

# 1987 Eligible Termination Payments Guide – including Schedule L Superannuation, retirement or similar amount.

If you got an eligible termination payment in 1986/87 you must fill in Schedule L attached to this Guide.

## About Eligible Termination Payments

An eligible termination payment is –

<b>A</b>	<p><b>Any payment from your employer because you retired or finished working in a job.</b></p> <ul style="list-style-type: none"> <li>It includes payments for unused sick leave, compensation for the loss of a job, payments required by your work contract and any other retirement or finishing payments, whether voluntary or not.</li> <li>It does <b>not</b> include payments for annual leave, leave bonuses or long service leave.</li> </ul>
----------	--

<b>B</b>	<p><b>A payment from a superannuation fund other than a regular superannuation pension.</b></p> <ul style="list-style-type: none"> <li>It includes a payment (in one or more lump sums) from a superannuation fund while you were working in a job or because you finished working in a job.</li> </ul>
----------	---

<b>C</b>	<p><b>A payment from an Approved Deposit Fund.</b></p>
----------	--

<b>D</b>	<p><b>A payment in place of a regular superannuation pension or annuity.</b></p> <ul style="list-style-type: none"> <li>It includes a payment you got for commuting (exchanging) all or part of a pension or annuity and also a payment for the residual capital value of a pension or annuity.</li> </ul> <p>The payment you got is reduced by the amount of any unused undeducted purchase price. (We tell you more about this over the page.)</p>
----------	--

An eligible termination payment is not –

- a loan or advance.
- a payment (of a capital nature) to limit or stop you from working in a job or competing in a trade.
- a payment (of a capital nature) for personal injury.

If you are not sure whether you got an eligible termination payment telephone or write to us for advice.

## About Death Benefits

You do not have to pay tax on an eligible termination payment made to you as the spouse, former spouse, child or other dependant of a deceased person by –

- an employer of the deceased;
- an Approved Deposit Fund to which the deceased made payments; or
- a superannuation fund to which the deceased made payments (unless the payment is the type of payment described in D).

If you got one of these payments **do not fill in Schedule L**. Instead attach a statement to Page 3 of your tax return giving us full details of your payment.

If you got a payment described in D you must fill in Schedule L and attach it to your tax return. (These payments **are** taxed.)

If you got a payment as trustee of a deceased person's estate you must show the payment on the Form T Trust Estate tax return. If the payment is one of the payments described in A, B or C the amount to be shown on Form T may be less depending on the benefits to be paid to the deceased person's dependants. If you got one of these payments telephone or write to us for more information.

## About any 'Roll-Over'

'Roll-Over' is –

When you transfer all or part of an eligible termination payment to a superannuation fund or Approved Deposit Fund or use it to buy an annuity. The amount 'rolled over' is not taxed until you get it back at a later date.

When you get an eligible termination payment you have 90 days in which to roll it over. In special cases we may allow extra time. Telephone or write to us for more details.

## About any Concessional Component

Your eligible termination payment may include a concessional component. Only 5% (1/20th) of the concessional component is taxed.

The concessional component is the amount paid –

- For Redundancy.** If you were laid off work because of redundancy, for example, your job was abolished or your employer no longer had enough work for you to do, and you finished working:
  - before the date you would normally have had to finish or, if there is no such date, before you turned 65; and
  - your employer did not arrange to employ you again;
 then your payment may include a concessional component.

The concessional component is the payment you got **less** the amount you would have got had you chosen to finish working on the day you were laid off.

- For Invalidity.** If you had to leave your job because of a physical or mental condition you had and you finished working:
  - before the date you would normally have had to leave that job or, if there is no such date, before you turned 65;
 then your payment may include a concessional component.

The concessional component is the payment you got **multiplied by** the number of days from the date you had to leave your job until you would normally have retired, **divided by** the number of days from the date you started the job to the date you would normally have retired or, if there is no such date, the date you turn 65.

- Under an Early Retirement Scheme which we approved.** If you finished working under such a scheme:
  - before the date you would normally have had to retire or, if there is no such date, before you turned 65; and
  - your employer did not arrange to employ you again;
 then your payment may include a concessional component.

The concessional component is the payment you got **less** the amount you would have got had you ordinarily finished working on that day for a reason other than under the early retirement scheme.

