**This checklist will assist public practice members in discharging their obligations in preparing 2017 individual tax returns.**

**It is recommended that the checklist be considered for all individual clients.**

**Disclaimer**

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| Step 1 | Obtain a copy of the prior year return.  |
| Step 2 | Confirm that the front cover of the prior year return has not altered, including the bank account details which must be provided where the individual is to receive a refund.  |
| Step 3 | Obtain a copy of the client’s pre-filling report for the current year from the Australian Taxation Office (ATO) portal (and compare to the information provided by the client) and try to reconcile any discrepancies. |
| Step 4 | Determine if the client is a resident or non-resident for Australian tax purposes. |
| Step 5 | Complete the checklist. |

**Legend**

**Column 1:** Column 1 requires the user to indicate whether they were either Advised (‘A’) of the information or Sighted (‘S’) documentation or whether No Substantiation is required (‘N/A’).

**Column 2:** Column 2 requires the user to indicate whether an additional work paper (WP) should be completed in respect of that item e.g. list of dividends, interest, depreciation schedule etc.

**Column 3:** Column 3 indicates whether an attachment was obtained in respect of that item e.g. copy of bank statement, log book etc.

| Tax Return Reference | Section of the Income Tax Return | Column 1(A) (S) (N/A) | Column 2WP(Y or N) | Column 3Attachment(Y or N) |
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| Income  |
| 1 | **Salary or wages**Obtain and attach PAYG payment summaries.**Note:** check and, if necessary, update the client’s occupation code.  |  |  |  |
| 2 | **Allowances, earnings, tips, director’s fees etc.**Receipt of an allowance does not automatically entitle an employee to a deduction for expenditure to which the allowance relates (e.g. tool or laundry allowance). |  |  |  |
| 3 | **Employer lump sum payments**These lump sum payments are in respect of unused annual and long service leave paid out on termination of employment. Label A and B of the client’s PAYG payment summary should contain the relevant information. Also, obtain and attach a copy of a statement of termination from the client’s employer.**Note:** there is an offset capping tax at 30% on a payment for unused annual leave or unused long service leave which was made in connection with a genuine redundancy, invalidity or early retirement scheme.  |  |  |  |
| 4 | **Employment termination payments (ETPs)**Obtain and attach any ETP payment summaries and employer termination statements. |  |  |  |
| 5 | **Australian Government allowances and payments like Newstart, youth allowance and Austudy payment** Obtain details of any youth allowance, Newstart allowance, sickness allowance, special benefit, widow allowance, partner allowance, parenting payment (partnered), farm household allowance, disaster recovery allowance, Austudy payment or other educational or training allowances.  |  |  |  |
| Tax Return Reference | Section of the Income Tax Return | Column 1(A) (S) (N/A) | Column 2WP(Y or N) | Column 3Attachment(Y or N) |
| **Income** (continued) |
| 6 | **Australian Government pensions and other allowances**Such pensions include the age pension, bereavement allowance, carer payment, disability support pension for those who have reached pension age, parenting payment (single), widow B pension, age service pension, income support supplement, certain defence force income support allowances, certain veteran’s affairs payments, invalidity service pension for those who have reached pension age and partner service pension.**Note:** do not include any Australian Government pensions or allowances that are not taxable as these are shown at item IT3 under Tax free government pensions. |  |  |  |
| 7 | **Australian annuities and superannuation income streams**Obtain details of taxable and rebatable components of pension. |  |  |  |
| 8 | **Australian superannuation lump sum payments**Superannuation lump sums paid from a taxed source to a person aged 60 or over are tax free. Lump sums paid to persons under 60 are still taxable.Obtain details of recipient’s age and amount of the lump sum payment. |  |  |  |
| 9 | **Attributed personal services income**Obtain all payment summaries – include personal services attributed income and details of any other personal services attributed to the taxpayer.**Note**: consider application of the personal services income (PSI) attribution rules in relation to any income derived by an interposed entity that is personal services income (PSI) of the individual. (PSI is included in the individual’s personal income tax return. PSI is income that is mainly a reward for an individual’s personal efforts or skills) Please refer to CPA Australia’s [2017 PSI/PSB self-assessment checklist](https://www.cpaaustralia.com.au/~/media/corporate/allfiles/document/professional-resources/taxation/psi-psb-self-assessment-checklist.doc?la=en) for further guidance. |  |  |  |
| 10 | **Gross interest**Obtain bank statements to ensure that any interest received or credited is included in assessable income. This includes any ATO interest received. Care should be taken to gross interest up where TFN withholding tax has been deducted.**Note:** if the client is an early lodger (lodging a return before pre-fill data is available in August) conduct extra checks to ensure the interest income is correct.**Note:** interest received from a foreign source should be included at Item 20 as an amount of foreign income. |  |  |  |
