



AUSTRALIAN TAXATION OFFICE

THE 1985 FORM S TAX GUIDE

PURPOSE OF THIS GUIDE

This Guide has been prepared to assist persons completing income tax return Form S.

NEED MORE HELP?

If, after reading this Guide, you are still not sure how to complete any item on your return, either lodge it with a statement giving the details of your problem or contact the nearest Taxation Office. If you need to contact the Taxation Office about your return after it has been lodged, make sure that you quote your file number when making your enquiry.

The locations and telephone numbers of all offices are at the back of this Guide.

FREEDOM OF INFORMATION

Under the Freedom of Information Act you can ask to see Government records such as your taxation file. You can also ask to see rules and guidelines used by the Taxation Office when assessing your taxation return. Further information on the Freedom of Information Act may be obtained from your local Post Office.

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GUIDE IN OTHER LANGUAGES

This Guide is also available in the following languages to assist taxpayers of ethnic backgrounds—Arabic, Chinese (Mandarin), Croatian, Greek, Italian, Malay, Maltese, Polish, Portuguese, Serbian, Spanish, Turkish and Vietnamese. These Guides may be obtained from any Taxation Office and from selected Post Offices in areas where it is known that there are communities with particular ethnic backgrounds.

DUE FOR A REFUND?

The Taxation Office endeavours each year to issue refunds in the order in which returns are received but this is not always possible, especially where returns are inaccurate or incomplete. You can help by following the explanatory notes in this Guide and by paying particular attention to the 'MAIN POINTS TO REMEMBER' notes on Page 30.

If space for any item on the return form is insufficient for you, please attach a list of the required details but remember to show the total amount for the item at the correct place on the form.

When you have completed your return, lodge it as soon as you can—before the middle of July if possible. Information on where to lodge is on Page 31.

WHO SHOULD USE FORM S?

Form S is to be used only by taxpayers whose income consisted of:

- Salary, wages or other income as an employee
- Pensions, superannuation payments
- Unemployment, sickness or other benefits
- Interest, dividends or other investment income up to \$416 for taxpayers who were under 18 at 30 June 1985, or up to \$999 for taxpayers who were 18 or over at that date, and who are NOT claiming
- A rebate for an excess of concessional expenditure over \$2000
- A rebate for capital subscribed to petroleum exploration or mining companies
- A deduction for contributions to an approved superannuation fund not sponsored by an employer.

The rebates and deduction mentioned above may be claimed by using Form A.

CONCESSIONAL EXPENDITURE AND CONCESSIONAL EXPENDITURE REBATE

Concessional expenditure is expenditure in respect of doctors, hospitals (including approved nursing homes), chemists, dentists, opticians and optometrists, other medical, funeral (\$100 max. per deceased dependant for funeral expenses), education (\$250 max. per student), self-education (\$250 max.), rates and land taxes on sole or principal residence (\$300 max.), life insurance, superannuation and annuities (\$1200 max.), adoption of a child, and one-third of calls paid to afforestation companies.

Concessional expenditure cannot be claimed as a deduction against your income. However, a rebate of 30 cents for each \$1 by which allowable concessional expenditure exceeded \$2000 is available. Form A includes a schedule on which concessional expenditure may be detailed.

LIABILITY FOR LODGMENT OF RETURNS

IF YOU ARE A RESIDENT

If you should use Form S but your total income for the year ended 30 June 1985:

- was less than \$4596;
- was less than \$4783 and your income included an Australian social security unemployment, sickness or special benefit; or
- was less than \$5533 and your income included an Australian social security or repatriation pension that is subject to Australian tax, you need not lodge a return unless:
 - Tax instalment deductions have been made from your earnings. A return is required so that they can be refunded to you.
 - You are specifically requested by the Taxation Office to do so.

If you do not need to lodge a 1985 return but you lodged a return last year, please forward a statement to the Taxation Office where you lodged your 1984 return, quoting your file number and explaining why you will not be lodging this year.

IF YOU ARE A NON-RESIDENT

If you are a non-resident who should use Form S you must lodge a tax return if you earned any income in Australia. However, you do not have to lodge a return if your total Australian income was less than \$5533 and it included an Australian social security or repatriation pension that is subject to Australian tax. If you are not sure of your residency status for taxation purposes, you should contact your nearest Taxation Office.

PENALTIES

Any person who:

- is liable to furnish a return and fails to do so;
- provides false or misleading information (including the omission of income); or
- omits particulars so as to make information supplied misleading, may be liable to prosecution or the payment of substantial amounts of additional tax.

Where a person has neglected to furnish returns or finds on examination of past returns that tax has been avoided and voluntarily makes a full disclosure of the facts to the Deputy Commissioner, the additional tax provided by law may be substantially remitted.

INCOME

ITEM 1: GROUP CERTIFICATES AND TAX STAMPS SHEETS

Any employer you have had during the year is required to provide you with a group certificate or tax stamps sheet (or statement of earnings where tax instalments have not been deducted from your earnings) in time for completion of your return. If a group certificate or tax stamps sheet has been lost, you should obtain from your employer a signed statement setting out the serial number and particulars of the amounts shown on the original group certificate or tax stamps sheet. Enclose the statement with your return. If you cannot obtain a statement of particulars from your employer you must complete a Statutory Declaration Form, available from Taxation Offices, and enclose it with your return. If you receive a further group certificate or tax stamps sheet after lodging your return, do not forward a second return. Forward the group certificate or tax stamps sheet to the Taxation Office with a brief explanatory letter. Include your file number on this letter.

ITEMS 2 AND 3: COMMONWEALTH GOVERNMENT BENEFITS, PENSIONS, ETC.

With some exceptions, pensions, allowances and benefits paid by the Commonwealth Government are subject to tax. Those exempt from tax include:

- Invalid Pension and equivalent repatriation service pension, and Tuberculosis Allowance, paid to a man less than 65 years of age or to a woman less than 60 years of age.
- All repatriation disability (war) pensions and allowances including war widows' pensions.
- A pension paid to a person by reason that the person is the spouse of a social security pensioner or permanently unemployable repatriation beneficiary, provided the husband is less than 65 years of age and the wife is less than 60 years of age.
- Family allowances (child endowment), funeral benefits, Tertiary Education Assistance Scheme (TEAS), sheltered employment allowances, double orphans' pensions, handicapped childrens' allowances, mothers'/guardians' allowances, rehabilitation allowances, domiciliary nursing care benefits, family income supplements, mobility allowances, remote area allowances and open employment incentive bonuses.
- Additional benefits for children and supplementary allowances paid to pensioners and similar benefits and allowances paid to unemployment, sickness and special beneficiaries.

If you have been paid during the year a Commonwealth Government pension, etc., which is subject to tax, the Department which made the payments will issue you with a group certificate or statement showing the amount for inclusion in your return.

Details from a group certificate should be entered at Item 1 on your return. The amount of income shown on a statement should be entered at Item 2 (unemployment, sickness or special benefits) or Item 3 (age, service or widow's pension, supporting parent's benefits, etc.) as appropriate.

PENSION REBATE

If your income included an Australian social security or repatriation pension, allowance or benefit which is not exempt from tax—for example an age, service or widow's pension but not a superannuation pension or unemployment, sickness or special benefit—and your taxable income is less than \$7533, a pension rebate is allowable.

If your taxable income is \$5533 or below, the rebate allowable is equal to the tax on your taxable income. If your taxable income is in the range \$5534 to \$7532 the rebate is \$250 less 12.5 cents for each dollar that your taxable income is more than \$5533.

The rebate will be worked out by the Taxation Office and allowed to you, but you must show the pension or benefit at Item 1 (if you had tax deducted from it) or at Item 3 (if no tax was deducted from it). If your taxable income is in the range \$5534 to \$7532 and you would like to work out the rebate yourself, use the calculation block on Page 26 headed 'Calculation of Pension Rebate'.

BENEFICIARY REBATE

If your income included an Australian social security unemployment, sickness or special benefit a beneficiary rebate may be allowable.

If, at any time during the year, you received such a benefit and you were married, or you were not married but you were living together with another person as husband and wife, a rebate is allowable if your taxable income is less than \$8589. In this case, if your taxable income is less than \$7990 the rebate is \$75. If your taxable income is in the range \$7990 to \$8588 the rebate is \$75 less 12.5 cents for each dollar that your taxable income is more than \$7989.

If, at any time during the year, you received an unemployment, sickness or special benefit and you were not married and you were not living together with another person as husband and wife, a rebate is allowable if your taxable income is less than \$5183. In this case, if your taxable income is less than \$4784 the rebate is equal to the tax on your taxable income. If your taxable income is in the range \$4784 to \$5182 the rebate is \$50 less 12.5 cents for each dollar that your taxable income is more than \$4783.

