TIMOR SEA TREATY 2003 JOINT PETROLEUM DEVELOPMENT AREA INSTRUCTION SHEET

Australian Taxation Office

Who should use these instructions?

These instructions should be used by an individual who has earned income during 2002–03 for performing work or services in the Joint Petroleum Development Area (JPDA) as defined in the Timor Sea Treaty. In order to receive your correct tax entitlement, follow these instructions or, if using a registered tax agent give these instructions to him or her.

Additional Information

Within these instructions are references to various Australian Taxation Office (ATO) publications. To obtain copies of these publications, visit the ATO website at **www.ato.gov.au** or phone the Personal Tax Infoline on **13 28 61**.

The ATO provides a free internet tax return preparation and lodgment service—go to **www.ato.gov.au** and click on 'For Individuals' then select *e-tax*.

How do you use these instructions?

While working in the JPDA were you a resident of Australia?

YES Complete the schedule of additional information on this page then go to Part 1.
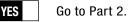
NO Read below.

> **NOTE**
> If you answer yes to more than 1 of these questions you may need to apportion your JPDA income and complete more than one part of this instruction sheet.

While working in the JPDA were you a resident of East Timor?

YES Go to Part 2.

NO Read below.

While working in the JPDA were you a resident of any other country?

YES Go to Part 3.

✂

> **NOTE**
> If you are using *e-tax* to complete your tax return you will need to phone the *e-tax* help desk to find out how to complete the Schedule of additional information. Phone **13 28 61** if you are in Australia or **+61 13 28 61** from outside Australia.

2003 JOINT PETROLEUM DEVELOPMENT AREA SCHEDULE OF ADDITIONAL INFORMATION

Complete and attach your schedule to page 3 of your tax return. Print **X** in the **Yes** box at *Taxpayer's declaration* question 2a on page 8 of your tax return.

I declare that I worked in the Joint Petroleum Development Area.

Name

Tax file number (TFN)

Please tick the appropriate box.

Resident of Australia ☐

Resident of East Timor ☐

Sign here

PART 1 **Use this Part if you were a resident of Australia while working in the JPDA.**

WHAT YOU NEED

- All of your payment summaries.
- Details of your JPDA income and any foreign tax paid—you may have received this information from your employer, your pay slips or foreign tax assessments.
- The publications *How to claim a Foreign Tax Credit* (NAT 2338), *TaxPack 2003* (NAT 0976) and *TaxPack 2003 supplement* (NAT 2677).

YOU NEED TO KNOW

All of your income earned for work or services performed in the JPDA is taxed in Australia—with 90% of this income also subject to tax in East Timor. You can claim a Foreign Tax Credit (FTC) for the tax you have paid in East Timor.

WHAT YOU NEED TO DO

1. Complete steps 1 to 3 as instructed by question **1** in *TaxPack 2003*.
   Important: You need to include 10% of your JPDA income at question **1** and 90% of your JPDA income at question **19** on your tax return (supplementary section).

2. Use Worksheet 1 for each payment summary that includes JPDA income to calculate the income amounts to be shown at question **1** and question **19** of your tax return.

WORKSHEET 1

Total gross income shown on your payment summary	(a)	$
Total gross JPDA income included on your payment summary	(b)	$
Subtract (b) from (a).	(c)	$
Divide (b) by 10.	(d)	$
Add (c) and (d). This is the amount you need at step 4 of question **1** for this payment summary	(e)	$
Subtract (d) from (b).	(f)	$

The amount at (f) needs to be included at **E** and **M** item **19** on your tax return (supplementary section).

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3. If you have any payment summaries that do not include JPDA income follow step 4 of question **1** in *TaxPack 2003*, otherwise go to 'check that you have' at the end of question **1**.

4. Use the publication *How to claim a Foreign Tax Credit* to calculate your FTC. Include each amount at (f) from Worksheet 1 when calculating your net foreign income for FTC purposes. To calculate your net foreign income only deduct 90% of expenses directly related to your JPDA income. Write your FTC at **O** item **19** on your tax return (supplementary section).

5. Remember to complete the schedule of additional information on page 1 of these instructions and attach it to your tax return.

NOTE
You will not be able to calculate your FTC if you have included exempt foreign employment income or net capital gains in your tax return—the ATO will calculate it for you. You need to include details of your JPDA income, other foreign income and foreign tax paid on a separate schedule and attach it to your return.