| 11 | **Dividends**Obtain dividend statements for any unfranked, partly franked and fully franked dividends received from Australian resident companies or identify any deemed dividends arising under Division 7A. Care should be taken to gross interest up where TFN withholding tax has been deducted. Amount of any franking credit received on any dividend should also be included in assessable income.**Note:** where a reinvestment program has been entered into, the value of that dividend reinvestment is taxable. Carefully consider the taxation implications of bonus share issues to individuals.**Note:** if the client is an early lodger (lodging a return before pre-fill data is available in August) conduct extra checks to ensure the dividend income is correct.**Note:** dividends received from a foreign source should be included at Item 20 as an amount of foreign income. |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1(A) (S) (N/A)** | **Column 2WP(Y or N)** | **Column 3Attachment(Y or N)** |
| **Income** (continued) |
| 12 | **Employee share schemes (ESS)**The discount given on the ‘ESS interest’ (being a share or a right to acquire a share) under an ESS is assessable for taxation purposes unless the deferral concession applies to you. The discount is the difference between the market value of ESS interest in the amount paid to acquire that interest. Relevant information would generally be set out in an employee share scheme statement issued by the employer.In some circumstances, the assessable discount may be reduced by $1,000.Where certain conditions are met in relation to the terms of the ESS you may defer including the assessable discount in your assessable income until a later income year.**Note**: for interests acquired pre 1July 2009 the discount is included in the 2017 income tax return if the ‘cessation time’ occurred during the 2017 income year.Changes to employee share schemes also took effect on 1 July 2015 and apply to ESS interests acquired on or after that date. These changes include a tax concession through which some discounts on ESS interests in start-up companies will not be taxed under the employee share scheme regime, as long as certain eligibility criteria are met. Subsequent gains on the disposal of these ESS interests will be taxed under the capital gain tax rules. There were also changes to the ‘deferred taxing point’ under these rules. |  |  |  |
| **Supplement Income or Loss** |
| 13 | **Partnerships and trusts**Details of the partnership, trust or a managed investment trust fund distribution and type of income received are required. Carefully identify tax credits that may be utilised. **Note**: check to see if the client is entitled to a small business tax offset on that person’s share of net small business income derived where the trust or partnership would be regarded as a small business entity for the 2017 year.**Note**: trustees of certain closely held trusts and family trusts are required to withhold tax at a rate of 49% from distributions to individual beneficiaries who have not provided their tax file number (TFN). Beneficiaries who have had such amounts withheld from their trust distributions can claim a credit under this label.**Note**: amounts which have been subject to family trust distribution tax should not be included under this item but at Label A5. |  |  |  |
| 14 | **Personal services income (PSI)**Is the client a sole trader? If yes, apply the CPA Australia 2017 PSI/PSB self-assessment checklist to determine if the client is subject to the personal services income provisions. **Note**: if this is the case then the Business and professional items schedule for individuals 2017 should be completed. A copy of the schedule and related instructions are available on the [ATO website](https://www.ato.gov.au/Forms/Business-and-professional-items-2017/). |  |  |  |
| 15 | **Net income or loss from business**If the taxpayer derived income from any business (other than the personal service income included at item 13), complete and attach a business and professional items schedule.**Note**: the client may be entitled to a small business tax offset of up to $1,000 if the client is a small business entity for the 2017 year. The tax offset will be available where the client’s aggregated turnover is less than $5 million for the 2017 year, and the offset is equal to 8% of the income tax payable on the client’s total net small business income which is capped to a maximum amount of $1,000. This offset will be calculated by the ATO. **Note**: a copy of the Business and professional items schedule for individuals 2017 and related instructions are available on the [ATO website](https://www.ato.gov.au/Forms/Business-and-professional-items-2017/). |  |  |  |
| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1(A) (S) (N/A)** | **Column 2WP(Y or N)** | **Column 3Attachment(Y or N)** |
| **Supplement Income or Loss** (continued) |
