable income.
- In all other circumstances, if your taxable income was:
 - \$16,284 or less, you do not pay any Medicare levy
 - between \$16,284 and \$17,605, your levy is 20 cents for every dollar above \$16,284
 - \$17,605 or more, your levy is 1.5% of your taxable income.

For example: If you are not eligible for the senior Australians tax offset or the pensioner tax offset, the levy you pay on a taxable income of \$17,000 is \$143.20.

$$(\$17,000 - \$16,284) \times \frac{20}{100} = \$143.20$$

STEP 2 Did you claim a reduction or exemption?

If you claimed a reduction or exemption at item **42** or **43**, go to step 3.

If you did not, your Medicare levy is the amount you worked out at step 1. Transfer the amount of Medicare levy to the **Final worksheet** step 4 label **H** on page 64. You have finished part 7.

STEP 3

If you claimed a reduction at item **42** go to step 4.

If you did not claim a reduction, but claimed only an exemption at item **43** (at **V** or **W** or both), go to step 6 page 61. Transfer the basic Medicare levy which you worked out at step 1 directly to (p) at step 6.

STEP 4 Work out your family income.

If you had a spouse on 30 June 2006 or your spouse died during 2005–06, your family income is the combined taxable income of you and your spouse.

If you did not have a spouse on 30 June 2006, your family income is your taxable income.

Use **Family income table 7.1** if you were eligible for the senior Australians tax offset and use **Family income table 7.2** in all other circumstances.

If your family income was **less than or equal to** your relevant lower income limit for the number of dependent children and students you had, you do not pay a levy. You have finished part 7.

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

Family income table 7.1 – for taxpayers who are eligible for the senior Australians tax offset

Number of dependent children and students during 2005–06	Lower income limit	Upper income limit
0	\$31,729	\$34,301
1	\$34,252	\$37,029
2	\$36,775	\$39,756
3	\$39,298	\$42,484
4	\$41,821	\$45,211

If you had more than four dependent children or students, you can extend this table. Increase the lower income limit by \$2,523 for each additional child or student and the upper income limit by \$2,728 for each additional child or student.

Family income table 7.2 – for taxpayers other than those eligible for the senior Australians tax offset.

Number of dependent children and students during 2005–06	Lower income limit	Upper income limit
0	\$27,478	\$29,705
1	\$30,001	\$32,433
2	\$32,524	\$35,161
3	\$35,047	\$37,888
4	\$37,570	\$40,616

If you had more than four dependent children or students, you can extend this table. Increase the lower income limit by \$2,523 for each additional child or student and the upper income limit by \$2,728 for each additional child or student.

The worksheets on this page show you how to work out the amount of reduced Medicare levy you pay. There is an example and space for your own calculations.

EXAMPLE 1

Trevor, who is not eligible for the senior Australians tax offset, had two dependent children and a spouse on 30 June 2006. His taxable income was \$18,000 and his spouse’s taxable income was \$16,500 – a family income of \$34,500. This is between his family income limits (see **Family income table 7.2** on this page). 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.

You need to do this in four parts.

Step 5, part 1

	Trevor	You
Family income	\$34,500	\$ (a)
Low income limit from the table in step 4	\$32,524	\$ (b)
Take (b) away from (a).	\$1,976	\$ (c)
Multiply (b) by 0.015.	\$487.86	\$ (d)
Multiply (c) by 0.185.	\$365.56	\$ (e)
Your family reduction amount		
Take (e) away from (d).	\$122.30	\$ (f)

If your spouse’s taxable income was less than \$16,285, go to step 6. If it was \$16,285 or more, you will share the reduction amount as shown below.

Step 5, part 2

	Trevor	You
Family reduction amount from (f) in part 1	\$122.30	\$ (g)
Taxable income (item 33 on your tax return)	\$18,000	\$ (h)
Multiply (g) by (h).	\$2,201,400	\$ (i)
Family income from (a) in part 1	\$34,500	\$ (j)
Your share of the family reduction amount		
Divide (i) by (j).	\$63.81	\$ (k)

Your family reduction amount is unlikely to be more than your basic levy. If it is, the difference is taken off the levy your spouse pays. Similarly, any excess family reduction amount your spouse has may be transferred to you.

Step 5, part 3

Calculating your spouse's basic levy (See step 1.)

	Trevor	You	
Write here your spouse's basic levy from step 1.	\$43.20	\$	(aa)

Because Trevor's spouse taxable income is \$16,500 the basic levy she would pay is

$$(\$16,500 - \$16,284) \times \frac{20}{100} = \$43.20 \text{ (See step 1.)}$$

Calculating your spouse's share of the family reduction amount

Your family reduction amount (f) from step 5 part 1	\$122.30	\$	(f)
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Your share of the family reduction amount (k) from step 5 part 2	\$63.81	\$	(k)
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Take (k) away from (f).	\$58.49	\$	(bb)
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Your spouse's share of the family income reduction amount is the amount at (bb).

