

If you got an eligible termination payment in 1988/89 you must fill in Schedule L attached to this Guide.

About Eligible Termination Payments

An eligible termination payment is —

A	<p>Any payment from your employer because you retired or finished working in a job.</p> <ul style="list-style-type: none"> 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. It does not include payments for annual leave, leave bonuses or long service leave. 	C	A payment from an Approved Deposit Fund.
B	<p>A payment from a superannuation fund other than a regular superannuation pension.</p> <ul style="list-style-type: none"> 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. 	D	<p>A payment in place of a regular superannuation pension or annuity.</p> <ul style="list-style-type: none"> 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. <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>
		E	<p>A payment made, following the death of a superannuation fund member, to a person in substitution for a pension or annuity entitlement.</p> <ul style="list-style-type: none"> It includes a payment you received, where you or another person had the right to receive a regular superannuation pension or annuity on the death of the superannuation fund member. <p>The payment you received 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 a payment made to you as the spouse, de facto spouse, former spouse, child under age 18 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 or E).

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 or E, 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 in your hands until you get it back at a later date.

However, if you 'roll-over' the 'untaxed element' of a 'Post June 83 Component' it will be subject to a 15% tax on 'roll-over' (payable by the fund or annuity issuer) and when you get it back at a later date, it will be subject to reduced tax rates.

We tell you more about this over the page.

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.

The concessional component is reduced by any amount made in lieu of superannuation benefits forgone relating to the eligible termination payment.

- 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.

The concessional component is reduced by any amount made in lieu of superannuation benefits forgone relating to the eligible termination payment.

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 July 83 Component' of the earlier payment (see Note 3 in the 'Notes to Schedule L') was rolled-over, the whole eligible service period is included. Where only part of the 'Pre July 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 'Post June 83 Component'

The 'Post June 83 Component' will have one or (in some cases) both of the following elements:

• Untaxed Element

The 'Untaxed Element' of a 'Post June 83 Component' is that part of the component which is attributable to a source that is **not** subject to the 15% contributions tax. The 'Post June 83 Component' of an eligible termination payment paid by an employer will consist solely of an untaxed element.

• Taxed Element

The 'Taxed Element' of a 'Post June 83 Component' is that part of the component which is attributable to a source that is subject to the 15% contributions tax. The 'Post June 83 Components' of eligible termination payments paid by most superannuation funds, all Approved Deposit Funds and under roll-over annuity contracts will only have a taxed element.

Some 'Post June 83 Components' of eligible termination payments paid from superannuation funds may have both taxed and untaxed elements.

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 tax returns for the years 1984 to 1988, or claimed as a deduction in your 1989 tax return (at Item 26 on Form AB). Your undeducted contributions are first taken off the 'Post June 83 Component' of your eligible termination payment and then off the 'Pre July 83 Component'. Note 3 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 or E, 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 tax returns for the years 1984 to 1988 or not claimed as a deduction in your 1989 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.

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 us first if you don't know what to do.

If your eligible termination payment has a post June 83 component you will need to read Note 4 before filling in Schedule L.

Note 2

Copy the figure you have shown at L1 to one of the boxes in the Tax Instalments Deducted column at Question 22 on your Form S return (or to Item 1 on your Form AB return). Do not show any other amounts from Schedule L at Question 22 of your Form S return (or Item 1 of your Form AB return). If you have to fill in more than one Schedule L, add all the L1 amounts and transfer the one total to the return form.

Note 3

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 '1989 Eligible Termination Payments Guide')

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

'Post June 1983' — All of this amount is taxed (the amount that applies to the period after 30 June 1983)

However, in certain situations the 'Pre July 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 July 83 Component' and the amount of the 'Post June 83 Component' may be changed. The following notes explain these situations.

The 'Pre July 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 July 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 July 83 Component' as NIL.
- You were in a self-employed or non-employer sponsored superannuation fund. In this case, the 'Pre July 83 Component' may be reduced by the part which relates to amounts you paid to the fund before 19 August 1980.