## About Your Eligible Service Period

Your Eligible Service Period is –

If you got an eligible termination payment:

- **From your employer (any payment described in A) –** the period from the date you started to the date you finished working for the employer. (If there were breaks in the period you worked, only the days you were working for the employer are included.)
- **From a superannuation fund (any payment described in B) –**
  - where the fund was sponsored by an employer (that is, a fund to which an employer made payments for your benefit) the period from the date you started the job for which you got the superannuation payment, to either the date you finished working or the date the payment was made if that was later. (If there were breaks in the period you worked, only the days you were working in the job for which you got the superannuation payment are included.)
  - where the fund was **not** sponsored by an employer, the period from the date you joined the fund to the date the payment was made.
- **In place of a regular superannuation pension (one of the payments described in D) –**
  - where the fund was sponsored by an employer, the period from the date you started working for the employer to the date the payment was made.
  - where the fund was **not** sponsored by an employer, the period from the date you joined the fund to the date the payment was made.

**Note:** If the payment was in exchange for a pension originally payable to another person, for example your deceased spouse, the eligible service period starts on the date the other person either started working (if the payment is from a fund sponsored by an employer) or joined the fund (if the payment is from a fund **not** sponsored by an employer) and ends on the date the payment was made.

- **In place of a regular annuity (one of the payments described in D) –** the period from the date you or another person, for example your spouse, bought the annuity to the date the payment was made.

**Note:** If the eligible termination payment you got came from an earlier payment rolled over, the eligible service period of the earlier payment is added to the eligible service period of the later payment. If all of the 'Pre 1/7/83 Component' of the earlier payment (see Note 2 on the back of Schedule L) was rolled over, the whole eligible service period is included. Where only part of the 'Pre 1/7/83 Component' of the earlier payment was rolled over, only part of the eligible service period is included. The payer of your eligible termination payment should have adjusted the eligible service period, but if you are in doubt telephone or write to us for advice.

## About any Undeducted Contributions

If you got an eligible termination payment from a superannuation fund (any payment described in B) you do not pay tax on any undeducted contributions included in the payment. Undeducted contributions are amounts you paid to the fund after 30 June 1983 less any amount allowed as a deduction in your 1984, 1985 or 1986 tax return or claimed as a deduction in your 1987 tax return (at Item 42 on Form A or B). Your undeducted contributions are first taken off the 'Post 30/6/83 Component' of your eligible termination payment and then off the 'Pre 1/7/83 Component'. (Note 2 on Schedule L tells you about these components.)

## About any Unused Undeducted Purchase Price

If the payment you got was a payment described in D, you do not pay tax on the amount which represents any unused undeducted purchase price.

The Unused Undeducted Purchase Price is –

- **If your payment was in place of a regular superannuation pension –** the total amount you paid to the superannuation fund before 1 July 1983 which was not allowed as a deduction or as part of your rebatable expenditure, **plus** the total amount you paid to the fund after 30 June 1983 which was not allowed as a deduction in your 1984, 1985 or 1986 tax return or not claimed as a deduction in your 1987 tax return, **less** any amount treated as undeducted purchase price against your pension (in any year).
- **If your payment was in place of a regular superannuation pension payable to another person (for example your deceased spouse) –** the total amount paid by the other person to the superannuation fund before 1 July 1983 which was not allowed as a deduction or as part of his or her rebatable expenditure, **plus** the total amount paid by the other person to the fund after 30 June 1983 for which he or she did not get a deduction, **less** any amount treated as undeducted purchase price against the pension received by you or the other person (in any year).
- **If your payment was in place of a regular annuity –** the amount you paid for the annuity **less** any amount allowed as rebatable expenditure or treated as undeducted purchase price against your annuity (in any year).

**Note:** The undeducted purchase price does not include any earlier eligible termination payment which would have been fully taxable if it had not been rolled over as payment to the superannuation fund or used to buy an annuity.

For a superannuation pension, the undeducted purchase price does not include payments to the fund to get benefits that include the pension, if the amount was taken into account in other benefits you got from the fund.

**Eligible termination payment  
superannuation, retirement or similar amount**



**Australian Taxation Office  
1987 Schedule L**

- Before you fill in this Schedule read Note 1 on the back.
  - Fill in a separate Schedule L for every eligible termination payment you got in 1986-87.
- Pin to Page 3 of your return form:
- this Schedule L;
  - the original of your 'Statement of Termination Payment' form;
  - any group certificate or tax stamps sheet you got for the payment;
  - if you made a 'Roll-Over', the original(s) of your 'Roll-Over Payment Notification' form(s).

**This Schedule is part of the income tax return of:**

Full name-please print	Signature	File number

**1 Date of your eligible termination payment and credit for tax instalment deducted.**

Most of these details are on your group certificate, tax stamps sheet or letter from the Taxation Office.

