**Deductions**

**QUESTION 11**

**SUBSCRIPTIONS**

Did you have:
- expenses for subscriptions to associations representing pensioners or self-funded retirees
- expenses for subscriptions to trade, business or professional associations?

**STOP**

If you have any of the following work-related expenses: car, travel, clothing, laundry, self-education, books, journals and trade magazines, tools and equipment, computers and software, phone and home office expenses or other work-related expenses, you cannot complete your tax return using *Retirees TaxPack 2004*—see the box on page 2 for other ways to prepare your tax return.

**NO** Go to question 12.

**YES** Read the next column.

**EXAMPLE**

Jarrod is a retired nurse and receives income from a superannuation pension and investments. Jarrod pays an annual subscription of $55 to a retired nurses association. The association publishes a monthly newsletter to keep members up to date on changes to nursing standards and to tell them about other issues of interest. Because the subscription is not directly related to the earning of his assessable income, Jarrod can only claim a deduction of $42 for the subscription.

Jarrod fills in item 11 on his tax return like this:

```
11 Subscriptions

E 42.00
```

**Subscriptions to associations**

You can claim as a deduction the full payment you make for membership of a trade, business or professional association that is directly related to the earning of your assessable income. You can also claim in full any debits tax charged on the payment.

You can claim up to $42 per annum in respect of each subscription you make for membership of a trade, business or professional association that is not directly related to the earning of your assessable income.

**COMPLETING THIS ITEM**

**STEP 1** Add up all the expenses that you can claim at this item.

**STEP 2** Write the total amount at E item 11 on your tax return. Do not show cents.
QUESTION 12
INTEREST AND DIVIDEND DEDUCTIONS

Did you have any expenses that you can claim as deductions against assessable interest and dividend income, such as:

- debits tax
- account keeping fees
- management fees
- interest charged on money borrowed to purchase shares

or did you have a ‘listed investment company (LIC) capital gain amount’ included in a dividend received from an LIC?

You can claim a deduction against assessable interest and dividend income if you are able to show that expenses and any debits tax were incurred in earning that income.

NO  Go to question 13.
YES  Read below.

DEDUCTIONS YOU CAN CLAIM AGAINST YOUR ASSESSABLE INTEREST AND DIVIDENDS

Debits tax

State governments charge debits tax for operating certain types of accounts held with financial institutions such as banks, building societies and credit unions. If debits tax was charged to your account, it will be shown on your statements or in your passbooks.

You can claim that part of debits tax charged on payments from your account where the payments are for deductible expenses which can be claimed at this item.

Account keeping fees

Some financial institutions charge account keeping fees. You can claim for these fees where the account is held for investment purposes—for example, a cash management account. You will find these fees listed on your statements or in your passbooks.

NOTE

If you are not the sole holder of an account you can only claim your share of fees, charges or any debits tax on the account—for example, where you hold an equal share in an account with your spouse, you can only claim half of any allowable debits tax paid on that account.

Other deductions

You can claim for interest incurred on money borrowed to purchase shares and other related investments from which you receive assessable interest or dividend income.

If the money you borrowed is used for both private and income-producing purposes, then the interest must be apportioned between each purpose. Only that interest incurred for an income-producing purpose is deductible.

You can claim for ongoing management fees, retainers and amounts paid for advice relating to changes in the mix of investment.

STOP

You cannot claim:

- a fee charged for drawing up an investment plan unless you are carrying on an investment business, or
- a fee paid to an investment adviser for drawing up an initial investment plan which includes pre-existing investments.