The rebate will be worked out by the Taxation Office and allowed to you, but you must show the benefit you received at Item 1 (if you had tax deducted from it) or at Item 2 (if no tax was deducted from it). If you would like to work out the rebate yourself, use the calculation block on Page 27 of this Guide.

NOTE: If you are entitled to a rebate as explained above, and you are also entitled to a pension rebate, as explained in the notes under the heading 'Pension Rebate' above, you will be allowed whichever of the rebates is of more benefit to you.

ITEM 6: EMPLOYMENT ALLOWANCES, BENEFITS, ETC.

The value to you of any allowance, gratuity, compensation, benefit, bonus or premium received in connection with employment or services rendered must be included in Item 6 on the return form.

ITEM 6 (a): VALUE OF BOARD, QUARTERS OR RESIDENCE PROVIDED BY EMPLOYER

The value of meals (board) quarters or residence provided free, or for a charge that is less than full value, by your employer must be included in your assessable income. Generally, the amount to be included is shown in column 2 of your group certificate or tax stamps sheet.

In special circumstances, you may qualify for a concessional basis for determining the value of residential accommodation provided by your employer. Full details of this concession may be obtained from any Taxation Office. In broad terms, and subject to certain other conditions being met, this concession is available if the accommodation and your place of work are located in an area remote from major population centres. Alternatively, you may qualify if the accommodation is provided at or in close proximity to your place of work, and you are required to occupy the accommodation, to be on call for duty and the conditions of your occupancy are onerous. If eligible for this concession, you should include in your assessable income $\frac{1}{10}$ th of the market rental value of the accommodation, less the amount, if any, of rent paid by you for the accommodation.

If you consider that you may be entitled to the benefits of this concession you may either:

- obtain full details of this concession to help you calculate the amount, if any, to be included in your assessable income;

or

- attach to your return form a statement giving the following particulars:
 - the location of the accommodation (if different from your residential address shown on Page 1 of the return form);
 - whether the accommodation was occupied by you for the whole income year. (If not, show the number of days on which you did occupy the accommodation);
 - the total amount of rent (if any) paid by you during the year in respect of the accommodation;
 - a description of the accommodation, including type of construction, number of rooms, number of bedrooms and details of any features of the accommodation or of the conditions of your use of it which you consider have a special bearing on the value of the accommodation;
 - the income year in which you first occupied the accommodation; and
 - an estimate of the market rental value of the accommodation for the year ended 30 June 1985;and the Taxation Office will calculate the amount, if any, to be included in your assessable income.

ITEM 6 (e): VALUE OF BENEFIT RECEIVED THROUGH EMPLOYEE'S SHARES OR RIGHTS

If you have received shares or rights to acquire shares under a scheme for the acquisition of shares by employees, or a relative or other associate has either acquired shares pursuant to rights originally received by you or disposed of such rights, you should give details relating to the acquisition of the shares or the disposal of the rights.

ITEM 6 (f): VALUE TO YOU OF OTHER ALLOWANCES, BENEFITS, ETC.

Attach a statement giving details of any allowance, benefit, etc. shown at this item including an explanation of how the amount was calculated. If you have received a benefit and have not shown its value in your return, attach a statement giving details of the benefit and the reasons why it was not included in your return.

ITEM 7: LUMP SUM PAYMENTS FOR LEAVE

If you ceased employment during the year any payment for unused holiday pay, leave bonus and unused long service leave which accrued after 15 August 1978 should be marked A in column 4 of your group certificate or tax stamps sheet. Any amount marked A should be included at Item 7 (a) of your return form.

If your taxable income is more than \$19,500, a rebate of tax may be allowable to limit the rate of tax on any amount at Item 7 (a) to 30 per cent. The rebate will be worked out by the Taxation Office and allowed to you. However, if you would like to work out your rebate use the calculation block on Page 27 headed 'Calculation of Rebate on Lump Sum Payments for Leave and Eligible Termination Payments'.

Any amount marked B in column 4 of your group certificate or tax stamps sheet which is for unused long service leave accrued before 16 August 1978 should be shown at Item 7 (b) of your return. If you ceased employment on or after 1 August 1984 an amount marked B on the group certificate or tax stamps sheet which shows your wages, etc., should represent a payment made to you for unused long service leave accrued before 16 August 1978. If you ceased employment before 1 August 1984 an amount marked B should include any payment made to you for unused long service leave accrued before 16 August 1978 as well as any eligible termination payment made to you (see notes for Item 8) by your employer. If there is an amount marked B and you do not know what type of payment the amount represents, refer to the note after Item 8.

ITEM 8: ELIGIBLE TERMINATION PAYMENTS— SUPERANNUATION, RETIREMENT OR SIMILAR AMOUNTS

An eligible termination payment is any payment made by:

- your employer as a result of your retirement or termination of employment, other than a payment for annual leave, leave bonus or long service leave;
- a superannuation fund, other than periodic pension payments; or
- an approved deposit fund.

A payment made for the commutation of all or part of a superannuation pension or annuity can also be an eligible termination payment. So can a payment of the residual capital value of a superannuation pension or an annuity.

If you received a payment of the nature described above you should refer to 'The 1985 Eligible Termination Payments Guide' which is available from Taxation Offices and most Post Offices.

NOTE:

You should ask your former employer or paying organisation for an explanation, or include a request with your return that the Taxation Office check the matter, if:

- you have received a payment which you think should be included at Item 7 or 8 of your return but it is not shown on your group certificate or tax stamps sheet; or
- there is an amount shown in column 4 of your group certificate or tax stamps sheet and you do not know the type of payment the amount represents.

ITEM 12: AMOUNTS RECEIVED AS BONUSES UNDER LIFE ASSURANCE POLICIES TAKEN OUT AFTER 27 AUGUST 1982

If, during the year ended 30 June 1985, you were paid any bonuses under a life assurance policy (other than a policy for superannuation purposes) which was taken out after 27 August 1982, you should include the amounts at Item 12 to the extent indicated below unless they were received because of death, accident, illness, disability or by reason of serious financial difficulties.

The amounts to be included at Item 12 depend on the date you took out the policy and the dates on which the bonuses were received.

If you took the policy out after 27 August 1982, but on or before 7 December 1983, Item 12 should include:

- the full amount of any bonuses paid to you during the year ended 30 June 1985 which were received within two years of taking out the policy; and
- two-thirds of any other bonuses paid to you during that year.

If you took the policy out after 7 December 1983, Item 12 should include the full amount of any bonuses paid to you during the year ended 30 June 1985.

If you include an amount of bonus at Item 12 or you consider that an amount should not be included in your return because of the circumstances under which it was received, attach a note to your return setting out:

- the name of the issuing organisation;
- the date the policy was taken out;
- the policy number;
- the type of policy;
- the date that each bonus was received; and
- the circumstances under which each bonus was received.

If you were paid a bonus upon termination, forfeiture or surrender of a policy and you believe you have made an overall loss on the policy, you may seek to have the bonus excluded from your income by attaching a note to your return setting out:

- the name of the issuing organisation;
- the date the policy was taken out;
- the policy number;
- the type of policy;
- the premiums paid by you or any other person under the policy;
- the total amount received by you or any other person under the policy; and
- the surrender value of the policy.

Where the issuing organisation has to pay tax on the income from which the bonuses were made, you are entitled to a rebate of 30 cents for each dollar of such bonus included in your assessable income. This rebate will be automatically calculated and allowed in your assessment.

ITEM 13: ANY OTHER INCOME SECURITIES ISSUED AT A DISCOUNT

Profits derived from the sale or redemption of securities purchased or acquired at a discount after 30 June 1982 are regarded as assessable income.

INCOME FROM OUTSIDE AUSTRALIA

If you have received any income (including a pension), from sources outside Australia, attach a statement giving full details including the nature of that income. If you consider the income to be not subject to Australian tax, give your reasons.

DEDUCTIONS

ITEM 16: DEDUCTIONS RELATING TO LIVING-AWAY-FROM-HOME ALLOWANCE

If you are an employee and have received an allowance which the Commissioner is satisfied is to compensate you for the additional expenses incurred through having to live away from your usual home in order to perform your work, you should include the amount of the allowance at Item 6 (b) and claim a deduction at Item 16 as follows: If the allowance was paid in cash under any award, industrial agreement, etc., and did not exceed \$7 per week, \$5 per week or the amount of the allowance per week, whichever is the lesser, is an allowable deduction. If the allowance was received otherwise than in cash and did not exceed \$5 per week, the amount by which the value exceeded \$2 per week is an allowable deduction. In any other case, the deduction allowable is the amount which the Commissioner deems reasonable, but may not exceed the total value of the allowance less \$2 per week.