Both the 'Pre July 83 Component' and the 'Post June 83 Component' may be changed if—

- The 'Pre July 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 July 83 Component'. The amount by which your 'Pre July 83 Component' has now increased is then taken off your 'Post June 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 4

Sections 2, 3 and 4 of the Schedule L ask you to breakdown your eligible termination payment (ETP) into its components. Each section has room for you to show the untaxed element or taxed element of the post June 1983 component.

Your Statement of Termination Payment may not show whether the post June 1983 component of your ETP consists of an untaxed or taxed element, or comprises both an untaxed and taxed element. Before you fill out sections 2, 3 and 4 of the Schedule L you need to know what the untaxed or taxed elements are.

- If your ETP was paid by your employer, the whole of your 'Post June 83 Component' is an untaxed element.
- If your ETP was paid from:
 - your private superannuation fund, i.e. a fund which is not sponsored by your employer; or
 - a superannuation fund sponsored by your employer where your employer is not a government employer;

then the whole of your 'Post June 83 Component' is a taxed element.

- If your ETP was paid from a superannuation fund sponsored by a government employer, you may need to ask the fund to help you calculate the untaxed or taxed elements. In some cases, government sponsored superannuation schemes will pay untaxed elements, but in others they will pay taxed elements.

Commonwealth Government and DFRDB Superannuation Schemes

If you were a member of the Commonwealth Superannuation Scheme and your payment was made on ordinary voluntary resignation or retirement, the 'Post June 83 Component' will be a taxed element.

For any other case involving a Commonwealth Superannuation Scheme payment, check with the Australian Government Retirement Benefits Office (AGRBO) for the manner of determining the untaxed/taxed elements of the 'Post June 83 Component'.

For DFRDB payments paid to Defence personnel, the 'Post June 83 Component' will be an untaxed element in all cases.

Note 5

The time when an eligible termination payment (ETP) first commenced to accrue in a superannuation fund or roll-over fund is known as the 'start date'. The start date for an ETP is used to determine the appropriate rate of tax for the taxed element of the 'Post June 83 Component'. The start date may be shown on your Statement of Termination Payment as the date you commenced membership with the fund paying your ETP.

The start date relating to a taxed element is:

- if the ETP is paid from a superannuation fund — the date you joined the fund (unless you joined by rolling over another ETP — see the next two dot points);
- if the ETP is paid from a superannuation fund or roll-over fund into which you rolled over a payment from a superannuation fund — the date you joined the first superannuation fund;
- if the ETP is paid from a superannuation fund or roll-over fund into which you rolled over a payment from your employer before 1 July 1988 — the date is deemed to be 30 June 1985;
- if the ETP is paid from a superannuation fund or roll-over fund which you rolled over a payment from your employer after 30 June 1988 — the date on which you made the roll-over payment; or
- if you became entitled to the ETP because of the death of someone else — the date that would have been the start date if the payment was made to the deceased person.

In rare cases a taxed element may have more than one start date. This could happen for example, if you rolled over more than one ETP into a roll-over fund and those ETP's had different start dates. Your roll-over fund should be able to help you to calculate the parts of the taxed element related to each start date.

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



Australian Taxation Office

1989 Schedule L

- Before you fill in this Schedule read Note 1 of the attached 'Notes to Schedule L'.
- Fill in a separate Schedule L for every eligible termination payment you got in 1988/89.
- If you received a 'Statement of Termination Payment (Commutation)', with an amount in Part B marked 'Non-qualifying Component', you must show this amount at Question 27 in the Form S or Item 20 in the Form AB. This amount cannot be rolled-over.

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

Date of Birth

 / /

File number

Taxpayers receiving eligible termination payments, superannuation pensions and annuities in the 1988/89 income year may be affected by the major changes proposed to the taxation treatment of superannuation and approved deposit funds. Whilst legislation covering these changes has not been enacted at the time of printing this Schedule it is to apply from 1 July 1988. To assist with the identification of taxpayers affected by these changes please complete the following:

Please tick the box below which indicates the period when your eligible termination payment first started to accrue in a superannuation fund or roll-over fund. **Read Note 5 before you tick a box.**

- before 1 July 1985 1
- between 1 July 1985 and 30 June 1986 2
- between 1 July 1986 and 30 June 1987 3
- on or after 1 July 1987 4

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 'Rolled-Over' NONE of your eligible termination payment.