You may also be able to claim a portion of other costs—such as travel expenses, the cost of specialist investment journals or subscriptions, borrowing costs, the cost of internet access and a capital allowance for the decline in value of your computer—where these costs are incurred in managing your investments. For more information, read the publication You and your shares (NAT 2632—6.2004). This publication is available on the Tax Office website at www.ato.gov.au Or to find out how to get a printed copy, see the inside back cover.
Thin capitalisation

If you have debt deductions, such as interest, your claims may be affected by the thin capitalisation rules. These rules may apply if you are an Australian resident and you (or any associate entities) have certain overseas interests, or you are a foreign resident, and your debt deductions (combined with those of your associate entities) for 2003–04 are more than $250,000. More information is available from the Tax Office website at www.ato.gov.au

Deduction you can claim for 50% of a listed investment company (LIC) capital gain amount

If you were an Australian resident when you were paid a dividend by an LIC, and the dividend includes an LIC capital gain amount, you can claim a deduction of 50% of the LIC capital gain amount. The LIC capital gain amount will be shown separately on your dividend statement.

EXAMPLE

Matthew has three investment accounts with the ABC Bank. He checks his statements and adds up the debits tax he has been charged on debits made for a deductible purpose such as amounts paid for advice relating to changes in the mix of investments. The debits tax adds up to $23.

Matthew fills in item 12 on his tax return like this:

<table>
<thead>
<tr>
<th>Item</th>
<th>Interest and dividend deductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td></td>
</tr>
<tr>
<td></td>
<td>23.00</td>
</tr>
</tbody>
</table>

COMPLETING THIS ITEM

STEP 1 Add up all your interest and dividend deductions and 50% of any LIC capital gain amount.

STEP 2 Write the total amount at item 12 on your tax return. Do not show cents.
QUESTION 13
GIFTS OR DONATIONS

Did you make a gift or donation of $2 or more to:

- an eligible organisation such as:
  - certain organisations or charities which gave help in Australia
  - an approved overseas aid fund
  - a school building fund
  - an approved environmental or cultural organisation
  which the Tax Office has endorsed as a deductible gift recipient or which is listed by name in the tax laws as a deductible gift recipient

or did you:

- make an approved cultural bequest
- enter into a conservation covenant, or
- make a financial contribution of $2 or more to a registered political party?

NO Read the information on pages 40–1.
YES Read below.

What you can claim

- The total amount you can claim for contributions to registered political parties is $100.
- You can claim donations made to prescribed private funds.

WORKPLACE-GIVING PROGRAM

If you made donations during the year to an eligible organisation through your employer’s payroll system (known as ‘workplace giving’), you still need to record the total amount of your donations at this question.

Your payment summary or other form of advice from your employer, showing the donated amount, is sufficient evidence to support your claim for the deduction. You do not need to have a receipt from the deductible gift recipient(s).

NOTE

If you have been given more than one receipt or form of advice (for example, the charity you donate to and your employer have provided written confirmation of your donations), make sure you claim your donations only once.

GIFTS OF PROPERTY

Under the general gift provisions you can claim a donation of property to an eligible organisation if the property was purchased during the 12 months before the gift was made. You claim the lesser of either the price you paid for it or the market value of the property at the time of the donation. This means that you cannot claim for the property if you did not purchase it—for example, you inherited or won the property (unless the property is valued at more than $5,000—see below).

You can also claim donations of property to certain funds, authorities and institutions if they are valued at more than $5,000. You must get a valuation certificate from the Australian Valuation Office (AVO) for property you purchased more than 12 months before making the donation or for property you did not purchase—for example, where you inherited or won the property. However, if the property was purchased within 12 months before making the donation, the amount deductible is the lesser of the market value of the property at the time of the donation and the amount paid for the property.

From 1 July 2002 you can elect to spread the deduction for a donation of property which is valued by the AVO at more than $5,000 over five income years or less. You need to make the election in writing before lodging your tax return, setting out the percentage of the deduction you will claim in each year. You may make the election using the form on page 39.

GIFTS OF MONEY

You can claim a deduction for the amount of money you have donated to an eligible organisation. The Parliament is presently considering changes to the law to allow taxpayers to elect to spread the deduction for a donation of money made from 1 July 2003 over five income years or less. At the time of printing Retirees TaxPack 2004, these changes had not become law. If these proposed changes are likely to apply to you, ring the Non-profit Infoline on 1300 130 248 for further information.