If your spouse's share of the family reduction amount (bb) is greater than your spouse's levy (aa), your spouse's excess family reduction can be transferred to you.

Step 5, part 4 – Transfer of any excess from spouse

	Trevor	You	
Take (aa) away from (bb).	\$15.29	\$	(l)

The excess family reduction amount transferred from your spouse is the amount at (l).

Your new share of the family reduction amount after the transfer

Add (k) and (l).	\$79.10	\$	(m)
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STEP 6 Work out your net basic levy

	Trevor	You	
Basic levy from step 1	\$270.00	\$	(n)
Family reduction amount if applicable – from (f), (k) or (m)	\$79.10	\$	(o)
Net basic levy			
Take (o) away from (n).	\$190.90	\$	(p)

If you claimed an exemption and completed item **43** on your tax return, go to step 7.

If you did **not** complete item **43**, go to step 8.

STEP 7 Work out your exemption amount

Full exemption

Write the number of days from **V** item **43**. (q)

Net basic levy from (p) at step 6 \$ (r)

Multiply (q) by (r). \$ (s)

Divide (s) by 365. \$ (t)

Half exemption

Write the number of days from **W** item **43**. (u)

Net basic levy from (p) at step 6 \$ (v)

Multiply (u) by (v). \$ (w)

Divide (w) by 365. \$ (x)

Divide (x) by 2. \$ (y)

Your exemption amount

Add (t) and (y). \$ (z)

STEP 8 Work out the Medicare levy you pay

Take (z) away from (p).	\$	(zz)
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The amount of Medicare levy you pay, if any, is (zz): your net basic levy at (p) less any exemption amount at (z). Transfer the amount of Medicare levy you pay (zz) to the **Final worksheet** step 4 label **H** on page 64.

PART 8

Medicare levy surcharge (from item 44)

This levy applies only if you selected 'No' at label **E** item **44** on your tax return. To work out your Medicare levy surcharge, follow the steps below.

Your taxable income from item **33** on page 3 of your tax return \$ (a)

Your total reportable fringe benefits amounts from item **20** on page 2 of your tax return \$ (b)

Add (a) and (b), then divide by 100. \$ (c)

If the surcharge applies for the **whole** year, the amount you have to pay is (c). In that case, transfer the amount for the **whole** year Medicare levy surcharge (c) to the **Final worksheet** step 4 label **I** on page 64.

If the surcharge applies for only **part** of the year continue with the steps below.

Write the number of days from **A** item **44** on page 3 of your tax return. (d)

Take (d) away from 365. (e)

Multiply (c) by (e). \$ (f)

Divide (f) by 365. \$ (g)

The amount of the surcharge you have to pay is (g). Transfer the amount for the part year Medicare levy surcharge (g) to the **Final worksheet** step 4 label **I** on page 64.

PART 9

Higher Education Loan Programme (HELP) compulsory repayment

A compulsory HELP repayment applies only if:

- you have an accumulated HELP debt*, and
- your HELP repayment income (see step 1 below) is more than \$36,184.

NOTE

You will not have to make a compulsory HELP repayment if, due to low family income, you

- are entitled to a reduction of your Medicare levy, or
- you do not have to pay the Medicare levy.

Questions **42** and **43** on pages 33–5 show you how to work out whether you qualify.

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

Step 1

Work out your 'HELP repayment income'.

Your taxable income from item **33** on page 3 of your tax return \$ (a)

Your total reportable fringe benefits amounts from item **20** on page 2 of your tax return \$ (b)

Your HELP repayment income
Add (a) and (b). \$ (c)

Step 2

Find the repayment rate that applies to your HELP repayment income in **table 9.1**.

TABLE 9.1 – HELP repayment rates

HELP repayment income	Repayment rate (% of HELP repayment income)
Below \$36,185	nil
\$36,185–\$40,306	4.0%
\$40,307–\$44,427	4.5%
\$44,428–\$46,762	5.0%
\$46,763–\$50,266	5.5%
\$50,267–\$54,439	6.0%
\$54,440–\$57,304	6.5%
\$57,305–\$63,062	7.0%
\$63,063–\$67,199	7.5%
\$67,200 and above	8.0%

Step 3

Multiply your HELP repayment income (c) from step 1 by the rate from step 2.

The result is your **compulsory HELP repayment**, which will be shown on your notice of assessment at **X**. If the balance of your accumulated HELP debt is less than the calculated amount, you only pay the balance.

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

* **Accumulated HELP debt:** your debt on 1 June 2006 may include any Higher Education Contribution Scheme (HECS) debts incurred before 1 January 2005, and any Higher Education Loan Programme (HELP) debts incurred in 2005 and 2006. Only one compulsory HELP repayment will be calculated in this assessment based on your accumulated debt.

➤ For more information about repaying your HELP debt, see the publication *Repaying HECS and HELP debts in 2005–06* (NAT 3913). This publication is available on our website or to get a printed copy phone our Publications Distribution Service on **1300 720 092**.