| 16 | **Deferred non-commercial business losses**This item relates to losses made from activities that constitute carrying on a business (e.g. sole trader or as an individual partner in a partnership). If applicable, complete item P9 in the business and professional items schedule.**Note**: for a loss to be claimed in the current period, the client must either operate a primary production or professional arts business (subject to a $40,000 limit on other sources of income excluding capital gains). Alternatively, if a taxpayer satisfies one of four exemptions (i.e. the real property test, the profits test, the other assets test or the assessable income test) losses from conducting certain business activities will be able to be offset against other income. If these tests are failed (and the Commissioner does not exercise a discretion) such losses must be quarantined and carried forward.In addition, only taxpayers with adjusted taxable income of less than $250,000 will be able to apply the non-commercial loss tests against salary and wages income. Taxpayers with adjusted taxable income greater than $250,000 must seek the Commissioner’s discretion to be able to offset such losses against their other income, or must only apply such losses against income derived from the same business activity. Adjusted taxable income is the total of the taxpayer’s taxable income, total reportable fringe benefits, reportable superannuation contributions and total net investment losses. |  |  |  |
| 17 | **Net farm management deposits or repayments**This item is for primary producers only.**Note:** ensure that amounts that make up the net farm management deposits or repayments (e.g. deductible deposits, early repayments for natural disaster and other repayments) are disclosed in labels D, N or R. |  |  |  |
| 18 | **Capital gains**Obtain a description of the asset, the purchase date, the purchase cost, the date and amount of any expenditure incurred by the taxpayer that forms part of the asset’s cost base including eligible incidental costs, the sale date and the sale proceeds amount.Take account of rules applicable to assets sold from 21 September 1999 (i.e. 50% CGT discount method, the small business CGT concessions and freezing of CGT indexation as at 30 September 1999).**Note**: capital losses are applied against gross capital gains before the 50% discount and/or small business CGT concessions are applied.**Note:** foreign resident individuals that make capital gains in relation to CGT events that occur after 7:30 pm on 8 May 2012 will not be able to discount the gain that “accrues” after this time. This means that a foreign resident may need to calculate the ‘pre’ and ‘post’ 8 May 2012 portions of their capital gain. This is because the ‘pre-8 May 2012’ portion can continue to be discounted but the ‘post 8 May 2012’ portion will now be ineligible. **Note**: disclose any net capital loss to be carried forward to later years at Label V. |  |  |  |
| 19 | **Foreign entities**Include any attributable income in relation to any controlled foreign company or transferor trust at this item. |  |  |  |
| 20 | **Foreign source income and foreign assets or property**Obtain details of country, amount received, exchange rate utilised and foreign tax withheld. Care must be shown with foreign source salary and wage income that may be exempt from tax.**Note**: income derived by an Australian resident from foreign employment lasting greater than 91 consecutive days is no longer exempt for an Australian Government employee unless the client is a member of a disciplined force (e.g. Australian Defence Force or Australian Federal Police) delivering Australian official development assistance.**Note**: if the client has had any foreign tax paid or withheld from assessable foreign source income (e.g. interest and dividends) it should be added to the amounts received, |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Supplement Income or Loss (continued) |
| 21 | **Rent**Obtain details of:* rental income earned
* interest charged on money borrowed for the rental property
* details of other expenses relating to the rental property
* details of any capital works expenditure to the rental property.

Borrowing costs are claimed over the life of the loan or five years, whichever is the lesser.Assess whether the client can claim a deduction for the construction costs of the property, or any structural improvements.**Note:** for more information on this topic refer to the CPA Australia [2017 Residential rental property checklist](https://www.cpaaustralia.com.au/professional-resources/taxation/year-end).**Note:** the ATO has advised that it is paying particular attention to: the basis on which rental income and expenses is apportioned between property owners; deductions being claimed for initial repairs which should be included in the cost base of the rental property for capital gains tax purposes; excessive rental interest expense claims; holiday homes that are not genuinely available for rent; and non-commercial rental agreements. **Note:** any net rental income or loss on a foreign property should be included at Item 20. |  |  |  |
| 22 | **Bonuses from life companies and friendly societies**Obtain documentation regarding bonuses received on insurance bonds issued by life insurers and friendly societies. Bonuses are tax free if cashed in after 10 years. If not, the bonuses may be taxable and an offset may be available which will be calculated by the ATO. |  |  |  |
| 23 | **Forestry managed investment scheme (FMIS) income**Check with the client whether they have received income from a FMIS. Separate rules apply to initial and subsequent participants in qualifying schemes.**Note**: further details on the FMIS rules are summarised on the [ATO website](https://www.ato.gov.au/Individuals/Tax-Return/2017/Supplementary-tax-return/Income-questions-13-24/23-Forestry-managed-investment-scheme-income-2017/). |  |  |  |
| 24 | **Other income**Ask the client whether they received any other benefit / income during the year that has not been discussed. Examples include:* certain lump sum payments in arrears
* foreign exchange gains
* royalties
* taxable scholarships, bursaries or grants
* any assessable balancing adjustments on depreciating assets
* jury service fees.