STOP

You cannot claim a deduction for a donation if you received something in return—for example, a pen or a raffle ticket. If you do not know whether you can claim a deduction, see if the information is on the receipt for your donation. If not, contact the organisation for confirmation. If you still do not know, phone the Personal Tax Infoline (see the inside back cover).
For more information about property valuations, phone the Australian Valuation Office (AVO) on (08) 8217 9000, fax (08) 8212 6090 or email philanthropy@avo.gov.au

**Cultural and environmental gifts**

You can elect to spread the deduction for donations made under the Cultural Gifts Program and environmental and heritage gifts (valued by the AVO) over five income years or less. The election must be lodged with the relevant department before you lodge your tax return.

For more information about the Cultural Gifts Program and the election, phone the Department of Communications, Information Technology and the Arts on (02) 6271 1643, email cgp.mail@dcita.gov.au or visit its website at www.dcita.gov.au/cgp

For more information about making donations to environmental and heritage organisations and the election, phone the Department of the Environment and Heritage on (02) 6274 1467 or email reo@deh.gov.au

If you enter into a conservation covenant over land you own on or after 1 July 2002, you may be entitled to claim a deduction if certain conditions are met. You can elect to spread the deduction over five years or less. The covenant needs to be either approved in writing by the Minister for the Environment and Heritage or entered into under a program approved in writing by the Minister.

For more information, phone the Department of the Environment and Heritage on (02) 6274 1111 and ask to speak to the relevant officer in the Natural Resource Management Policy Branch.

If you are an executor or administrator of an estate, you can claim a deduction in the donor’s final individual tax return for a cultural bequest that was made under the Cultural Bequests Program. If the value of the bequest reduces the donor’s taxable income to nil, any excess value can be claimed on the first tax return of the estate. You need a certificate of approval issued to the donor during the 1998, 1999 or 2000 income years by the Minister for Communications, Information Technology and the Arts.

**COMPLETING THIS ITEM**

**STEP 1** Add up the amounts of your eligible gifts and donations.

**STEP 2** Write the total at J item 13 on your tax return. Do not show cents.

---

**EXAMPLE**

Siva donated $5 to the Red Cross and was given a receipt. He gave $10 to the Royal Blind Society and in return received a pocket diary. Siva can claim only the $5 donation to the Red Cross.

Siva fills in item 13 on his tax return like this:

| **13** Gifts or donations | **J** 0,0,0,5 |

---
Spreading a deduction over five years for gifts of property valued by the Australian Valuation Office at more than $5,000.

You do not need to fill in the election if you wish to claim the full deduction amount in the year of the donation.

If you elect to spread your deduction, you give up the right to claim the full deduction amount in the year the donation was made.

If you make a donation in conjunction with other donors, and you elect to spread your share of the deduction, you must complete your own separate election and advise us of your percentage share in the donation.

An election can be varied at any time, but you can only vary the percentage that you can deduct in respect of income years for which an income tax return has not yet been lodged.

The election must:
- be made in writing, signed and dated
- be made before you lodge your tax return for the income year in which the donation of property was made
- state the percentage of the deduction you will claim in the income year the donation was made and for each year up to five years—the total of which cannot exceed 100% of the original deduction
- be kept for five years from the date you lodge your tax return with the claim for your last apportionment—do not attach it to your tax return or send it to us.

### ELECTION TO SPREAD DEDUCTION FOR A GIFT OF PROPERTY

Does not cover cultural, environmental or heritage gifts

<table>
<thead>
<tr>
<th>Name of donor:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipient fund, authority or institution:</td>
</tr>
<tr>
<td>Reference number from certificate of valuation:</td>
</tr>
<tr>
<td>Percentage ownership share (if given in conjunction with other individuals):</td>
</tr>
<tr>
<td>Date of donation:</td>
</tr>
<tr>
<td>/ /</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Apportionment election/variation</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
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<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
</tbody>
</table>

(Notes: Ensure that your apportionment totals 100%.)