➤ For more information about repaying your Financial Supplement loans taken out in any of the years from 1993 to 2001, see the publication *Repaying your Financial Supplement Loan* (NAT 2789). This publication is available on our website or to get a printed copy phone our Publications Distribution Service on **1300 720 092**.

PART 10

Student Financial Supplement Scheme (SFSS) compulsory repayment

A compulsory SFSS repayment applies only if:

- you have an accumulated Financial Supplement debt*, and
- your taxable income is more than \$39,217.

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

Step 1

Write your taxable income from item **33** on page 3 of your tax return.

\$

Step 2

Find the repayment rate that applies to your taxable income in **table 10.1**.

TABLE 10.1 – SFSS repayment rates	
Taxable income	Repayment rate (% of taxable income)
Below \$39,218	nil
\$39,218–\$44,567	2%
\$44,568–\$62,396	3%
\$62,397 and above	4%

Step 3

Multiply your taxable income from step 1 by the rate from step 2. This is the amount of **compulsory Financial Supplement repayment**, which will be shown on your notice of assessment at **R**. However, if the balance of your accumulated Financial Supplement debt is less than the amount calculated here, you pay only the balance.

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

* **Accumulated Financial Supplement debt:** Your debt on 1 June 2006 includes all outstanding loans taken out from 1993 to 2001. Only one compulsory SFSS repayment will be calculated in this assessment based on your accumulated debt.

PART 11

Baby bonus

If you are claiming the baby bonus and you want to work out the amount, use the baby bonus calculator on our website or phone the Personal Tax Infoline on **13 28 61**.

Transfer the amount of baby bonus to the **Final worksheet** step 8 label **T**.

FINAL WORKSHEET

WHAT YOU MUST DO

To estimate your tax refund or debt, you can use the comprehensive tax calculator on our website or complete the steps below. If any of the amounts listed do not apply to you, write **0** in the appropriate box.

<p>STEP 1 Tax on taxable income</p> <p>Write the amount of tax you worked out on pages 55–6. \$ <input type="text"/> A</p> <p>STEP 2 Tax offsets</p> <p>Write the amount of total tax offsets from item 41 on your short tax return. Do not include your private health insurance tax offset from item 38 – write this amount at step 8. \$ <input type="text"/> B</p> <p>Write the amount of low income tax offset you worked out on page 56. \$ <input type="text"/> C</p> <p>Write the amount of senior Australians or pensioner or beneficiary tax offset you worked out on pages 57–8. \$ <input type="text"/> D</p> <p>Write the amount of mature age worker tax offset you worked out on pages 58–9. \$ <input type="text"/> E</p> <p>Add the amounts at B, C, D and E together. \$ <input type="text"/> F</p> <p>STEP 3 A minus F – this is your tax payable.</p> <p>If this amount is less than zero, write 0 at G. \$ <input type="text"/> G</p> <p>STEP 4 Medicare levy and Medicare levy surcharge</p> <p>Write the amount of Medicare levy you worked out on pages 59–61. \$ <input type="text"/> H</p> <p>Write the amount of Medicare levy surcharge you worked out on page 62. \$ <input type="text"/> I</p> <p>Add the amounts at H and I together. \$ <input type="text"/> J</p> <p>STEP 5 Add the amounts at G and J together – this is your total tax payable. \$ <input type="text"/> K</p>	<p>STEP 6 HELP repayments and SFSS repayments</p> <p>Write the amount of HELP repayments you worked out on page 62. \$ <input type="text"/> L</p> <p>Write the amount of SFSS repayments you worked out on page 63. \$ <input type="text"/> M</p> <p>Add the amounts at L and M together. \$ <input type="text"/> N</p> <p>STEP 7 Add the amounts at K and N together. \$ <input type="text"/> O</p> <p>STEP 8 Credits and refundable tax offsets</p> <p><i>Pay as you go (PAYG) instalments:</i></p> <p>Write the total amount of credits for PAYG instalments \$ <input type="text"/> P</p> <p><i>Total credits from payment summaries:</i></p> <p>Write the amount of total tax withheld from item 19 on your tax return. \$ <input type="text"/> Q</p> <p><i>Private health insurance tax offset:</i></p> <p>Write the amount of private health insurance tax offset from item 38 on your tax return. \$ <input type="text"/> R</p> <p><i>Franking credits:</i></p> <p>Write the amount of franking credits from item 22 on your tax return. \$ <input type="text"/> S</p> <p><i>Baby bonus:</i></p> <p>See page 63. \$ <input type="text"/> T</p> <p>Add the amounts at P, Q, R, S and T together. \$ <input type="text"/> U</p> <p>STEP 9 O minus U – this is your net tax payable. \$ <input type="text"/> V</p>
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If **V** is **less** than \$0, this is the amount of the **tax refund** you will receive – excluding any family tax benefit (FTB) debts, tax debts or child support payment debts you might have. If **V** is more than \$0, this is the amount of **tax you will have to pay**.

The *Short tax return instructions 2006* 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 2005–06 personal tax return.

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Taxpayers may copy parts of the *Short tax return instructions 2006* for their personal records.

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