Date the payment was made	/ /	Amount of credit due for tax instalment deducted from your payment	\$		L1
Serial number of your group certificate or tax stamps sheet					
Name of your employer or payer					

**2 Where you chose to 'Roll-Over' NONE of your eligible termination payment.**

Copy the components from your 'Statement of Termination Payment' form. If you think they need to be adjusted see Note 2.

Concessional Component \$

Pre 1/7/83 Component \$

Add these components—5% of the sum is taxed. \$  x 5% (1/20th) = \$  L2

Post 30/6/83 Component—all of this is taxed. (See Note 5 for any rebate that may apply.) \$  L3

Add the amounts at L2 and L3 and transfer the TOTAL to your return form. (See Note 3.) **TOTAL \$**  L4

**3 Where you chose to 'Roll-Over' SOME or ALL of your eligible termination payment.**

**Roll-Over details**

1	Copy the components from your 'Statement of Termination Payment' form	2	Amount elected to be rolled over	3	Amount not rolled over (take amount in column 2 away from amount in column 1).	
	Concessional Component \$					L5
	Pre 1/7/83 Component \$					L6
	Post 30/6/83 Component \$					L7
	Undeducted Contributions \$					L8

**Election**—this must be signed (see Notes 2 and 4).

I hereby elect that the amount(s) shown in column 2 above be regarded as the 'Roll-Over' of the parts of the eligible termination payment shown in column 1. 'Roll-Over Payment Notification' forms completed for amounts rolled over are attached. Details of any other amounts paid to roll-over institutions during the roll-over period are shown below.

Signature  L9

**Details of other amounts**—paid by you or on your behalf to roll-over institutions during the roll-over period.

Amount paid	Name of Roll-over institution	Date paid

L10

**4 Where you chose to 'Roll-Over' SOME of your eligible termination payment. This is NOT required if you have rolled over ALL of your eligible termination payment.**

Copy the components from column 3 in section 3 above. If you think they need to be adjusted see Note 2.

Concessional Component \$

Pre 1/7/83 Component \$

Add these components—5% of the sum is taxed. \$  x 5% (1/20th) = \$  L11

Post 30/6/83 Component—all of this is taxed. (See Note 5 for any rebate that may apply.) \$  L12

Add the amounts at L11 and L12 and transfer the TOTAL to your return form. (See Note 3.) **TOTAL \$**  L13

## Notes to Schedule L

### Note 1

If you got an eligible termination payment, your former employer, the superannuation fund or whoever made the payment should have given you a form called a 'Statement of Termination Payment'. If you did not get this form or you have lost it, ask your former employer, the superannuation fund or whoever made the payment to give you a copy of it.

If you think that the details on your 'Statement of Termination Payment' form are wrong, write your reasons on a separate piece of paper and pin it to your Schedule L. Fill in your Schedule L with the details you believe are correct. Telephone or write to us first if you don't know what to do.

### Note 2

As a general rule, an eligible termination payment is broken up into the following parts:

**Concessional Component** – 5% of this amount is taxed (explained in the '1987 Eligible Termination Payments Guide')

**'Pre 1/7/83 Component'** – 5% of this amount is taxed (the amount that applies to the period before 1 July 1983)

**'Post 30/6/83 Component'** – All of this amount is taxed (the amount that applies to the period after 30 June 1983)

However, in certain situations the 'Pre 1/7/83 Component' may be taxed as it would have been if the law had not been changed with effect from 1 July 1983. Also, in certain situations, the amount of the 'Pre 1/7/83 Component' and the amount of the 'Post 30/6/83 Component' may be changed. The following notes explain these situations.

#### The 'Pre 1/7/83 Component' may be changed if –

- You were in a superannuation fund and you only got back what you put in with no interest. In this case, show the 'Pre 1/7/83 Component' as NIL.
- You were getting a regular superannuation pension or annuity before 1 July 1983 and you got the eligible termination payment in place of all or part of that pension or annuity. In this case, show the 'Pre 1/7/83 Component' as NIL.
- You were in a self-employed or non-employer sponsored superannuation fund. In this case, the 'Pre 1/7/83 Component' may be reduced by the part which relates to amounts you paid to the fund before 19 August 1980.

#### Note 2 – continued

#### Both the 'Pre 1/7/83 Component' and the 'Post 30/6/83 Component' may be changed if –

- The 'Pre 1/7/83 Component' is less than the amount you would have got if you had finished your job or left the superannuation fund on 30 June 1983. In this case the amount that you would have got on 30 June 1983 takes the place of the 'Pre 1/7/83 Component'. The amount by which your 'Pre 1/7/83 Component' has now increased is then taken off your 'Post 30/6/83 Component'.

