

\*\*\*This is just a brief sample to give you an idea what my notes look like. Below are small parts taken out of random sections from the original

<b>General Terms</b>	<b>Description</b>
Assessable income	Includes ordinary & statutory income <b>s6-1(1)</b> Ordinary Income <b>s6-5</b> Statutory Income <b>s6-10</b>
Deductions	Can take deductions if the expense is connected to income General deductions <b>s 8-1</b> Specific deductions <b>s 8-5</b> Gifts or contributions <b>division 30</b>
Direct and indirect tax	Direct – the person who owes money pays to ATO eg. A company would have to do a company tax return to work out what they owe to the ATO & pay it over Indirect – the person who owes money pays indirectly eg. when you go grocery shopping at Coles, part of what you pay for the grocery is what you owe to govt. Coles pay GST to govt, not you. Coles is the middleman/vendor who is responsible for paying the indirect tax
FBT	Tax on non cash benefits This is paid by employers, not employees
Franking credits	Prepayment of taxes = franking credit Deduction against taxes payable Belong to dividends
GST	If you are carrying on a business in Aus and have a turnover of more than \$75,000 you have to register for GST
HELP	Have to repay the HELP debt once HRI >\$54,126
Income tax	Individuals – salary, rent, profit share from partnership, sole proprietor, don't have separate tax returns from different income Companies – turnover, dividends
Joint Tenants <b>s40-80</b>	Same legal interests (50%)
Medicare levy	2% of taxable income – don't have to pay if income <\$20,896
Medicare levy surcharge	For individual taxpayers without private health insurance
Non assessable income	If amount is not ordinary income or statutory income <b>s6-15(1)</b> also if legislation says it's exempt or NANE <b>ss6-15(2) &amp; (3)</b> Exempt income <b>s6-20</b> NANE <b>s6-23</b>

Calculations	
Assessable income	Assessable income = ordinary income + statutory income
Companies – big & small	Big: \$1m \$1m x 30% = \$300,000 Small: \$100 \$100 x 28.5% = \$28.50
HELP repayment	Have to repay the HELP debt once HRI > \$54,126 HRI = Taxable Income + Net Rental Loss + Net investment loss + Reportable Fringe Benefits + Reportable Superannuation Contributions+ Exempt foreign employment income HELP repayment = HRI x % of repayment
Income tax equation <b>s4-10</b>	Income tax = (taxable income x tax rate) – tax offsets

Topic	Cases	Description
Change of basis Cash/accrual	Henderson v FCT	Changing from cash to accrual
Company	Koitaki Para Rubber Estates Ltd v FCT	Central management and control
Dividends	Esquire Nominees v FCT	Dividends source of income
Domicile	FCT v Applegate	Permanent place of abode Not a resident
Domicile	FCT v Jenkins	Permanent place of abode Not resident

## Topic 5 Trading Stock

Closing stock > opening stock = assessable income **s70-35(2)**

Opening stock > closing stock = allowable deduction **s70-35(3)**

Closing stock

End of income year valuation **s70-45**

Closing value for one year becomes the opening value for the next year **s70-40** → **Hua Wang Bank Berhard v FCT**

Use lower of cost price, replacement value or market selling value

Compensation for lost or destroyed stock → assessable income **s70-115**

## Topic 6 CGT

### Step 1\_Question 1 What events attract CGT? **s102-20**

CGT Event A1 Disposal of a CGT Asset **s104-10**

CGT Event A1 Time of Disposal

**s104-10(3)** | The time of the event is:

- a) When you enter into the contract for the disposal; or
- b) If there is no contract, then when the change of ownership occurs

### Step 1\_Question 2 | What is a CGT asset? **s108-5**

CGT Assets | Collectable assets **s108-10(2)**

CGT Assets | Personal use assets **s108-20(20)**

### Step 1\_Question 3 | Does an exception or exemptions apply to the CGT event?

Assets acquired before 20 September 1985

Compensation **s 118-37**

Certain Gifts **s 118-60**

Marriage Breakdown **s 118-75**

Main Residence Exemption **s118-100**

Small Business Concessions **Division 152**

Cars and motorcycles **s 118-5**

Valour and brave conduct decorations **s 118-5**

Collectables costing \$500 or less **s 118-110(2)**

Personal use assets costing \$10,000 or less **s 118-110(3)**

Assets used to produce exempt income **s 118-12**