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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| **Deductions**  |
| **Note:** the ATO is paying particular attention to work-related expense deduction claims. They may contact your client’s employer to verify that the expense relates to their job (earning their income) and has not been reimbursed. |
| D1 | **Work-related car expenses**Deduction for work-related car expenses are claimed under Item D1 in respect of a car which an employee owns, leases or hires under a hire-purchase agreement. The client may choose which of the following two methods is applied to calculate the deduction:**1. Cents per kilometre method**The claim is based on a set rate for each business kilometre travelled, being $0.66 cents per kilometre regardless of the vehicle’s engine capacity. The taxpayer can claim costs by applying that set rate up to a maximum of 5,000 business kilometres. Taxpayers must be able to show how they worked out the amount of business kilometres travelled but do not otherwise have to comply with the substantiation provisions. **Note:** travel between home or work is not generally deductible other than where a home is a base of employment and a person starts work at home and travels to a different workplace where work is performed for the same employer. Similarly, travel costs will be allowable where a person has shifting places of employment and is required to regularly work at more than one site each day before returning home, or where that person needs to carry bulky tools or equipment used for their work which could not otherwise be left at their workplace. **2. Log book method**The claim for each car expense deduction (e.g. fuel, repairs, registration and insurance) is multiplied by the business use percentage of a car as determined using a log book for a continuous 12-week period. This business percentage is the amount of business kilometres travelled divided by the total number of kilometres travelled during the 12-week period. The business use percentage established in the log book can then generally be used in the subsequent 4 years to calculate car expense deductions. In addition, written evidence of car expense deductions must be retained including receipts, invoices and credit card statements as required under the substantiation provisions. **Note:** further details on what records need to be maintained under the log book method are available on the [ATO website](https://www.ato.gov.au/business/income-and-deductions-for-business/deductions/motor-vehicle-expenses/claiming-motor-vehicle-expenses-as-a-sole-trader/logbook-method/).**Note:** sight a valid logbook to ensure that it is representative of the client’s circumstances for the 2017 year. If a log book relates to an earlier year ask if circumstances changed during the 2017 year (i.e. did the client change jobs, areas worked or otherwise have changes to pattern of work-related use of the car).  |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Deductions (continued) |
| D2 | **Work-related travel expenses**If your client’s employer requires the client to travel overnight, some associated costs like accommodation, meals, petrol, road tolls and parking may be deductible. To make a claim the client must be able to show that:* travel was for work purposes
* the client was away from home overnight
* the amount of money to be claimed
* the client kept a diary (for certain travel which is more than six nights away from home).

Receiving a travel allowance does not automatically entitle the client to a travel expense deduction. Substantiation is not required where a ‘reasonable allowance’ is paid to an employee for accommodation (domestic only), food, drink and incidentals if the allowance is within ATO limits. The client still needs to show that the money was spent and the client may be required to explain the basis of any claim.**Note:** refer to Taxation Ruling TR 2004/6 and Taxation Determination TD 2016/13 for details on what constitutes reasonable travel and overtime meal expense amounts for the 2017 year. **Note:** other work-related travel deductions potentially allowable under Item D2 include public transport costs, taxi fares and car expenses incurred on work-related travel in respect of a car that is not owned, leased or hired by the client. |  |  |  |
| D3 | **Work-related uniform, occupation specific or protective clothing, laundry and dry cleaning expenses**The purchase and laundering of the following clothing may be deductible: * protective clothing and safety footwear: clothing or footwear that is specifically designed to protect against risk of death, disease, injury or damage or
* compulsory uniform: non-conventional clothing that identifies the employee as being employed by a particular employer which is a policy strictly enforced by the employer or
* non-compulsory uniform: non-mandated uniform or clothing which clearly identifies an individual’s employer which is registered with AusIndustry or
* occupation specific clothing: clothes that identify a person as a member of a specific profession, trade, vocation, occupation or calling.