If you think that any of these situations apply to you, put the adjusted figures in section 2 or section 4 of your Schedule L. Write your reasons for doing so on a separate piece of paper and pin it to the Schedule. If you have a letter from us saying that you can adjust the figures because of your situation, pin a copy of that letter to your Schedule L.

### Note 3

For each eligible termination payment you got you must fill in a separate Schedule L. If you have filled in more than one Schedule L, add up all the amounts you have shown at either Item L4 or L13 on each Schedule and put the total at question 17 of your Form S or Item 8 of your Form A or B.

### Note 4

If you chose to 'Roll-Over' SOME or ALL of your eligible termination payment you must sign the election in section 3. This is a formal election telling us what you have chosen to do.

You must also show in section 3 the different parts of the payment that have been rolled over. **Make sure that you only show in column 2 amounts which have actually been rolled over. If you show in column 2 an amount which has not actually been rolled over your election will be invalid.**

### Note 5

If your taxable income includes a 'Post 30/6/83 Component' of an eligible termination payment, a rebate of tax is allowed to make sure that the rate of tax you pay on that component is not more than 30%. If you were 55 or older when you got the eligible termination payment the rebate limits the rate of tax you pay on the first \$55,000 of the 'Post 30/6/83 Component' to 15%. The rebate does not apply to the Concessional Component or the 'Pre 1/7/83 Component' and it does not affect any Medicare levy that you may have to pay.

We will work out your rebate for you and make sure it comes off your tax. If you want to work out how much rebate you can get see 'The 1987 Form S Tax Guide' or 'The 1987 Forms A and B Instructions'.

If, after 22 August 1985, you got a payment in place of a regular annuity (one of the payments described in D on Page 1 of the '1987 Eligible Termination Payments Guide') and the annuity was bought after 30 June 1983, you may not be allowed the rebate. Any part of the payment which relates to money used to buy the annuity which was not paid because you retired or finished working in a job, does not qualify for the rebate.

**Eligible termination payment  
superannuation, retirement or similar amount**



Australian Taxation Office

**1987 Schedule L**

- Before you fill in this Schedule read Note 1 on the back.
  - Fill in a separate Schedule L for every eligible termination payment you got in 1986-87.
- Pin to Page 3 of your return form:
- this Schedule L;
  - the original of your 'Statement of Termination Payment' form;
  - any group certificate or tax stamps sheet you got for the payment;
  - if you made a 'Roll-Over', the original(s) of your 'Roll-Over Payment Notification' form(s).

**This Schedule is part of the income tax return of:**

Full name—please print	Signature	File number

**1 Date of your eligible termination payment and credit for tax instalment deducted.**

Most of these details are on your group certificate, tax stamps sheet or letter from the Taxation Office.

Date the payment was made  /  /  Amount of credit due for tax instalment deducted from your payment \$  L1

Serial number of your group certificate or tax stamps sheet

Name of your employer or payer

**2 Where you chose to 'Roll-Over' NONE of your eligible termination payment.**

Copy the components from your 'Statement of Termination Payment' form. If you think they need to be adjusted see Note 2.

Concessional Component \$

Pre 1/7/83 Component \$

Add these components—5% of the sum is taxed. \$  x 5% (1/20th) = \$  L2

Post 30/6/83 Component—all of this is taxed. (See Note 5 for any rebate that may apply.) \$  L3

Add the amounts at L2 and L3 and transfer the TOTAL to your return form. (See Note 3.) **TOTAL \$**  L4

**3 Where you chose to 'Roll-Over' SOME or ALL of your eligible termination payment.**

• Roll-Over details

1	Copy the components from your 'Statement of Termination Payment' form	2	Amount elected to be rolled over	3	Amount not rolled over (take amount in column 2 away from amount in column 1).	
	Concessional Component \$					L5
	Pre 1/7/83 Component \$					L6
	Post 30/6/83 Component \$					L7
	Undeducted Contributions \$					L8

• Election—this must be signed (see Notes 2 and 4).

I hereby elect that the amount(s) shown in column 2 above be regarded as the 'Roll-Over' of the parts of the eligible termination payment shown in column 1. 'Roll-Over Payment Notification' forms completed for amounts rolled over are attached. Details of any other amounts paid to roll-over institutions during the roll-over period are shown below.

Signature  L9

• Details of other amounts—paid by you or on your behalf to roll-over institutions during the roll-over period.

Amount paid	Name of Roll-over Institution	Date paid

L10

**4 Where you chose to 'Roll-Over' SOME of your eligible termination payment. This is NOT required if you have rolled over ALL of your eligible termination payment.**

Copy the components from column 3 in section 3 above. If you think they need to be adjusted see Note 2.