ITEMS 17 AND 18: DEDUCTIONS RELATING TO OTHER ALLOWANCES, BENEFITS, ETC. AND OTHER EXPENDITURE INCURRED IN EARNING INCOME

Provided it is not of a capital, private or domestic nature, expenditure actually incurred for the purpose of earning your income may be claimed:

- at Item 17 where the expenditure is incurred against an allowance (for example travelling, entertainment, tool, clothing, etc. allowance included at Item 6); or
- at Item 18 where no allowance is received for the expenditure incurred.

Claims made at these items must be supported by a statement which sets out fully how, in the terms of your employment, you were required to incur expenditure of the kind claimed and which indicates whether or not you hold receipts for the amounts claimed. If receipts are not held, you should explain how you arrived at the amounts claimed.

Depending on your occupation and/or the conditions of your employment, examples of the types of expenditure which may be allowable as deductions are:

- The cost of purchase or maintenance of special clothing which is necessary and peculiar to your occupation. The clothing must either:
 - be a uniform prescribed by your employer; or
 - assist you in some way in your work; or
 - protect you from risk of injury while you are working; or
 - be generally worn by persons following your occupation to protect conventional clothing.
- The cost of repairing or replacing tools of trade.
- The cost of technical journals or reference books provided they are essential for you to carry out your occupation. (Depreciation is allowable on reference books forming part of a library.)
- Travelling or motor vehicle expenses. (*NOTE:* The cost of travelling from your home to your normal place of employment and return is an expense of a private nature and is not allowable as a deduction. However, the cost of travelling directly from one place of employment to another place of employment is an allowable deduction.) If you are claiming travelling or motor vehicle expenses you must also show:
 - the circumstances under which it was necessary for you to incur the expenditure claimed in the course of your employment;
 - make, model and engine cubic capacity of the vehicle;
 - actual kilometres travelled (i) for employment purposes, (ii) between home and usual place of employment and (iii) for other private purposes; and

- details of expenses claimed. Expenses incurred in respect of a motor vehicle used for both employment and private purposes must be apportioned between employment and private use. Only that part appropriate to employment use is an allowable deduction. The maximum amount on which depreciation is allowable for motor cars and station wagons (including four-wheel drive vehicles) first used during the year ended 30 June 1985 is \$25 342.

(NOTE: Motor Vehicle Rates Per Kilometre—Where a travelling or motor vehicle allowance is not paid by your employer and total kilometres travelled for employment purposes did not exceed 10 000 for the year, you can either provide details of expenses claimed or make your claim at a set rate per kilometre based on the engine capacity of your vehicle. The rates are 20.8 cents for engines up to 1500 cc (or 750 cc for rotary engines); 23.2 cents for 1501 cc to 2000 cc (751 cc to 1000 cc for rotary engines); 28.2 cents for 2001 cc to 4000 cc (1001 cc to 2000 cc for rotary engines); 29.9 cents for over 4000 cc (over 2000 cc for rotary engines).)

- Entertainment expenses. If you are claiming entertainment expenses you must also show:
 - the connection between the expenditure incurred and the production of assessable income; and
 - the method used to calculate your claim, including the nature of records maintained.

NOTE: It is advisable to keep a diary of travelling, motor vehicle and entertainment expenses to enable you to prepare your claim correctly.

ITEMS 19, 20, 21: GIFTS

Gifts of \$2 and upwards to school building funds approved by the Taxation Office, public hospitals, public benevolent institutions and to other approved bodies or funds, including approved overseas aid funds, are allowable deductions. Gifts of less than \$2 and gifts to war memorial funds are not deductible.

For gifts to approved school building funds, claim only the percentage advised as allowable for income tax purposes.

If claiming the value of property donated under the 'Incentive Scheme for the Arts' or to National Trust Bodies, the required valuation certificates must be attached to Page 3 of the return.

ITEM 22: UNDEDUCTED PURCHASE PRICE OF ANNUITY/PENSION

If you have included as income in your return a superannuation pension or annuity, a part of that pension or annuity may be free of tax. The amount free of tax cannot, in any circumstances, exceed the amount of the pension or annuity. If the amount of superannuation pension or annuity free of tax is known, write the amount at Item 22.

The amount that is free of tax depends upon the amount of the 'undeducted purchase price'. If a superannuation pension or annuity was first received by you during the year ended 30 June 1985, the 'undeducted purchase price' is the total of:

- (a) that part of the amounts paid in any year up to 30 June 1983 to purchase the pension or annuity which was not allowable either as a deduction or as rebatable expenditure; and

- (b) subject to the note below, that part of the amount paid since 30 June 1983 to purchase the pension or annuity which was not allowed as a deduction in the 1983–84 year or is not allowable as a deduction this year.

In the case of a superannuation pension, the 'undeducted purchase price' does not include any amount paid to the superannuation fund to obtain superannuation benefits that include the pension, if that amount has been repaid to you by the fund.

NOTE: Any payments made in purchasing a pension or an annuity since 30 June 1983, to the extent that they represented the 'roll-over' of the otherwise fully assessable part of an 'eligible termination payment', do not give rise to an amount of 'undeducted purchase price'. Explanations of the terms 'roll-over' and 'eligible termination payment' are given in 'The 1985 Eligible Termination Payments Guide' which is available from Taxation Offices and most Post Offices. If you have received an eligible termination payment during the year, you will also need to complete Schedule L. This schedule is included in 'The 1985 Eligible Termination Payments Guide'.

If you do not know the amount of pension or annuity that may be free of tax, attach a statement to your return requesting the Taxation Office to calculate your entitlement.

If you commenced to receive the pension or annuity during the year ended 30 June 1985, you should attach a statement to your return showing:

- if you consider that amounts paid in any income year up to 30 June 1983 are to be treated as 'undeducted purchase price' (i.e. amounts described at (a) above)—any information that you have to support this claim;
- the amount paid as purchase price since 30 June 1983 that has not been or is not allowable as a deduction (i.e. the amount referred to at (b) above);
- your date of birth and the date on which the pension or annuity first commenced to be payable;
- if the pension or annuity is payable over a specific number of years—that number of years;
- if the pension or annuity is not payable over a specific number of years—full details of the terms and conditions applying to the payment of the pension or annuity, including the full name and date of birth of any other person or persons to whom the pension or annuity may become payable;
- if the pension or annuity is payable to any other person or persons as well as yourself—your share as a proportion of the total pension or annuity; and
- any residual capital value of the pension or annuity. (*Note*—give this amount where the agreement under which the pension or annuity is payable specifies a residual capital value, or where such a value could be ascertained from the terms of the agreement when the pension or annuity was first paid.)

If a pension or annuity is received for part only of a year (including where a commutation occurred during 1984–85), the amount free of tax is a proportion only of the amount that would have been free of tax had the pension or annuity been received for the full year. If you have commuted a pension or annuity during 1984–85, you will also need to complete Schedule L.

If you need any additional information relating to the 'undeducted purchase price' provisions of the law, including the manner in which the amount that is free of tax is calculated, you should contact your nearest Taxation Office.

REBATES

You should remember that rebates of tax are not allowable deductions and do not alter your taxable income. When filling out your form, do not attempt to change your taxable income by the amount of any rebate. The tax payable on your taxable income will be reduced automatically by the total of all rebates allowed.

DEPENDANTS

A person is your dependant if that person is:

- your spouse (legal or de facto) or daughter-housekeeper (*see* Item 28)
- an invalid relative of yours and is 16 years or older (*see* Item 29)
- your parent or the parent of your spouse, legal or de facto (*see* Item 30).

A child under 16 or a student child under 25 is also a dependant but no actual rebate is allowable for this type of dependant (*see* notes under the heading 'ITEM 27: CHILD UNDER 16 OR STUDENT UNDER 25').

If you are a resident of Australia and you contributed to the maintenance of a dependant (*see* notes on 'MAINTENANCE OF A DEPENDANT' below) you may be entitled to a rebate of tax. The rebate cannot be more than the maximum amount stated on the return form. If the dependant derived a separate net income of more than \$285 during the period you contributed to his or her maintenance, the rebate you could otherwise get must be reduced by \$1 for every \$4 that the dependant's separate net income was more than \$282 (*see* notes on 'SEPARATE NET INCOME' below).