Refer to Taxation Ruling TR 98/5 for further details. Substantiation is not necessary for reasonable claims up to $150 in respect of the laundry and dry cleaning of such clothing. **Note:** the client cannot claim the cost of purchasing or laundering conventional clothing (like black pants or white shirts), even if the employer requires them to wear it. |  |  |  |
| D4 | **Work-related self-education expenses**Self-education expenses are generally allowable where the course of study is to maintain or increase the taxpayer’s skills in that person’s current occupation. Examples of such costs include course fees, tuition fees, student union fees, textbooks, stationery, consumables, travel and depreciation. For further details of eligibility requirements and types of deductions available refer to Taxation Ruling TR 98/9.**Note**: clients are unable to claim fees for courses that only relate to the client’s current employment in a general way or which are undertaken to help gain new employment or an initial qualification. **Note**: the ATO pays particular attention to these items so ensure that all claims can be substantiated appropriately. Note also that $250 of eligible self-education expenditure is not allowable. |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Deductions (continued) |
| D5 | **Other work-related expenses**Examples of other work-related deductions include union fees, professional seminars, certain overtime meals, home office, business or professional subscriptions, briefcase, calculator, reference books, technical journals, safety items, work-related computer and phone and internet expenses. However, deductions should only be claimed to the extent that the expense was used to derive salary income. A non-business depreciating asset whose cost does not exceed $300 is also deductible to the extent that the asset (e.g. briefcase or calculator) is used for income producing purposes.**Note:** deductions differ for a home office depending on whether it is a place of business or an office used away from the normal workplace. If it is the latter and the appropriate diary has been maintained for the required four week period, you can use the cents per hour method (currently 45 cents per hour) when calculating the amount of the deduction for additional costs of running the home office on a per hour basis. Refer to Taxation Ruling TR 93/30 for further information on eligible home office expenses. |  |  |  |
| D6 | **Low-value pool deduction**The claim for the decline in value of low-cost and low-value assets which have been allocated to a low-value pool which were used in the course of producing assessable income shown in the tax return. Low-cost assets are depreciating assets costing less than $1,000 whilst low-value assets are assets which are in excess of $1,000 but which have been written off to less than $1,000 under the diminishing value method.**Note:** once a client has allocated a low-cost asset to a low-value pool all low-cost assets subsequently acquired must be allocated to that pool.**Note:** certain assets cannot be pooled including non-business assets costing $300 or less, certain portable electronic devices, horticultural plants, assets previously depreciated under the prime cost method and assets subject to the small business entity depreciation rules.  |  |  |  |
| D7 | **Interest deductions**Includes bank charges and interest on funds borrowed to purchase interest bearing investments. Cannot be claimed unless interest income at question 10. |  |  |  |
| D8 | **Dividend deductions**Includes interest charged on funds borrowed to purchase shares or similar investments and the purchase of specialist investment journals or subscriptions. Cannot be claimed unless dividend income at question 11. |  |  |  |
| D9 | **Gifts or donations**Ensure that all donations are endorsed deductible gift recipients and that the client did not receive any tangible benefit from making the donation, and has receipts to evidence the making of such donations. **Note:** for gold-coin donations (bucket collections) the client can claim a deduction equal to the contribution, up to $10 total, without a receipt.**Note**: section 26-55 of the *Income Tax Assessment Act* *1997* (ITAA 1997) limits the amount of the donation deduction as the making of a deductible gift cannot create a tax loss. Where the deductible donation amount exceeds this limit, you may elect to carry forward the donation deduction and claim this over a maximum of five years (for certain gifts where the conditions of subdivision 30DB of the ITAA 1997 are met). |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Deductions (continued) |
| D10 | **Cost of managing tax affairs**Deductions allowable include costs incurred for tax return preparation by a registered tax agent, obtaining tax advice from a recognised tax adviser, travel costs in obtaining tax agent services, purchasing tax return software, dealing with the ATO about the client’s tax affairs, and general interest charge (GIC) paid on late payment of taxes and penalties. A recognised tax adviser is a registered tax agent, barrister or solicitor. **Note**: any amount incurred for income tax advice provided by a person who is not a recognised tax adviser is not deductible. |  |  |  |
| Supplement Deductions |
| D11 | **Deductible amount of undeducted purchase price of a foreign pension or annuity** |  |  |  |