Concessional Component \$

Pre 1/7/83 Component \$

Add these components—5% of the sum is taxed. \$  x 5% (1/20th) = \$  L11

Post 30/6/83 Component—all of this is taxed. (See Note 5 for any rebate that may apply.) \$  L12

Add the amounts at L11 and L12 and transfer the TOTAL to your return form. (See Note 3.) **TOTAL \$**  L13

# Notes to Schedule L

## Note 1

If you got an eligible termination payment, your former employer, the superannuation fund or whoever made the payment should have given you a form called a 'Statement of Termination Payment'. If you did not get this form or you have lost it, ask your former employer, the superannuation fund or whoever made the payment to give you a copy of it.

If you think that the details on your 'Statement of Termination Payment' form are wrong, write your reasons on a separate piece of paper and pin it to your Schedule L. Fill in your Schedule L with the details you believe are correct. Telephone or write to us first if you don't know what to do.

## Note 2

As a general rule, an eligible termination payment is broken up into the following parts:

**Concessional Component** – 5% of this amount is taxed (explained in the '1987 Eligible Termination Payments Guide')

**'Pre 1/7/83 Component'** – 5% of this amount is taxed (the amount that applies to the period before 1 July 1983)

**'Post 30/6/83 Component'** – All of this amount is taxed (the amount that applies to the period after 30 June 1983)

However, in certain situations the 'Pre 1/7/83 Component' may be taxed as it would have been if the law had not been changed with effect from 1 July 1983. Also, in certain situations, the amount of the 'Pre 1/7/83 Component' and the amount of the 'Post 30/6/83 Component' may be changed. The following notes explain these situations.

### The 'Pre 1/7/83 Component' may be changed if –

- You were in a superannuation fund and you only got back what you put in with no interest. In this case, show the 'Pre 1/7/83 Component' as NIL.
- You were getting a regular superannuation pension or annuity before 1 July 1983 and you got the eligible termination payment in place of all or part of that pension or annuity. In this case, show the 'Pre 1/7/83 Component' as NIL.
- You were in a self-employed or non-employer sponsored superannuation fund. In this case, the 'Pre 1/7/83 Component' may be reduced by the part which relates to amounts you paid to the fund before 19 August 1980.

### Note 2 – continued

Both the 'Pre 1/7/83 Component' and the 'Post 30/6/83 Component' may be changed if –

- The 'Pre 1/7/83 Component' is less than the amount you would have got if you had finished your job or left the superannuation fund on 30 June 1983. In this case the amount that you would have got on 30 June 1983 takes the place of the 'Pre 1/7/83 Component'. The amount by which your 'Pre 1/7/83 Component' has now increased is then taken off your 'Post 30/6/83 Component'.

If you think that any of these situations apply to you, put the adjusted figures in section 2 or section 4 of your Schedule L. Write your reasons for doing so on a separate piece of paper and pin it to the Schedule. If you have a letter from us saying that you can adjust the figures because of your situation, pin a copy of that letter to your Schedule L.

## Note 3

For each eligible termination payment you got you must fill in a separate Schedule L. If you have filled in more than one Schedule L, add up all the amounts you have shown at either Item L4 or L13 on each Schedule and put the total at question 17 of your Form S or Item 8 of your Form A or B.

## Note 4

If you chose to 'Roll-Over' SOME or ALL of your eligible termination payment you must sign the election in section 3. This is a formal election telling us what you have chosen to do.

You must also show in section 3 the different parts of the payment that have been rolled over. **Make sure that you only show in column 2 amounts which have actually been rolled over. If you show in column 2 an amount which has not actually been rolled over your election will be invalid.**

## Note 5

If your taxable income includes a 'Post 30/6/83 Component' of an eligible termination payment, a rebate of tax is allowed to make sure that the rate of tax you pay on that component is not more than 30%. If you were 55 or older when you got the eligible termination payment the rebate limits the rate of tax you pay on the first \$55,000 of the 'Post 30/6/83 Component' to 15%. The rebate does not apply to the Concessional Component or the 'Pre 1/7/83 Component' and it does not affect any Medicare levy that you may have to pay.

We will work out your rebate for you and make sure it comes off your tax. If you want to work out how much rebate you can get see 'The 1987 Form S Tax Guide' or 'The 1987 Forms A and B Instructions'.

If, after 22 August 1985, you got a payment in place of a regular annuity (one of the payments described in D on Page 1 of the '1987 Eligible Termination Payments Guide') and the annuity was bought after 30 June 1983, you may not be allowed the rebate. Any part of the payment which relates to money used to buy the annuity which was not paid because you retired or finished working in a job, does not qualify for the rebate.