MAINTENANCE OF A DEPENDANT — You are regarded as having contributed to the maintenance of a dependant if you provided food, lodgings or clothing for the dependant or made payments for the dependant's living, medical or education expenses. For any period that you and the dependant lived together you are regarded as having contributed to the maintenance of the dependant, even if he or she had a separate net income. For example, a husband and wife living together are dependants of one another and if each has a 'separate net income' each is considered to have maintained the other.

SEPARATE NET INCOME means gross income which a dependant derived from all sources during the period you maintained the dependant less any expenses incurred in the production of such income. Separate net income includes pensions and the full amount of any lump sum payment in lieu of annual leave, sick leave or long service leave and any amounts that are tax free. Tax instalment deductions, tax deducted from prescribed payments income and superannuation contributions should not be deducted from Gross Income in calculating separate net income. Separate net income does NOT include family allowances (child endowment) including the family allowance component of payments made under the Tertiary Education Assistance Scheme, family income supplement, a handicapped child's allowance or benefits paid by the Commonwealth Government for domiciliary nursing care or under the scheme for assistance with the education of isolated children. Nor does it include any lump sum payment made in consequence of retirement or termination of employment which is of a capital nature, e.g. a lump sum payment from a superannuation fund or for compensation for loss of office.

An example of how a rebate is affected by separate net income is as follows:

A husband contributed to his wife's maintenance for the whole year and she had a separate net income of \$2283 during six months of the year. There was no dependent child or student. His rebate is calculated as follows:

Maximum rebate	\$830
Separate net income of wife	\$2283
Less separate net income threshold	<u>\$ 282</u>
Excess of separate net income, over \$282 ..	\$2001
Rebate is reduced by \$1 for every \$4 of separate net income in excess of \$282	
That is, $\frac{\$2001}{4} = \500 (cents are ignored)	
Rebate is reduced by	<u>\$500</u>
Rebate allowable to this husband	<u>\$330</u>

If this husband had also maintained a dependent child or student during the year the rebate allowable would be \$530 (that is \$1030-\$500 = \$530).

The receipt of a Commonwealth Government pension for a full year by a parent, parent of your spouse (legal or de facto) or an invalid relative would generally prevent a taxpayer receiving a rebate in respect of that dependant.

The maximum rebate for a full year dependant is allowable if the dependant's separate net income was not more than \$285. The reduction in the rebate that you could otherwise get, by \$1 for every \$4 that separate net income was more than \$282, means that no rebate is allowable when separate net income is equal to or more than the following amounts:

Spouse (legal or de facto), Daughter-housekeeper—	
• where \$1030 maximum applies	\$4402
• where \$830 maximum applies	\$3602
Invalid relative	\$1786
Parent, parent of a spouse (legal or de facto)	\$3278

MAXIMUM REBATE CLAIM—The maximum rebate specified on the return form is allowable if, for the whole of the year, you were:

- a resident of Australia; and
- the sole contributor to the maintenance of the dependant (see notes on 'MAINTENANCE OF A DEPENDANT' on Page 14).

and the dependant in respect of whom the rebate is claimed:

- was a resident of Australia for the whole of the year; and
- did not have a separate net income of more than \$285 for the year (see notes on 'SEPARATE NET INCOME' on Page 14).

PART REBATE CLAIM—A proportionate rebate should be claimed where:

- more than one person contributed to the maintenance of the dependant (see notes on 'MAINTENANCE OF A DEPENDANT' on Page 14); or
- the dependant commenced or ceased to be a dependant during the year; or
- the dependant was a resident for part only of the year (but see notes under the heading 'ITEMS 27 to 30 and 37: OVERSEAS DEPENDANTS').

ITEM 27: CHILD UNDER 16 OR STUDENT UNDER 25

The maximum rebate of \$1030 for Item 28 or 31 applies if you have maintained a child under 16 or a student whose separate net income was:

- less than \$1786, where the person was maintained for the full year; or
- less than \$281 plus \$28.94 for each week that the person was maintained, where the person was maintained for part only of the year.

For the purpose of the above, a 'child' means any child under 16 not being a student. A 'student' is a person under 25 years of age receiving full-time education at a school, college or university. If you have maintained a child or student living outside Australia you should refer to the notes under the heading 'ITEMS 27 to 30 and 37: OVERSEAS DEPENDANTS'.

Separate net income is explained in the notes under the heading, 'DEPENDANTS'. However, for a dependent student, it also includes that part of the value of any scholarship, bursary, etc. (not including a payment made by the Commonwealth Government under the scheme for assistance with the education of isolated children) which is a contribution by a Government towards a student's living expenses.

ITEM 28: SPOUSE (LEGAL OR DE FACTO)

For the purposes of this rebate 'spouse' means the person that you were married to or living with as husband and wife even though you were not married.

DAUGHTER-HOUSEKEEPER

Do not claim for a daughter unless she is your housekeeper and you are a widowed person. 'Daughter-housekeeper' means a daughter, adopted daughter, step-daughter or ex-nuptial daughter wholly engaged in keeping house for a widowed person.

NOTE: You cannot claim a daughter-housekeeper rebate for any period that you lived in a de facto relationship.

ITEM 29: INVALID RELATIVE

Invalid relative means a person 16 years of age or more who is the taxpayer's child, brother or sister and who is in receipt of an invalid pension or equivalent rehabilitation allowance or for whom a certificate of invalidity has been obtained from the Commonwealth Department of Health or a doctor approved by the Secretary to the Department of Social Security. If a certificate has been obtained and you have not forwarded a copy to the Taxation Office, enclose a copy with your return. If a copy has previously been forwarded, endorse your return to that effect.

ITEMS 27 TO 30 AND 37: OVERSEAS DEPENDANTS

You may not claim any concession in respect of a dependant living outside Australia unless that dependant is temporarily overseas or, in the case of a dependent spouse, student or child, is awaiting early migration to Australia. 'Early Migration' means that arrangements have been made for the dependant to follow the taxpayer to Australia as soon as circumstances permit, but, in any case, within 5 years of the taxpayer's arrival in Australia. Where a dependant is accepted as a resident of Australia in accordance with the above, the general rules relating to dependants explained in this Guide apply.

Rebates are not allowable for parents, parents-in-law or parents of your de facto living outside Australia.

If, at any item on the return form, you have claimed for, or based a claim on, a dependant living outside Australia you should:

- in the case of a dependant temporarily overseas, include with your return a statement outlining the circumstances of the temporary absence from Australia and the expected date of return to Australia; or
- in the case of a dependant awaiting early migration, include with your return the date of your arrival in Australia, evidence of the arrangements that have been made for the dependant to come to Australia and the expected date of his or her arrival in Australia.

ITEM 31: HOUSEKEEPER

You may claim a rebate of \$830 (or \$1030 if you have maintained a dependent child or student during the year) if, for the whole of the year, you had a housekeeper and:

- you were single, widowed or divorced; or
- your spouse (legal or de facto) was an invalid pensioner; and
- the housekeeper was wholly engaged in keeping house for you and in caring for:
 - your children under 16;
 - your spouse (legal or de facto) who is in receipt of an invalid pension;
 - an invalid relative for whom you are entitled to a rebate at Item 29;or
- a child under 16 dependent on you and whose separate net income was less than the appropriate amount as set out in the notes under the heading 'ITEM 27: CHILD UNDER 16 OR STUDENT UNDER 25' on Page 16.

If the above conditions applied for only part of the year, you must claim only a proportion of the maximum rebate otherwise allowable. The rebate does not apply for any period during which you maintained a spouse not receiving an invalid pension, unless special circumstances exist. Nor does it apply for any period during which you maintained a daughter housekeeper.

NOTE: You cannot claim a housekeeper rebate for a de facto spouse, but you may be entitled to a spouse rebate (see Item 28).

ITEM 32: SOLE PARENT

You may claim the maximum rebate of \$780 if, for the whole of the year, you were a sole parent (a parent without a partner) who is not entitled to a rebate for a housekeeper or daughter-housekeeper and who had the sole care of a dependent child or student whose separate net income was less than the appropriate amount as set out in the notes under the heading 'ITEM 27: CHILD UNDER 16 OR STUDENT UNDER 25' on Page 16. If this amount is exceeded then no rebate is allowable.

A proportion only of \$780 must be claimed if you are entitled to a rebate for a housekeeper or daughter-housekeeper for part of the year or if you had the sole care of a dependent child or student during part only of the year. In addition to claiming the rebate at Item 32 you must also show the details of your dependent child or student at Item 27.

ITEMS 33 AND 37: ZONE OR OVERSEAS FORCES REBATE

Taxpayers living or spending time in the area comprising Zone A and Zone B may be entitled to a rebate. Maps showing the zones are displayed at Post Offices in the zones and at Taxation Offices.