| D12 | **Personal superannuation contributions**Strict rules currently limit when an individual can claim a deduction for personal superannuation contributions to a complying superannuation fund or retirement savings account (RSA). A self-employed or substantially self-employed taxpayer may be able to claim all their contributions to a complying superannuation fund as fully tax deductible up to age 75, provided no more than 10% of their assessable income, reportable fringe benefits and reportable employer superannuation contributions is attributable to their employment as an employee.**Note**: any person making a personal superannuation contribution must give their fund or RSA a valid notice of an intention to claim a deduction for any contribution which needs to be acknowledged by the fund or the RSA. In practice, this should occur before the lodgment of the client’s 2017 return. **Note**: care should be exercised to avoid breaching the annual superannuation concessional contributions cap for the individual. For the 2017 year this cap is $35,000 for each individual aged 49 years or over at 30 June 2016 and $30,000 for individuals under that age. Any contributions exceeding these caps are included in the taxpayer’s assessable income and taxed at the taxpayer’s marginal tax rate but subject to a non-refundable tax offset of 15% of the excess concessional contributions. From 1 July 2017 all persons will be potentially eligible to claim a deduction for personal superannuation contributions up to the amount of the concessional contributions cap for the 2018 year which will be reduced to $25,000 regardless of age. **Note:** individuals have the option of withdrawing superannuation contributions in excess of the non-concessional contributions cap made from 1 July 2013 and any associated earnings, with these earnings are taxed at the individual’s marginal tax rate.**Note:** the effective tax rate for individuals earning more than $300,000 is 30% being the standard 15% that applies to the making of superannuation contributions and an extra 15% imposed under Division 293 of the *Income Tax Assessment Act (1997)* (excluding Medicare Levy). The extra 15% tax becomes payable on the amount (if any) which exceeds the individual’s combined income for Medicare Levy surcharge purposes (ignoring reportable superannuation contributions) and eligible concessional contributions where that total balance is more than $300,000. From 1 July 2017 the existing threshold of $300,000 will be reduced to $250,000.  |  |  |  |
| D13 | **Deduction for project pool**Relates to certain capital expenditure which is directly connected with a project carried on, or proposed to be carried on, to gain or produce assessable income (i.e. this expenditure can be allocated to a project pool and written off over the project life but the expenditure must not otherwise be deductible or form part of the cost of a depreciating asset). |  |  |  |
| D14 | **Forestry managed investment scheme (FMIS) deduction**Check with the client whether they are entitled to a deduction for an investment in a FMIS. Separate rules apply to initial and subsequent participants in qualifying schemes.**Note**: further details on the FMIS rules are summarised on the [ATO website](https://www.ato.gov.au/individuals/tax-return/2017/supplementary-tax-return/deduction-questions-d11-d15/d14-forestry-managed-investment-scheme-deduction-2017/). |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Supplement Deductions (continued) |
| D15 | **Other deductions**Other deductions not claimable elsewhere in the tax return. For example: black-hole expenditure and income protection, accident and sickness insurance premiums. |  |  |  |
| Supplement Losses  |
| L1 | **Tax losses of earlier income years****Note:** a superannuation deduction cannot increase a carry forward loss.Ensure that there is a split between primary and non-primary production losses, where applicable. |  |  |  |
| Supplement Tax Offsets  |
| T1 | **Senior Australians and pensioners (includes self-funded retirees)**Ensure that the client meets the Australian Government pensions and similar payments and income eligibility conditions before utilising this offset. If the senior had a spouse you also need to determine if they are also eligible for the offset, and if so whether they were living together or apart.  |  |  |  |
| T2 | **Australian superannuation income stream**A tax offset for any Australian superannuation income stream included at Item 7 of the return. The offset is equal to 15% of the taxed element or 10% of the untaxed element of the income stream which should be shown on the taxpayer’s “PAYG payment summary – superannuation income stream”. |  |  |  |
| T3 | **Superannuation contributions on behalf of your spouse**Client can claim an offset for superannuation contributions made on behalf of a resident spouse to a complying superannuation fund or retirement savings account where the aggregate amount of the spouse’s assessable income, reportable fringe benefits and reportable employer superannuation contributions is less than $13,800. The client and the spouse cannot be living separately or apart.**Note**: the offset is 18% of eligible contributions of up to $3000. Accordingly, the maximum offset that can be claimed is $540 which will be available where the spouse’s total income does not exceed $10,800, However, the offset is reduced by each dollar derived by the spouse which is in excess of $10,800, and therefore fully phases out where the spouse’s income is $13,800 or more.**Note:** from 1 July 2017 the income threshold to access the offset will increase from $10,800 to $37,000 and the income threshold at which the offset will fully phase out will increase from $13,800 to $40,000.  |  |  |  |
| T4 | **Zone or overseas forces**If the client lived or worked in a remote or isolated area of Australia classified as a Zone A or B area, or served overseas as a member of Australia’s Defence Forces, they may be eligible for this offset.**Note:** eligibility for the zone offset is based on the taxpayer’s usual place of residence. If your usual place of residence was not in a zone, you are not eligible for the zone tax offset such as would be the case for certain fly-in-fly-out workers.  |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Supplement Tax Offsets (continued) |