- This is my first election for this gift (or donation).
- This is a variation to a previous election.

(Tick the appropriate box.)

<table>
<thead>
<tr>
<th>Signature:</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ /</td>
</tr>
</tbody>
</table>
Did you show income at item 2 or item 3 on your tax return?

NO Go to question 16.

YES Read below.

If you showed income at item 2 or item 3 on your tax return, you may be able to reduce the amount of pension or annuity income on which you must pay tax. If your pension or annuity has a deductible amount of undeducted purchase price (UPP), you can claim the deductible amount at item 14 or item 15.

STOP

Pensions from Centrelink and the Department of Veterans’ Affairs do not have a deductible amount.

QUESTION   What does UPP mean?

ANSWER   The UPP is the amount you contributed towards the purchase price of your pension or annuity for which you did not claim and were not eligible to claim a tax deduction under Australian taxation law. Each year, that part of your pension or annuity income that represents a return to you of your own personal contributions can be deducted from your taxable pension or annuity income. This tax-free part of your pension or annuity income is called the deductible amount of the UPP, and it is calculated by dividing the UPP of your pension by a life expectancy factor that applies to you, according to life expectancy statistics.

Your pension or annuity may have a UPP if:

- you receive a superannuation pension and you could not claim a tax deduction for some or all of the personal contributions you made to your superannuation fund or retirement savings account provider in previous years
- you receive a pension or annuity that reverted to you on the death of another person, or
- you receive a pension or annuity that you bought with your own capital.

If you know the deductible amount of your Australian pension or annuity, and provided you have not commuted any part of your pension, complete item 14.

Where you have partly or fully commuted your pension to a lump sum then you will need to have your UPP recalculated.

If you do not know the deductible amount, go to What if you do not know the undeducted purchase price (UPP) of your Australian pension or annuity? below.

If you know the deductible amount of your foreign pension or annuity, and provided you have not commuted any part of your pension, complete item 15. Where you have partly or fully commuted your pension to a lump sum then you will need to have your UPP recalculated.

If you have a category A or category B widows pension from the British National Insurance Scheme; an old age, widows, widowers or orphans pension paid from the Sociale Verzekeringbank (SVB) under the Netherlands social insurance system; an Italian pension; or an age, premature age, invalid, disability, widowed persons or orphans pension paid from an Austrian superannuation insurance fund under one of the Austrian social insurance Acts—Allgemeines Sozialversicherungsgesetz (ASVG), Gewerbliches Sozialversicherungsgesetz (GSVG) or Bauern-Sozialversicherungsgesetz (BSVG)—complete item 15.

If you do not know the deductible amount of your foreign pension, phone the Superannuation Infoline on 13 10 20.

QUESTION   What if you do not know the undeducted purchase price (UPP) of your Australian pension or annuity?

ANSWER   Usually, when you start to receive a pension, the pension provider will give you a copy of the details regarding your pension. In addition, each year your pension provider must give you a payment summary for the year, and most pension providers also give additional information with the payment summary. You may find the answers to many of the following questions in that additional information.

If you have not received these documents, cannot find them or your deductible amount is not shown, contact your pension provider. If they are unable to help you, the Tax Office will work it out for you.

All you need to do is sign and attach a SCHEDULE OF ADDITIONAL INFORMATION statement to page 3 of your tax return. Print X in the YES box at Taxpayer’s declaration on page 6 of your tax return. Leave item 14 blank.
Completing a schedule of additional information

Print SCHEDULE OF ADDITIONAL INFORMATION—QUESTION 14 on the top of a separate piece of paper and tell us your name, address, tax file number and the answers to the following questions.