You qualify for a zone rebate in 1984-85 if you lived or spent at least 183 days within the area comprising Zone A and Zone B during the twelve months 1 July 1984 to 30 June 1985.

If you fell short of the 183 days during the year ended 30 June 1985, provided your time in a zone area was not taken into account in determining your entitlement, as a member of the Defence Force, to an overseas forces rebate or your entitlement to the comparable rebate available to persons who serve overseas with a United Nations armed force, you still qualify for a 1984-85 zone rebate if:

- you lived or spent at least 183 days within the area comprising Zone A and Zone B during the period 1 July 1983 to 30 June 1985 and you were not entitled to a zone rebate in your assessment for the income year ended 30 June 1984; or
- after 31 December 1980, you were continuously resident within zone areas for a period of at least 1 year and 183 days including part of the 1984-85 year and;
 - you were not entitled to a zone rebate in the income year in which this period started; and
 - during 1984-85 and the first income year of your residency in a zone area you spent a total of at least 183 days in a zone area.

NOTE: Defence Force members should read the notes under the heading 'Overseas Forces Rebate'.

SPECIAL ZONE REBATE

If you qualify for a zone rebate and you lived or spent time in a special zone area (that is, at a place or places in a zone in excess of 250 kilometres by the shortest practicable surface route from the nearest population centre of 2500 or more people) you are entitled to all or part of a special zone rebate. Centres of population of 2500 or more people for the purpose of this rebate are shown on zone maps and are based on 1981 census data, except where a centre's population exceeded 2500 in that census but was below 2500 in 1976. In this case 1976 census data is used.

NOTE: The shaded areas shown on the zone maps are merely a guide to the special zone areas. In some instances, places within the unshaded zone areas on the maps may, on the basis of the shortest practicable surface route test referred to in the preceding paragraph, be in the special zone areas.

A place in a zone that is adjacent to or in close proximity to a special area in the zone may be treated as being in that special area if the Commissioner of Taxation considers it appropriate in all the circumstances.

AMOUNT OF REBATE

The amount of rebate which applies to each of the particular zone areas is a specific amount plus a percentage of actual and notional rebates for dependants and housekeeper or sole parent (Items 28 to 32 and 37 on your return form) as shown in the table below.

- Special Zone A: \$875 + 50% of the rebates mentioned above.
- Special Zone B: \$875 + 20% of the rebates mentioned above.
- Ordinary Zone A: \$252 + 50% of the rebates mentioned above.
- Ordinary Zone B: \$ 42 + 20% of the rebates mentioned above.

If you received a remote area allowance (*see* notes under heading 'Remote Area Allowance Reduction') from the Department of Social Security or Veterans' Affairs, the amount of zone rebate to which you are otherwise entitled must be reduced by the amount of that allowance.

CALCULATION OF THE AMOUNT OF REBATE

If you qualify for a zone rebate and you lived or spent the whole of your qualifying time in one only of the four zone areas specified in the table above, then use the amounts shown against that area to calculate your rebate.

If you qualify for a zone rebate and you lived or spent time in more than one of the zone areas specified in the table above, you should calculate your rebate as follows:

- start with the period in the zone area which gives the greatest benefit;
- if the period of greatest benefit is 183 days or more, use the amounts shown against that particular zone area in the table above to calculate your rebate;
- if the period of greatest benefit is not 183 days, take the proportion of the amount shown against that particular zone area in the table above appropriate to the number of days for the area and repeat this step going down the range of benefits until you have accounted for 183 days.

The following example may assist if the last situation above applies to you.

A taxpayer entitled to a dependent spouse rebate of \$1030 and notional rebates for 2 children under 16 years of age of \$376 and \$282 (\$1688 in total) lived in the following areas during the 1984-85 year.

- Ordinary Zone A from 1 July 1984 to 4 December 1984;
- Special Zone B from 5 December 1984 to 31 March 1985;
- Ordinary Zone B from 1 April 1985 to 30 June 1985.

This taxpayer's zone rebate entitlement would be calculated as follows:

• Special Zone B (117 days)	\$
$\frac{117}{183}$ of (\$875 + 20% of \$1688)	775.27
• Ordinary Zone A (66 days)	
$\frac{66}{183}$ of (\$252 + 50% of \$1688)	395.28
TOTAL	1170.55

NOTE: The claim at Item 33 should be expressed in whole dollars. For this example, it would be \$1171.

SPECIAL NOTE: If the amount of actual and notional rebates (Items 28 to 32 and 37) used in your zone rebate calculation exceeds \$2076, the zone rebate for ordinary Zone A provides greater benefits than the rebate for the special area of Zone B.

REMOTE AREA ALLOWANCE REDUCTION

A remote area allowance is paid to certain people living in Zone A. The allowance is exempt from tax and, if it was paid to you, will be shown either in column 3 of your group certificate, or separately on any statement issued to you by the Department of Social Security or Veterans' Affairs.

If you are claiming a zone rebate at Item 33, and you received payments of remote area allowance, you must show, in the space provided on the return, the total amount of that allowance and reduce the zone rebate otherwise allowable by that amount.

OVERSEAS FORCES REBATE

Members of the Defence Force serving in specified overseas localities for more than half the year 1 July 1984 to 30 June 1985 may claim a rebate equal to that shown against ordinary Zone A in the table on Page 19. A proportionate rebate may be claimed if service at the overseas locality was not for more than half of the income year. For the purpose of this rebate, service in Zone A or Zone B is added to overseas service.

If you qualify for a zone rebate through having lived or spent the required period within the area comprising Zone A and Zone B, you should claim the zone rebate instead of the Overseas Forces rebate if the zone rebate gives you the greater benefit.

HOW TO CLAIM ZONE OR OVERSEAS FORCES REBATE

Where your claim is based on being in one or two particular locations only, complete return form Item 33. Where your claim is based on being in more than two locations, attach a statement to your return giving the details specified at Item 33. If you have dependent children and/or students, complete also Item 37 on Page 4 of your return (*see the notes on Page 24 of this Guide*).

ITEM 34: HOME LOAN INTEREST

For the purposes of the home loan interest rebate:

- 'Family Income' is your 1982-83 taxable income if you did not have a spouse on the later of your 'first occupation date' and 1 October 1983. If you did have a spouse on the later of those dates 'Family Income' is the total of your 1982-83 taxable income and the 1982-83 taxable income of the spouse you had on that date.
- 'First Occupation Date' means the earliest date on which a person both owned and occupied his or her first home in Australia.
- 'Spouse' means a person with whom you were living as husband and wife whether you were legally married or not.

If you consider you may be entitled to claim this rebate you should refer to the separate '1985 Home Loan Interest Rebate Guide' available from Taxation Offices.

MEDICARE LEVY

Medicare levy is payable for the 1984-85 year at the rate of 1% of taxable income, to a maximum levy of \$733.32 unless:

- your taxable income is less than \$7111 — in this case no levy is payable;
- your taxable income is in the range \$7111 to \$7484 — in this case levy is payable at a rate of 20% of the amount by which your taxable income exceeds \$7110; or
- you are not required to pay part or all of the levy in accordance with the above because of:
 - the full or half levy exemption provisions;
 - the family income ceiling concession for levy purposes; or
 - the low family income threshold concessions for levy purposes.

If you were in one or more of the categories explained in note 5 on Page 3 of the return form during any part of the year, you should read the notes below. They explain the circumstances under which levy exemptions and reductions apply and when you should complete Item 36 on the return form. If you are not entitled to any levy exemption or reduction you do not need to show any details at Item 36.

The Taxation Office will work out the amount of levy you have to pay from the information on your return. If you want to work it out yourself there is a calculation block on Page 25 of this guide.

For Medicare levy purposes, 'spouse' means a person with whom you were living as husband and wife, whether you were legally married or not.

ITEM 36: MEDICARE LEVY EXEMPTIONS AND REDUCTIONS FULL AND HALF LEVY EXEMPTIONS

If you are entitled to full levy exemption for the whole of the year, you do not have to pay any levy. If you are entitled to a half levy exemption, or your exemption is for a part only of the period, then you will be liable for a proportionate amount of levy.

In working out whether you are entitled to any exemption from Medicare levy you must take into account any dependants, who were residents of Australia, that you had during the year. 'Dependants' for this purpose, if they were maintained by you (*see* the explanation of maintenance under the heading 'DEPENDANTS' on Page 14), are:

- your spouse;
- your children, or the children of your spouse, under 16; and
- your children, or the children of your spouse, 16 years and older but under 25, receiving full-time education at a school, college or university and whose separate net income for the year was less than \$1786 (if maintained by you for the full year) or less than \$281 plus \$28.94 for each week maintained by you (if maintained by you for part of the year only). 'Separate Net Income' is explained under the heading 'DEPENDANTS' on Page 14, but for a dependent student, it also includes that part of the value of any scholarship, bursary, etc. (not including a payment made by the Commonwealth Government under the scheme for assistance with the education of isolated children) which is a contribution by a Government towards a student's living expenses.