| T5 | **Total net medical expenses for disability aids, attendant care or aged care**From 1 July 2015 claims under this offset are limited to net eligible expenses for disability aids, attendant care or aged care.The gross cost of such expenses must be reduced by refunds the taxpayer received or is entitled to receive from Medicare or a private health insurance fund to determine the net medical expenses of an individual and / or certain dependants.A 20% offset will be available where the total of all the net medical expenses of a taxpayer (and dependants) exceeds $2,299 for individuals whose adjusted taxable income is equal to or less than $90,000 for singles or $180,000 for families for the 2017 year. For taxpayers with adjusted taxable income above $90,000 for singles, or $180,000 for families, a 10% offset will be available for net medical expenses of a taxpayer (and dependants) exceeding $5,423 for the 2017 year. The family income threshold is increased by $1,500 for each dependent child after the first child. **Note:** the tax offset is being phased-out and will be abolished from 1 July 2019. |  |  |  |
| T6 | **Invalid and invalid carer**Tax offset is only available where the taxpayer maintains an invalid or an invalid carer who is an eligible dependant. In addition, access to the offset is income tested where the combined adjusted taxable income is more than $100,000 for the 2017 year. |  |  |  |
| T7 | **Landcare and water facility rebate**Tax offset for certain expenditure on land care works and water conserving facilities is available to certain primary producers and other taxpayers in limited circumstances.  |  |  |  |
| T8 | **Early stage venture capital limited partnership**Check to see if the client is eligible for an Early Stage Venture Capital Limited Partnership (ESVCLP) tax offset as either a limited partner of the ESVCLP or as an investor in an ESVCLP through a partnership or trust. **Note**: a summary of the various eligibility rules concerning the tax offset are available on the [ATO website](https://www.ato.gov.au/individuals/Tax-Return/2017/Supplementary-tax-return/Tax-offset-questions-T3-T11/T8-Early-stage-venture-capital-limited-partnership-2017/).  |  |  |  |
| T9 | **Early stage investor**Check to see if your client is eligible for a tax offset as an investor in a qualifying Early Stage Innovation Company (ESIC) in the 2017 year. Special rules must be met by both the investor and the ESIC before this offset will be available. Broadly, an investor making a direct investment in a qualifying ESIC will be entitled to a tax offset of 20% on such an investment up to a maximum tax offset amount of $200,000 if that person is a sophisticated investor (or $10,000 if that person is not a sophisticated investor). Any unused portion of the offset may be potentially carried forward to subsequent years. **Note:** a summary of the various eligibility rules concerning the tax offset are available on the [ATO website](https://www.ato.gov.au/Individuals/Tax-Return/2017/Supplementary-tax-return/Tax-offset-questions-T3-T11/T9-Early-stage-investor-2017/).  |  |  |  |
| T10 | **Other non-refundable tax offsets**Tax offsets available include offsets concerning work or services performed in the Joint Petroleum Development Area (JDPA) of the Timor Sea and for interest under an infrastructure borrowings scheme. **Note:** a non-refundable low-income offset is available for resident taxpayers that have a taxable income of less than $66,667 for the 2017 year, The maximum tax offset is $445 which is available to a taxpayer whose taxable income is $37,000 or less and which is reduced by 1.5 cents for each dollar over $37,000. This offset does not need to be disclosed in the income tax return as it will be automatically calculated by the ATO.  |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Supplement Tax Offsets (continued) |
| T11 | **Other refundable tax offsets**Tax offsets are available to certain beneficiaries of special disability trusts for tax paid by the trustee, and for exploration credits received during the income year where the taxpayer was an Australian resident for the whole of the income year. |  |  |  |
| Medicare Levy Related Items |
| **Note:** check that spouse and child details (if any) are included to ensure that all questions on the Medicare levy are correctly answered. |
| M1 | **Medicare levy reduction or exemption**Available for low income individuals / families and other prescribed persons.**Note**: no Medicare levy is payable for the 2017 year if taxable income for a resident individual whose taxable income does not exceed $21,655 or for a married couple with no children whose taxable income does not exceed $36,541. The income threshold for a married couple is increased by $3,356 for each dependent child or student.  |  |  |  |
| M2 | **Medicare levy surcharge (MLS)**The Medicare levy surcharge is payable if a taxpayer and at least one dependant is not covered by an appropriate health insurance policy providing private hospital patient cover and total income for surcharge purposes exceeds certain thresholds. An additional 1% Medicare levy surcharge is imposed on single taxpayers and families who derive total surcharge income in excess of $90,000 and $180,000 respectively for the 2017 year. Furthermore, where the total surcharge income exceeds $105,000 for singles and $210,000 for families the Medicare levy surcharge rate is increased to 1.25% for the 2017 tax year, and where the total surcharge income exceeds $140,000 for singles and $280,000 for families the Medicare levy surcharge rate is 1.5% for the 2017 year. The income threshold for a family for surcharge purposes is increased by $1,500 for each dependent child after the first child. **Note**: broadly, total surcharge income comprises taxable income, exempt foreign employment income, reportable fringe benefits, reportable superannuation contributions, any net investment loss and the net amount on which any family trust distribution tax has been paid. |  |  |  |