1 What is your date of birth?

2 On what date did your pension or annuity first become payable? This is the first day of the first payment period of the pension or annuity. (Your pension provider can give you this information if you do not already have it.)

3 What is the name of the provider or company paying your pension or annuity?

4 If you are receiving a superannuation pension:
   (a) What amount did you personally contribute to your superannuation provider after 30 June 1983? Ask your superannuation provider for this figure.
   (b) For what part of this amount did you not get a tax deduction?
   (c) Have you rolled over any capital gains tax (CGT) exempt amounts to your superannuation provider? What is the amount?

5 If you are receiving a superannuation pension from a provider which has not paid tax on contributions received—such as some government funds—or your superannuation pension commenced before 1 July 1994, what amounts did you contribute towards your superannuation before 1 July 1983, for which you did not claim, and were not entitled to claim, a tax deduction or rebate? The Tax Office will insert this figure from information held if you do not have it.

6 If you are receiving an annuity or superannuation pension that you bought with one or more eligible termination payments (ETPs):
   (a) What amounts of each component of the ETP did you roll over into the annuity or superannuation pension? Examples are: undeducted contributions, CGT exempt amounts, concessional components, invalidity components, pre-July 1983 or post-June 1983 components. (Your pension or annuity provider can give you this information.)
   (b) Did you buy the superannuation pension or annuity you are now receiving with funds received solely from rolling over a previous superannuation pension or annuity? If so, when did you first start to receive payments under the previous superannuation pension or annuity?

7 If you are receiving an annuity that you bought with money other than as described in question 6 above, how much did you pay for the annuity?

8 Is the period for which you will be receiving the pension or annuity fixed?
   (a) If your answer is yes, how long is the period?
   (b) If your answer is no:
      ■ What are the conditions under which the payments are made?
      ■ Does your pension or annuity have a reversionary beneficiary—this is someone who will be entitled to receive all or part of your pension or annuity payments if you die? If so, what is the name and date of birth of this person?
      ■ If you are receiving your pension or annuity because it reverted to you upon the death of someone else, what is the name, date of birth and tax file number of the person who died?
      ■ On what date did the deceased person first receive the pension? Your pension provider may be able to provide you with this information.

9 If someone else is now entitled to a share of your pension or annuity, what is the percentage to which they are entitled?

10 When the pension or annuity stops, will an agreed lump sum—often called the residual capital value—become payable? If so, how much is this lump sum?

If you have fully or partially commuted your pension to a lump sum during the year, the answers to the above questions and the information in the ETP payment summary will be used to recalculate the deductible amount.

NOTE

This information is important if you bought a pension or annuity on or after 1 July 1994, and the purchase price of the pension or annuity was derived wholly from funds received by rolling over a previous pension or annuity which had a starting date earlier than 1 July 1994.
QUESTION 14
DEDUCTIBLE AMOUNT OF UPP OF AN AUSTRALIAN PENSION OR ANNUITY

Are you able to claim a deductible amount of undeducted purchase price (UPP) of your Australian pension or annuity?

STOP
You cannot claim a deductible amount of UPP for any Commonwealth of Australia Government pensions. These pensions include those shown at question 1.

NO  Go to question 15.
YES  Read the next column.

EXAMPLE
Pina receives a lifelong state superannuation pension. Last year she sent in a SCHEDULE OF ADDITIONAL INFORMATION with her tax return. The Tax Office advised her that the deductible amount of her UPP for a whole year was $732. Provided she receives a pension for the whole year and no part of the pension has been commuted to a lump sum, she can claim this amount every year as a UPP deduction.
Pina fills in item 14 on her tax return like this:

14 Deductible amount of undeducted purchase price of an Australian pension or annuity

Before completing this item you must read the information on pages 40–1.

If you showed income from an Australian pension or annuity at item 2 on your tax return, you may be able to reduce the taxable amount of your pension or annuity income if it has a UPP.