Full Levy Exemptions

You are fully exempt from the levy for the number of days in the year that you did not have any dependants and you were:

- (a) entitled to full free medical treatment for all conditions as a member of the Defence Force, as a relative of such a person or as a person otherwise associated with a member of the Defence Force;
- (b) a Repatriation beneficiary holding a Personal Treatment Entitlement Card;
- (c) the holder of:
 - a Health Care Card on a non-income tested basis as a migrant or refugee, a former recipient of an invalid pension, a sheltered employment allowance or a rehabilitation allowance;
 - a Pensioner Health Benefits Card as a blind pensioner; or
 - a Health Benefits Card;
- (d) a non-resident for income tax purposes;
- (e) a resident of Norfolk Island, Cocos (Keeling) Islands or Christmas Island;
- (f) a person who was not an Australian citizen and not ordinarily resident in Australia and you were the head or a member of the staff of a diplomatic mission or consular post established in Australia or a member of the family of such a person living with that person;
- (g) a person who was not entitled to Medicare benefits in respect of any service, treatment or care, as certified by the Minister for Health.

For any period during the year that you did have dependants, you are fully exempt from the levy for the number of days that both you and all of the dependants were in any of the categories (a) to (g) above.

Half Levy Exemptions

For any period during the year you had a dependant who was not in one of the categories (a) to (g) above, and you were in category (a), (b) or (c) above, you are entitled to half levy exemption for the number of days that this situation existed.

If you consider that you are entitled to some exemption from levy, make sure that you give the necessary information in the 'FULL AND HALF LEVY EXEMPTIONS' area of Item 36 on your return form.

LEVY REDUCTIONS

For purposes of the family income ceiling (*see below*), and the low family income threshold concessions (*see Page 23*), if you had a spouse who died during the year ended 30 June 1985 and for the remainder of the year you had no spouse, you are regarded as having a spouse on 30 June 1985.

Family Income Ceiling: Combined Taxable Income of Taxpayer and Spouse more than \$73,332

A reduced levy is payable if you had a spouse on 30 June 1985, your spouse is also to pay Medicare levy (i.e. his or her taxable income is more than \$7,110) and the combined taxable income of yourself and your spouse is more than \$73,332. The amount of levy payable by you and your spouse when added together can be no more than \$733.32.

If you are in this situation, make sure that you give the necessary information in the 'TAXABLE INCOME OF SPOUSE' area of Item 36 on the return form.

Low Family Income Threshold

For the purpose of the low family income threshold concessions:

Family Income — is the combined 1984-85 taxable incomes of yourself and your spouse. The taxable income of your spouse must be taken into account even though no tax is payable on it (i.e. it must be taken into account from \$1 up). If you did not have a spouse, but you are entitled to a 'Daughter-housekeeper', 'Housekeeper' or 'Sole Parent' rebate, 'Family Income' is your own taxable income.

Family Income Threshold — is an amount equal to \$11,803 plus \$1330 for each dependent student or child that you had in 1984-85 (see table on Page 24).

Family Income Upper Limit — is the amount at which any entitlement to levy reduction ceases (see table on Page 24).

If you had a spouse on 30 June 1985, or if you are entitled to a 'Daughter-housekeeper', 'Housekeeper' or 'Sole Parent' rebate, and your 'Family Income' is:

- less than or equal to your 'Family Income Threshold', no levy is payable; or
- between your 'Family Income Threshold' and your 'Family Income Upper Limit', a reduced amount of levy is payable.

The table on Page 24 is provided for you to work out your 'Family Income Threshold' and your 'Family Income Upper Limit'. Any child under 16 or student under 25 who satisfies the conditions explained under the heading 'ITEM 27: CHILD UNDER 16 OR STUDENT UNDER 25' on Page 16 should be taken into account to work out your threshold and upper limit. However, if you had two or more children under 16 who were not students, those conditions are varied to the extent that the second and any subsequent child who was not a student can only be taken into account if his or her separate net income was less than:

- \$1,410 where the child was maintained for the whole year; or
- \$281 plus \$21.72 for each week that the child was maintained, where he or she was maintained for part only of the year.

Full details of any child or student taken into account for these purposes should be shown at Item 37 on your return form.

If your 'Family Income' falls within a range eligible for reduced levy, the amount of levy reduction to which you are entitled is calculated by deducting 19% of the excess of your 'Family Income' over your 'Family Income Threshold' from the amount obtained by applying levy at the rate of 1% to a taxable income equal to your 'Family Income Threshold'.

If you had a spouse on 30 June 1985 and you are both liable to pay levy then the amount of reduction is shared between you both in the same proportion as your personal taxable incomes bear to your 'Family Income'. If either person's share of the reduction exceeds his or her levy payable then the other person's levy is further reduced by the amount of that excess.

Family Income Threshold and Family Income Upper Limit Table

Number of Dependent Students or Children	Family Income	
	Threshold	Upper Limit
	\$	\$
0	11 803	12 425
1	13 133	13 825
2	14 463	15 225
3	15 793	16 625
4	17 123	18 025
5	18 453	19 425
6	19 783	20 825
7	21 113	22 225
8	22 443	23 625
9	23 773	25 025
10	25 103	26 425
	For each additional student or child add \$1330	For each additional student or child add \$1400

If you consider that you are entitled to the low family income threshold concession, give the necessary information in the 'TAXABLE INCOME OF SPOUSE' and 'NUMBER OF DEPENDENT STUDENTS AND CHILDREN' areas of Item 36 on your return form. Where you show the number of your dependent students and children at this item, make sure that you give the necessary details about them at Item 37.

ITEM 37: DETAILS OF DEPENDENT STUDENTS AND CHILDREN FOR ZONE OR OVERSEAS FORCES REBATE AND MEDICARE LEVY REDUCTION PURPOSES

You should complete this item if you had dependent students and children and you are claiming a zone or overseas forces rebate at Item 33 on your return form, or you are entitled to a reduction in the amount of Medicare levy payable because you fall into category (e) or (f) at note 5 on Page 3 of the return form. If you have to complete this item, make sure you provide all the required information for each dependent student and child.

The following notes about dependent students and children will help you in completing Item 37 if you are claiming a zone or overseas forces rebate.

Although rebates of tax are not allowable for dependent students and children, a 'notional' rebate for any such dependant is taken into account in calculating a zone or overseas forces rebate and the relevant percentage of that 'notional' amount should be included in your claim for a rebate. The meaning of 'student' is given in the notes under the heading 'ITEM 27: CHILD UNDER 16 OR STUDENT UNDER 25' on Page 16.

Notional rebates for students and children who are dependants and who live outside Australia are not to be taken into account, except in the circumstances explained in the notes under the heading 'ITEMS 27 to 30 and 37: OVERSEAS DEPENDANTS' on Page 17.

The rules for determining whether you should show the maximum 'notional' rebate or a proportion of that amount for each dependent student or child are the same as those set out in the notes under the heading 'DEPENDANTS' on Page 14. However, in relation to the definition of separate net income included in those notes, separate net income of a student also includes that part of the value or amount of any scholarship, bursary, etc. (not including a payment made by the Commonwealth Government under the scheme for assistance with the education of isolated children) which is a contribution by a Government towards the student's living expenses.

CALCULATION OF MEDICARE LEVY

The Taxation Office will work out the amount of Medicare levy that you have to pay from information shown in your return. You need not make a calculation unless you wish to do so.

FOR TAXPAYERS NOT CLAIMING ANY MEDICARE LEVY EXEMPTION OR REDUCTION

- No levy is payable if your taxable income is less than \$7111.
- If your taxable income is more than \$7110 but less than \$7485, levy is 20% of the amount by which your taxable income exceeds \$7110.
- If your taxable income is more than \$7484, levy is 1% of your taxable income subject to a maximum levy of \$733.32.

FOR TAXPAYERS CLAIMING A MEDICARE LEVY EXEMPTION OR REDUCTION

- No levy is payable if:
 - your 'Family Income' is less than or equal to your 'Family Income Threshold'; or
 - you were fully exempt from the levy for the full year.