|  | **Private health insurance policy details**Obtain details of the client’s membership of the health fund, and ascertain whether any offset has been claimed via the fund by way of reduced premiums before determining whether a tax offset can be claimed through the return.**Note**: the amount of any private health insurance rebate entitlement will vary depending on the amount of income for surcharge purposes whether derived by a single person or as a family, and whether the policy covers one or more persons aged 65 or over. |  |  |  |
| Adjustments  |
| A1 | **Under 18**Requires minors under the age of 18 at 30 June 2017 to include certain income (e.g. net business and employment income or income from a deceased estate) which should not be subject at punitive higher tax rates.  |  |  |  |
| A2 | **Part-year-tax free threshold**Completed where a taxpayer becomes an Australian resident for tax purposes part way through the year, or the taxpayer stops being an Australian resident part way through the income year which will affect the amount of the tax free threshold available to the client for that year.  |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| Adjustments (continued) |
| A3 | **Government super contributions**Concerns eligibility for the superannuation co-contribution payment or the low-income superannuation contribution. |  |  |  |
| A4 | **Working holiday maker net income**Check whether the client was on a 417 or 462 working holiday visa between 1 January 2017 and 30 June 2017. Where this is the case the client needs to calculate any working holiday net income for this period. Such income will be taxed at 15% up to $37,000 and all other income will be taxed according to the client’s residency status. **Note**: further details on these rules is available on the [ATO website](https://www.ato.gov.au/Individuals/Tax-return/2017/Tax-return/Adjustment-questions-A1-A4/A4-Working-holiday-maker-net-income-2017/). |  |  |  |
| A5 | **Amount on which family tax distribution tax has been paid**Relevant where a trust, company or partnership within a ‘family group’ has made a distribution to an entity outside the family group which has been subject to family trust distribution tax. Such an amount needs to be reduced by any related deductions and the net amount is included at this Item to determine liability for the Medicare Levy Surcharge.  |  |  |  |
| C1 | **Credit for interest on tax paid**Credit for interest on early payments of tax – amount of interest. |  |  |  |
| **Income Tests** |
| IT1 | **Total reportable fringe benefits amount**Disclose if the reportable fringe benefits amount that you have received is $3,921 (grossed up value) or more.**Note:** This amount will appear on the payment summary. |  |  |  |
| IT2 | **Reportable employer superannuation contributions**Disclose any amount of reportable employer superannuation contributions.**Note:** this amount will appear on the payment summary. |  |  |  |
| IT3 | **Tax-free government pensions**Disclose if you have received pensions which you do not need to pay tax on (e.g. certain disability support pensions)**Note:** do not include any amounts treated as assessable income under Items 5 and 6. |  |  |  |
| IT4 | **Target foreign income**Disclose if you have received income from sources outside Australia that is neither part of your taxable income nor received as a fringe benefit.**Note**: show all foreign income in Australian dollars. |  |  |  |
| IT5 | **Net financial investment loss**Disclose the loss amount by which your financial investment deductions exceeded your financial investment income on any particular investment.**Note**: this item is not about capital losses.Obtain account statements or other documentation from your financial institution or other sources that show your financial investment income or loss. If you are a partner in a partnership you will need a statement or advice showing the amount of net financial investment income or loss. |  |  |  |

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| **Tax Return Reference** | **Section of the Income Tax Return** | **Column 1****(A) (S) (N/A)** | **Column 2****WP****(Y or N)** | **Column 3****Attachment****(Y or N)** |
| **Income Tests** (continued) |
| IT6 | **Net rental property loss**Disclose the rental property loss by which your rental deductions exceeded your rental income.**Note**: you are still able to claim allowable tax deductions for expenditure on your rental properties. For more guidance refer to CPA Australia’s 2017 Residential rental property checklist. |  |  |  |
| IT7 | **Child support you paid**Obtain records to work out the total amount of child support that the client paid or benefits provided in respect of a natural or adopted child during the 2017 income year. |  |  |  |
| IT8 | **Number of dependent children**Identify the number of dependent children (if any) of the client. A dependent child is either the taxpayer’s child under 21 years or a child between 21 and 24 years old and a full-time student at a school, college or university. This information is used to determine if the client is entitled to the private health insurance offset, the net medical expenses offset or the Medicare levy surcharge.  |  |  |  |
| Other information | **Spouse Details – married or de facto**Disclose all requested 2017 information regarding your spouse. **Note**: as there is certain information requested which relates to your spouse’s 2017 income tax return, you should prepare and finalise both returns in conjunction with each other in order to disclose accurate information. |  |  |  |
| **Reminder**: have you compared the pre-filled information provided by the client on the ATO portal with other information used to prepare the client’s tax return and reconciled any differences? |