Before you copy the components from your 'Statement of Termination Payment' form read Notes 1, 3 and 4 of the attached 'Notes to Schedule L'.

Concessional Component

\$

Pre July 83 Component

\$

Add these components—5% of the sum is taxed

\$

x 5% (1/20th) =

\$

L2

Untaxed Element of Post June 83 Component—all of this is taxed. See Note 8 for any rebate that may apply.

\$

L3

Taxed Element of Post June 83 Component—all of this is taxed. See Note 8 for any rebate that may apply.

\$

L4

Add the amounts at L2, L3 and L4 and transfer the TOTAL to your return form (see Note 6).

TOTAL \$

L5

3 Where you 'Rolled-Over' SOME or ALL of your eligible termination payment.

If you have received an amount shown as 'compulsorily preserved amount' on your 'Statement of Termination Payment', all of this amount must be rolled-over.

• **Roll-Over details**

1 Copy the components from your 'Statement of Termination Payment' form	2 Amount rolled-over	3 Amount not rolled-over (for each line, take the total of amounts shown in column 2 away from the amount shown in column 1)	
Concessional Component \$			L6
Pre July 83 Component \$			L7
Untaxed Element of Post June 83 Component \$			L8
Taxed Element of Post June 83 Component \$			L9
Undeducted Contributions \$			L10
Compulsorily Preserved Amounts \$			L11

• **Election**—this must be signed (see Notes 3 and 7).

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.

Signature L12

4 Where you 'Rolled-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 3.

Concessional Component \$

Pre July 83 Component \$

Add these components—5% of the sum is taxed \$ x 5% (1/20th) = \$ L13

Untaxed Element of Post June 83 Component—all of this is taxed. See Note 8 for any rebate that may apply. \$ L14

Taxed Element of Post June 83 Component—all of this is taxed. See Note 8 for any rebate that may apply. \$ L15

Add the amounts at L13, L14 and L15 and transfer the TOTAL to your return form (see Note 6). TOTAL \$ L16

Is the Statement of Termination Payment you have attached a Statement of Termination (Commutation)? YES NO

Is your eligible termination payment in respect of: (i) Redundancy? YES NO

(ii) Early Retirement? YES NO

Notes to Schedule L — *continued*

Note 6

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 L5 or L16 on each Schedule and put the total at question 21 of your Form S or Item 8 of your Form AB.

Note 7

If you 'Rolled-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 done.

You must also show in section 3 the different parts of the payment that have 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 8

If your taxable income includes an 'Untaxed Element' of the 'Post June 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 element is not more than 30%. If you were 55 or older when you received the eligible termination payment, the rebate limits the rate of tax you pay on the first \$60,000 of the 'Untaxed Element' to 15%.

If your taxable income includes a 'Taxed Element' of the 'Post June 83 Component' of an eligible termination payment, then the rebate will limit the tax you pay to the rates shown in the table below.

Note 8 — *continued*

Start Date (see Note 5)	Under Age 55	Age 55 or Over	
	All	0 to \$60,000	Excess over \$60,000
Before 1 July 1985	28%	12%	27%
In the period 1 July 1985 to 30 June 1986	27%	10%	25%
In the period 1 July 1986 to 30 June 1987	25%	7%	22%
On or after 1 July 1987	20%	NIL	15%

The rebate does not apply to the Concessional Component or the 'Pre July 83 Component' and it does not affect any Medicare Levy that you may have to pay. However, it should be noted that the Medicare Levy will not apply to a taxed element where the applicable rate of tax is NIL.

We will work out your rebate for you and make sure it comes off your tax.

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 '1989 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.