In other situations your levy liability is calculated as follows:

Basic Levy Payable on Taxable Income (see 'Basic Levy' block below)	\$.....(i)
Less your share of any 'Family Reduction Amount' (see 'Family Reduction Amount' block on Page 26)	\$.....(ii)
Net Basic Levy (Subtract (ii) from (i))..	\$.....(iii)
Less any adjustment for period(s) of exemption (see 'Exemption Adjustment' block on Page 26)..	\$.....(iv)
Medicare Levy Payable (Subtract (iv) from (iii))	\$.....(v)

BASIC LEVY

Basic Levy is 1% of your taxable income unless you are in any of the following categories.

If your taxable income is more than \$7110 but less than \$7485, basic levy is 20% of your taxable income minus \$7110.

If you did not have a spouse and your taxable income is more than \$73 332, basic levy is \$733.32.

If you had a spouse on 30 June 1985, your taxable income is more than \$36 666 and the total of your taxable income and the taxable income of your spouse is more than \$73 332, basic levy is:

- if the taxable income of your spouse is less than \$7111, the lesser of 1% of your taxable income and \$733.32;
- if the taxable income of your spouse is more than \$7110 but less than \$7485, the lesser of 1% of your taxable income and \$733.32 reduced by 20% of your spouse's taxable income minus \$7110;
- if the taxable income of your spouse is more than \$7484, but less than \$36 667, \$733.32 minus 1% of your spouse's taxable income; or
- if the taxable income of your spouse is more than \$36 666, \$366.66.

FAMILY REDUCTION AMOUNT

Your 'Family Income Threshold' from table on Page 24.	\$.....	(a)
1% of (a)	\$.....	(b)
Your 'Family Income'	\$.....	(c)
Less the amount at (a)	\$.....	(d)
	<u>\$.....</u>	(e)
19% of (e)	\$.....	(f)
FAMILY REDUCTION AMOUNT (Subtract (f) from (b))	<u>\$.....</u>	(g)

The amount at (g) is your 'Family Reduction Amount', unless you had a spouse whose taxable income is more than \$7110. In this case your share of the 'Family Reduction Amount' is worked out as follows:

$$\frac{\text{Amount at (g) \$.....} \times \text{Your taxable income}}{\text{Your 'Family Income'}} = \$.....(h)$$

Your 'Family Reduction Amount' cannot exceed the basic levy payable by you. If it does, the excess is transferred to your spouse to reduce the levy payable by him or her. Similarly, any excess 'Family Reduction Amount' that your spouse may have is transferred to you.

Add any excess 'Family Reduction Amount' transferred from your spouse	\$.....	(i)
Your share of 'Family Reduction Amount' (add (h) and (i))	\$.....	

EXEMPTION ADJUSTMENT

For the time that full levy exemption applies —

$$\text{Your Net Basic Levy \$.....} \times \frac{\text{Number of Days}}{365} = \$.....$$

For the time that half levy exemption applies —

$$\frac{\text{Your Net Basic Levy \$.....}}{2} \times \frac{\text{Number of Days}}{365} = \$.....$$

If you are eligible for both full and half levy exemption, add the results of both of the above to obtain your adjustment for periods of exemption.

CALCULATION OF PENSION REBATE

● For taxpayers entitled to the pension rebate on taxable incomes in the range \$5534 to \$7532.

(1) Your taxable income (Item 25, Page 2 of your return)	\$.....
	LESS
	<u>\$ 5 5 3 3</u>
	A\$.....
	\$ 2 5 0 . 0 0
(2) Divide the figure at A by 8 and insert here	B\$.....
(3) Deduct B from \$250 to arrive at your rebate	\$.....

CALCULATION OF BENEFICIARY REBATE

● For taxpayers entitled to the beneficiary rebate on taxable incomes in the range \$7990 to \$8588.

(1) Your taxable income (Item 25, Page 2 of your return)	\$
LESS	<u>\$ 7 9 8 9</u>
	A\$
	\$ 7 5 . 0 0
(2) Divide the figure at A by 8 and insert here	B\$
(3) Deduct B from \$75 to arrive at your rebate	\$

● For taxpayers entitled to the beneficiary rebate on taxable incomes in the range \$4784 to \$5182.

(1) Your taxable income (Item 25, Page 2 of your return)	\$
LESS	<u>\$ 4 7 8 3</u>
	A\$
	\$ 5 0 . 0 0
(2) Divide the figure at A by 8 and insert here	B\$
(3) Deduct B from \$50 to arrive at your rebate	\$

CALCULATION OF REBATE ON LUMP SUM PAYMENTS FOR LEAVE AND ELIGIBLE TERMINATION PAYMENTS

If your rebate is to apply for a lump sum payment for leave only (i.e. an amount shown at Item 7 (a) of your return) you should use calculation Block A. If you have completed Item L3 or L12 of Schedule L you should use calculation Block B.

BLOCK A

Tax payable on your taxable income as calculated by you using the block on Page 29.	\$.....(i)
Work out the tax payable on an amount equal to your taxable income less the amount shown at Item 7 (a) on your return (calculated in the same way as for your taxable income) and show it here	\$.....(ii)
Work out 30 cents for each dollar of \$*..... and show the amount here	\$.....(iii)

* Note: Insert here the lesser of:

- (i) the amount shown at Item 7 (a) on your return; and
- (ii) the amount that your taxable income is more than \$4595

Add the amounts shown at (ii) and (iii) and show the answer here \$.....(iv)

Take amount shown at (iv) away from the amount shown at (i) to get your rebate \$.....

(Note: If the amount at (iv) is bigger than the amount at (i) no rebate is allowable).

BLOCK B

For this calculation your 'Lump Sum Amount' is the total of any amounts shown at Item 7 (a) on your return form and at Items L3 and L12 on your Schedule(s) L.

Tax payable on your taxable income as calculated by you using the block on Page 29. \$.....(i)

Work out the tax payable on an amount equal to your taxable income less your 'Lump Sum Amount' (calculated in the same way as for your taxable income) and show it here \$.....(ii)

Work out your rebatable amount which is the lesser of your 'Lump Sum Amount' and your taxable income less \$4595, and show it here (A)\$.....

If you have included an amount at Item L3 or L12 of Schedule L and you were aged 55 or more at the time that part or all of the amount shown at either of those items was received, work out the part of your 'rebatable amount' which is taxable at the rate of 15% (*see below) and show it here (B)\$.....

* That part of the 'rebatable amount' which is taxable at the rate of 15% is the lesser of:

- that part of the amount(s) shown at Items L3 and L12 of Schedule L which you received on or after age 55;
- your taxable income less \$4595; and
- \$50 000 less any amount on which tax has been limited to 15% in previous years

Work out 15% of the amount at (B) above \$.....(iii)

Take amount shown at (B) away from amount shown at (A) to get the amount which is taxable at 30% and show it here (C)\$.....

Work out 30% of the amount shown at (C) above \$.....(iv)

Add the amounts shown at (ii), (iii) and (iv) and show the answer here \$.....(v)

Take amount shown at (v) away from amount shown at (i) to get your rebate \$.....

(Note: If the amount at (v) is bigger than the amount at (i) no rebate is allowable)

**CALCULATION OF YOUR REFUND OR THE AMOUNT THAT YOU HAVE TO PAY
(For use by resident taxpayers)**

The Taxation Office will work out your refund or the amount that you have to pay, taking into account any Medicare levy payable. You need not make a calculation unless you wish to do so.

HOW TO CALCULATE TAX USING THE TAX TABLE BELOW

EXAMPLE 1

TAXABLE INCOME \$10 294	
Tax on \$ 4595	\$Nil
Tax on \$ 5699 at 26.67 cents	\$1519.92
Tax on \$10 294	\$1519.92

EXAMPLE 2

TAXABLE INCOME \$21 789	
Tax on \$19 500	\$4208.26
Tax on \$ 2289 at 46 cents	\$1052.94
Tax on \$21 789	\$5261.20

YOUR CALCULATION—

TAXABLE INCOME \$.....	
Tax on \$.....	\$.....
Tax on \$..... at cents	\$.....
Tax on \$.....	\$.....

