

Taxable income

- S4-10(3) – income tax = (Taxable income x rate) – tax offsets
 - S4-15(1) – taxable income = assessable income – deductions
 - + medicare levy, HELP repayments, temporary budget repair levy
 - Deduction > assessable income -> tax loss **may** be carried forward and utilise to reduce future years income tax
- S13-1 – list of tax offsets
 - Annuity
 - Franked dividends
- S6-1 ITAA97 – assessable income = ordinary income + statutory income
 - S6-5 – ordinary income is income according to ordinary concepts [Scott v Commissioner]
 - S6-10 – statutory income are income that is not ordinary income
 - S6-25 – anti-overlap provision. (1) income may be both ordinary and statutory, but (2) ordinary income prevails
- S6-15(1) ITAA97 – not assessable income if the amount is not ordinary or statutory income, no tax liability imposed
- S6-15(2) and s6-20 ITAA97 – exempted income is not assessable income
- S6-1(4), s6-15(3), s6-23 – non assessable non exempted income is not assessable income
- S6-20 – exempted income is taken into account when calculating tax loss, non-assessable non-exempted income is not

Ordinary income s6-5

- Indicators must be analysed in light of all circumstances, balance with each other, not separately
- Periodicity, recurrence, regularity
 - [FCT v Dixon] – regular payment and periodical received by tax payer = ordinary income
 - [FCT v Blake] – regular payment used to meet cost of living = ordinary income
- Must 'come in' to the taxpayer during the relevant income year
 - [Tennant v Smith] – free rent is not ordinary income, it is just saving taxpayer from incurring a particular amount of expenditure
 - [Cooke & Sherden] – free holiday is not ordinary income, amount doesn't come into or received by taxpayer, it goes to third party
 - [Countess v FCT] – amount received as trustee, holding amount for beneficiary, amount doesn't come into you, not ordinary income
- Cash or convertible into cash
 - [Cooke v Sherden] – free holiday is not convertible to cash, not ordinary income
 - [Payne v FCT] – free flight is not ordinary income, frequent flyer points not convertible to cash
 - **S21** – any consideration paid or given that is non-cash, the money value of consideration is deemed to have been paid or given
- Character of payment in hands of taxpayer
 - [GP international] – taxpayer's income includes amount such as ordinary proceeds from carrying on business
 - [federal coke] – windfall gain in nature of a gift where taxpayer did not give consideration, not a product of any business or income-producing activities, not ordinary income

- S6-5(4), s6-10(3) ITAA97 – taken to have received the amount as soon as it is applied or dealt with in any way on your behalf or as you directed
- [Just v FCT] – same payment can be income for one party and capital for another (sale of land = capital, rent = income)
- [Scott v FCT] – must look at the motive of person making the payment