PART 2 **Use this Part if you were a resident of East Timor while working in the JPDA.**

WHAT YOU NEED

- All of your payment summaries.
- Details of your JPDA income—you may have received this information from your employer or your pay slips.
- The publication *TaxPack 2003*—this contains tax returns and instructions to help you meet your Australian taxation requirements. See page 1 of these instructions for how to obtain a copy.

YOU NEED TO KNOW

Income earned for work or services performed in the JPDA by residents of East Timor is not taxable in Australia in the 2002–03 year. Your employer may have withheld Australian tax from your JPDA income. If so you may be entitled to a refund of the tax withheld. You will need to lodge a tax return to get a refund.

If your employer has not withheld tax from your JPDA income and you have not earned any income in Australia you do not need to lodge an Australian tax return and do not need to continue using these instructions.

WHAT YOU NEED TO DO

1. Complete steps 1 to 3 as instructed by question **1** in *TaxPack 2003*.

2. Use Worksheet 2 for each payment summary that includes JPDA income to calculate the amount to be shown at question **1** of your tax return.

WORKSHEET 2

Total gross income shown on your payment summary	(a)	$
Total gross JPDA income included in your payment summary	(b)	$
Subtract (b) from (a). This is the amount you need at step 4 of question **1** for this payment summary. If this amount is '0" show '0'.	(c)	$

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3. If you have any payment summaries that do not include JPDA income follow step 4 of question **1** in *TaxPack 2003*, otherwise go to 'check that you have' at the end of question **1**.

4. Complete the schedule of additional information on page 1 of these instructions and attach it to your tax return.

PART 3 **Use this Part if you were a resident of a country other than Australia or East Timor while working in the JPDA.**

WHAT YOU NEED

- All of your payment summaries.
- Details of your JPDA income—you may have received this information from your employer or your pay slips.
- The publications *TaxPack 2003* and *TaxPack 2003 supplement*—these publications contain tax returns and instructions to help you meet your Australian taxation requirements. See page 1 of these instructions for how to obtain a copy.

YOU NEED TO KNOW

All of your income earned in the JPDA is taxed in Australia. You can also claim an offset of 90% of Australian tax payable on income earned in the JPDA, which will reduce the amount of tax you have to pay.

WHAT YOU NEED TO DO

1. Show all Australian income and deductions as instructed by *TaxPack 2003*.

2. Use one of the following Worksheets to calculate your offset. Use Worksheet 3 if the only Australian income you have is JPDA income, otherwise use Worksheet 4.

WORKSHEET 3

Total taxable income—as shown on your tax return	(a)	$
Calculate your tax on taxable income using the instructions in *TaxPack 2003.*	(b)	$
Multiply (b) by 90.	(c)	$
Divide (c) by 100.	(d)	$

The amount at (d) is your JPDA offset. Add this amount to any other offsets you can claim at question **T11 Other tax offsets** in *TaxPack 2003 supplement*.

WORKSHEET 4

Total taxable income—as shown on your tax return	(a)	$
Calculate your tax on taxable income using the instructions in *TaxPack 2003*.	(b)	$
Divide (b) by (a).	(c)	$
Net JPDA income (after any allowable deductions relating to JPDA income)	(d)	$
Multiply (c) by (d).	(e)	$
Multiply (e) by 90.	(f)	$
Divide (f) by 100.	(g)	$

The amount at (g) is your JPDA offset. Add this amount to any other offsets you can claim at question **T11 Other tax offsets** in *TaxPack 2003 supplement*.

Example

Gavin was a resident of Malaysia for the whole year. His taxable income was $80,000—of which $70,000 was JPDA income. Gavin uses Worksheet 4 to calculate his JPDA offset.

Total taxable income—as shown in his tax return	(a)	80,000
Tax on taxable income using the instructions in *TaxPack 2003*	(b)	28,400
Divide (b) by (a).	(c)	.355
Net JPDA income	(d)	70,000
Multiply (c) by (d).	(e)	24,850
Multiply (e) by 90.	(f)	2,236,500
Divide (f) by 100.	(g)	22,365

Gavin's JPDA tax offset is $22,365. He includes this amount at question **T11** in his *TaxPack 2003 supplement*.