Taxable Income From To		Tax on Taxable Income	
\$	\$	\$	\$
1	.. 4594	Nil	
4595	.. 12 499	Nil plus 26.67 cents for each \$1 in excess of 4595	
12 500	.. 19 499	2108.26 plus 30 cents for each \$1 in excess of 12 500	
19 500	.. 27 999	4208.26 plus 46 cents for each \$1 in excess of 19 500	
28 000	.. 34 999	8118.26 plus 47.33 cents for each \$1 in excess of 28 000	
35 000	.. 35 787	11 431.36 plus 55.33 cents for each \$1 in excess of 35 000	
35 788	and over	11 867.36 plus 60 cents for each \$1 in excess of 35 788	

TAX PAYABLE ON YOUR TAXABLE INCOME (as calculated by you)	\$.....
LESS (a) PENSION REBATE (see block on Page 26) or BENEFICIARY REBATE (see block on Page 27) — if both apply use whichever is of greater benefit to you	\$.....
(b) LUMP SUM PAYMENTS FOR LEAVE AND ELIGIBLE TERMINATION PAYMENTS REBATE (see block on Page 27)	\$.....
(c) COMMONWEALTH LOAN INTEREST REBATE—10 cents for each \$1 of interest shown at Item 10	\$.....
(d) LIFE ASSURANCE BONUS REBATE—30 cents for each \$1 of eligible bonuses included at Item 12	\$.....
(e) TOTAL REBATES CLAIMED AT ITEM 35	\$.....
TOTAL REBATES (not to exceed tax payable)	\$.....
NET TAX PAYABLE	\$.....
ADD MEDICARE LEVY (see block on Page 25)	\$.....
TOTAL AMOUNT PAYABLE	\$.....
TOTAL INSTALMENTS as per group certificates and tax stamps sheets	\$.....
REFUND DUE OR AMOUNT PAYABLE	\$.....

MAIN POINTS TO REMEMBER

GENERAL

- Read the notes about the items you are completing to make sure that you give all the necessary information.
- Make sure that you show your income and amounts claimed as deductions and rebates in whole dollars only—do not show cents.

ON PAGE 1—

- Make sure that you write your file number in the block provided.
- If this is your first return and you do not have a file number, make sure that you complete the First Return block and also Item 38 on Page 4.

ON PAGE 2—

- Enter the amount in column 1 of your group certificate or tax stamps sheet in the Gross Income column of Item 1 on your return form. Any other income shown on your group certificate or tax stamps sheet should be shown at Item 6, 7 or 8 as appropriate.
- Show the amount of instalments deducted and total instalments deducted in dollars and cents (if you have only one group certificate or tax stamps sheet, show the same amount in both places).
- Make sure that you fill out the 'Period of Employment or Payment' blocks and that the periods shown at Items 1 to 5 cover the whole year.
- Do not claim amounts of superannuation, medical expenses or other concessional expenditure as deductions. If your concessional expenditure exceeds \$2000 you should use Form A. (Concessional Expenditure is explained on Page 4.)

ON PAGE 3—

- Rebates will be deducted from the tax on your taxable income. Do not deduct the total of your rebates from your taxable income.
- Make sure you complete Item 27 if you had a dependent student or child and you are claiming a rebate at Item 28, 31 or 32.
- If you are entitled to a proportion of any rebate but you are not sure how to calculate your claim, give all the necessary details and the appropriate amount will be allowed in your assessment.

ON PAGE 4—

- Do not complete Item 36 unless you are entitled to a Medicare levy exemption or reduction.
- Do not complete Item 37 unless you are claiming a zone or overseas forces rebate or a Medicare levy reduction.

FINALLY—

- Before you send your return to the Taxation Office, make a final check to ensure that:
 - you have disclosed all your income and claimed all the deductions and rebates to which you are entitled;
 - you have provided all the necessary information, including any attachments which may be required;
 - your arithmetic is correct; and
 - you have signed and dated the return.

WHERE TO LODGE YOUR RETURN

Decentralised Taxation Offices have been established at Parramatta, Newcastle, Canberra, Albury-Wodonga, Dandenong and Townsville. If you live in the region serviced by the Newcastle Office (*see* postcode areas) you should lodge at the Newcastle Office. If you do not have to lodge at Newcastle and you live in, or have a postal address for service of notices, in a region serviced by one of the other decentralised Offices (*see* postcode areas), instructions on where to lodge returns are set out under the heading 'Lodgment of Returns at Decentralised Taxation Offices Other Than Newcastle'.

Other taxpayers should lodge their returns at the Taxation Office either in the capital city of the State in which their income was derived or, if their income was derived in more than one State, in the capital city of the State in which they live.

Taxpayers whose income was derived in the Northern Territory may lodge their returns at either the Adelaide or Darwin Office. However, where returns are lodged by post, it is preferable that they be sent direct to the Adelaide Office.

The postal address of the Taxation Office is P.O. Box 9990 in each centre in which a principal office is located. However, if you live in or near a town or city which has a regional Taxation Office you may deliver your return to that Office if it is more convenient for you to do so.

Areas Serviced by Decentralised Taxation Offices

<i>Office</i>	<i>Parramatta</i>	<i>Newcastle</i>	<i>Canberra</i>	<i>Albury- Wodonga</i>	<i>Dandenong</i>	<i>Townsville</i>
Region	2114-2122	2250-2251	2536-2539	2640-2647	3111	4737
Serviced	2141-2177	2254-2338	2545-2551	2658-2660	3114-3116	4740
(by	2356, 2357	2415-2418	2580-2584	2710	3131-3140	4744
postcode)	2396	2420-2430	2596	2712-2714	3150	4800-4899
	2560-2571	2443-2446	2600-2633	2716	3152-3160	
	2740-2883	2491-2499	2900-2919	3610-3649	3168-3180	
				3666-3709	3188-3202	
				3720-3749	3711-3719	
					3765-3999	

Lodgment of Returns at Decentralised Taxation Offices Other Than Newcastle

Where both your residential address and your postal address for service of notices are in the one region, lodge your return at the Office which services that region.

Where your residential and postal addresses are in different regions, lodge your return at the Parramatta Office if either address is in that region or, if not, at the Office which covers your postal address for service of notices.

If only one of your addresses is in any of the regions, lodge your return at the Office which services that region.

LOCATIONS AND TELEPHONE NUMBERS OF PRINCIPAL TAXATION OFFICES ARE AS FOLLOWS:

N.S.W.

7 Hunter St.,	SYDNEY 2000.	Tel. 236 7000
126 Church St.,	PARRAMATTA 2150.	Tel. 633 8888
175 Scott St.,	NEWCASTLE 2300.	Tel. 27 1111
564 Olive St.,	ALBURY 2640.	Tel. 23 9411

A.C.T.

Chan St.,	BELCONNEN 2617.	Tel. 64 1122
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VIC.

350 Collins St.,	MELBOURNE 3000.	Tel. 60 0281
26 McCrae St.,	DANDENONG 3175.	Tel. 797 2222

TAS.

188 Collins St.,	HOBART 7000.	Tel. 20 5011
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W.A.

1 St George's Terrace,	PERTH 6000.	Tel. 326 3322
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QLD

320 Adelaide St.,	BRISBANE 4000.	Tel. 222 5011
370 Flinders St.,	TOWNSVILLE 4810.	Tel. 72 2744

S.A.

65 King William St.,	ADELAIDE 5000.	Tel. 50 2911
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N.T.

59 Smith St.,	DARWIN 5790.	Tel. 81 6441
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LOCATIONS AND TELEPHONE NUMBERS OF OTHER TAXATION OFFICES ARE AS FOLLOWS:

N.S.W.

53 Stanley St.,	BANKSTOWN 2200.	Tel. 70 0121
218 Molesworth St.,	LISMORE 2480.	Tel. 21 1101
122 Kite St.,	ORANGE 2800.	Tel. 63 6222
468 Peel St.,	TAMWORTH 2340.	Tel. 66 1099
25 Tompson St.,	WAGGA WAGGA 2650.	Tel. 23 4333
86 Market St.,	WOLLONGONG 2500.	Tel. 28 5011

A.C.T.

West Row	CANBERRA CITY 2601.	Tel. 64 1122
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VIC.

17 Lydiard St. North,	BALLARAT 3350.	Tel. 31 3722
29 Charing Cross,	BENDIGO 3550.	Tel. 43 1355
61 Brougham St.,	GEELONG 3220.	Tel. 9 2511
95 Wilson St.,	HORSHAM 3400.	Tel. 82 4444
102 Lava St.,	WARRNAMBOOL 3280.	Tel. 62 1155

TAS.

111 St John St.,	LAUNCESTON 7250.	Tel. 31 3177
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QLD

32 Aplin St.,	CAIRNS 4870.	Tel. 51 3922
15 Brisbane St.,	MACKAY 4740.	Tel. 57 2648
145 East St.,	ROCKHAMPTON 4700.	Tel. 27 6522
5 Duggan St.,	TOOWOOMBA 4350.	Tel. 32 7677

S.A.

1 Windsor Square,	ELIZABETH 5112.	Tel. 255 7688
10 Bay Rd,	Mt GAMBIER 5290.	Tel. 25 9544

N.T.

Cnr Gregory Tee and Bath St.,	ALICE SPRINGS 5750.	Tel. 50 4211
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