COMPLETING THIS ITEM
Write the deductible amount of your UPP at item 14 on your tax return. Do not show cents. This cannot be more than the pension or annuity to which it relates that you showed at item 2.

If you had more than one Australian pension, write the total of all the deductible amounts of your UPP at item 14.
Did you receive a foreign pension or annuity which has a deductible amount of undeducted purchase price (UPP)?

**NO** Go to question 16.

**YES** Read below.

Before completing this item you must read the information on pages 40–1.

![NOTE]

If you are claiming a deduction at this item, check that you have shown your foreign source pension or annuity income at item 3 on your tax return.

If you showed income from a foreign pension or annuity at item 3 on your tax return, you may be able to reduce the taxable amount of your pension or annuity income if it has a UPP. Only some foreign pensions and annuities have a UPP.

**QUESTION** Can you claim a deduction for the UPP of your foreign pension?

**ANSWER** You may be entitled to claim a deduction for the UPP of your foreign pension if you personally made payments into your superannuation scheme.

If you do not know the amount of UPP you are entitled to deduct, phone the Superannuation Infoline on 13 10 20.

**QUESTION** Did you receive a British pension?

**ANSWER** If you received a category A or a category B widows pension from the British National Insurance Scheme (BNIS), you are entitled to a UPP deduction. One method of calculating your UPP deduction is to multiply your BNIS pension (in Australian dollars) by 8%. This method is accepted by the Tax Office and generally results in the maximum deduction you are entitled to.

However, there is another method—the exact method. If you wish to find out about this method or you receive another type of British pension and you are not sure about a UPP entitlement, phone the Superannuation Infoline on 13 10 20.

**QUESTION** Did you receive an old age, widows, widowers or orphans pension paid from the Sociale Verzekeringbank (SVB) under the Netherlands social insurance system?

**ANSWER** If you received one of these pensions, you can claim a UPP deduction. If you can get all the necessary information to determine your UPP, claim the amount you have worked out. If you cannot, you can claim an annual UPP deduction equal to 25% of your gross pension payment.

**QUESTION** Did you receive an Italian pension?

**ANSWER** If you received an Italian pension and have made payments to the pension scheme, you can claim a UPP deduction.

Each calendar year, the Italian authorities will send you an Article 17 letter.

This letter gives you an estimate of the amount of pension you will receive and the amount that you have contributed towards your pension.

If you are unable to work out your UPP deduction, attach a photocopy (front and back) of your 2003 and 2004 Article 17 letters to page 3 of your tax return and print X in the YES box at Taxpayer’s declaration on page 6. We will work it out for you.

**QUESTION** Did you receive an age, premature age, invalid, disability, widowed persons or orphans pension paid by one of the Austrian social insurance Acts—Allgemeines Sozialversicherungsgesetz (ASVG), Gewerbliches Sozialversicherungsgesetz (GSVG) or Bauern-Sozialversicherungsgesetz (BSVG)?

**ANSWER** If you received one of these pensions you can claim a UPP deduction. If you have evidence of actual contributions or actual monthly salary, or have received from the Austrian superannuation insurance fund a list of your insurance periods, attach a photocopy of the evidence to page 3 of your return. Print X in the YES box at Taxpayer’s declaration on page 6. The Tax Office will calculate your UPP deduction for you.

If you are not sure about your UPP entitlement, phone the Superannuation Infoline on 13 10 20.
QUESTION  Did you receive a pension from another country?

ANSWER  If you think you are entitled to claim a UPP deduction for a foreign pension, other than a British, Dutch, Italian or Austrian pension, phone the Superannuation Infoline on 13 10 20.

COMPLETING THIS ITEM

Write the deductible amount of your UPP at item 15 on your tax return.

Do not show cents.

EXAMPLE

Elizabeth received a British National Insurance Scheme category A pension of $6,700. Elizabeth can work out how much UPP deduction she can claim by multiplying her pension by 8%.

$6,700 \times \frac{8}{100} = $536

Elizabeth fills in item 15 on her tax return like this:

15 Deductible amount of undeducted purchase price of an foreign pension or annuity

Y 5 3 6 9 6
QUESTION 16
COST OF MANAGING TAX AFFAIRS

Did you have expenses:

- relating to managing your own tax affairs
- imposed by the Tax Office as a general interest charge (GIC)
- for complying with your legal obligations relating to another person’s tax affairs?

NO  Go to question 17.

YES  Read below.

QUESTION  What expenses can you claim?

ANSWER  Expenses incurred in managing your own tax affairs include those relating to:

- preparing and lodging your tax return and activity statements—for example:
  - buying tax reference material
  - lodging your tax return through a registered tax agent or the TAXPACKEXPRESS service
  - getting tax advice from a recognised tax adviser or dealing with the Tax Office about your tax affairs.

You cannot claim for the cost of tax advice given by a person who is not a recognised tax adviser. A recognised tax adviser is a registered tax agent, barrister or solicitor. You cannot claim for the cost of tax advice given by other professionals, such as a financial planner who is not also a registered tax agent, barrister or solicitor.

- the cost of travel to the extent that it is associated with getting tax advice—for example, the travel costs of attending a meeting with a recognised tax adviser

■ appealing to the Administrative Appeals Tribunal or courts, and

■ getting a valuation needed for a deductible gift or donation of property or for a deduction for entering into a conservation covenant.

Expenses incurred as a general interest charge
The Tax Office imposes a GIC on late payments of taxes and penalties, and where an amendment to your assessment results in an increase in your tax liability.

If you have to, or have had to, pay a GIC to us in 2003–04, you can claim the expense at this item.

NOTE  Tax shortfall and other penalties for failing to meet your obligations are not deductible.

Expenses for complying with your legal obligations relating to another person’s tax affairs include those relating to:

■ complying with the pay as you go (PAYG) withholding obligations—for example, where you need to withhold tax from a payment to a supplier because the supplier did not quote an Australian business number, and

■ providing information requested by us about another taxpayer.

COMPLETING THIS ITEM

STEP 1  Add up the amounts of your expenses for managing your own tax affairs, any general interest charge you have incurred and any expenses for complying with your legal obligations relating to another person’s tax affairs.

STEP 2  Write the total amount at item 16 on your tax return. Do not show cents.
**EXAMPLE**
During 2003–04 Lester had a registered tax agent help him fill in his 2002–03 tax return. The tax agent charged $100. Lester can claim the tax agent’s fee at this item.

Lester fills in item 16 on his tax return like this:

**16 Cost of managing tax affairs**

$100.00
QUESTION 17
TOTAL DEDUCTIONS

Did you claim any deductions at items 11 to 16?

NO Go to question 18.

YES Read below.

COMPLETING THIS ITEM

STEP 1 Add up all the amounts at items 11 to 16 on your tax return.

STEP 2 Write the total amount at item 17 TOTAL DEDUCTIONS. Do not show cents.

Go to question 18.

QUESTION 18
TAXABLE INCOME

COMPLETING THIS ITEM

STEP 1 If you did not have any deductions, transfer your total income amount from item 10 to item 18 on your tax return.

STEP 2 If you had deductions, take away your total deductions amount at item 17 from the total income amount at item 10. This will give you your taxable income.

STEP 3 Write your answer at item 18 TAXABLE INCOME. Do not show cents.

QUESTION Are you eligible for the low income tax offset?

ANSWER If your taxable income is less than $27,475, you may get a tax offset. The maximum tax offset of $235 applies if your taxable income is $21,600 or less. This amount is reduced by 4 cents for each dollar over $21,600.

You do not have to work out your tax offset. We will work it out for you from your taxable income details. The tax offset will be shown on your notice of assessment. If you want to work out your tax offset, go to page 89. Do not write anything about this tax offset on your tax return.