INCOME (LABELS 10 TO 15)

Vaijayanthi Bhardwaj



Income label 10

- GROSS INTEREST 2023
- What can be included here?

Declare at this question interest paid or credited to you from any source in Australia, including accounts and term deposits held with financial institutions in Australia. This includes:

› interest we paid or credited to you

› interest from children's accounts you opened or operated with funds that belonged to you or funds that you used as if they belonged to you. For more information about children's accounts, see TD 2017/11 *Income tax: who should be assessed to interest on bank accounts?*

Income label 11

DIVIDENDS 2023

What can be included here?

Declare at this question dividends and distributions that were paid or credited to you by Australian companies that you had shares in. These include:

- dividends applied under a dividend reinvestment plan
- dividends that were dealt with on your behalf
- bonus shares that qualify as dividends
- distributions by a corporate limited partnership
- dividends paid by a corporate unit trust
- dividends paid by a public trading trust
- dividends paid by a listed investment company.

The following may also be included as dividends:

- earnings you received, or were credited with, on a non-share equity interest
- amounts you received from, or were credited by, a private company as a shareholder or an associate of a shareholder in the form of payments, loans or debts forgiven (these are generally unfranked dividends)
- amounts you received from, or were credited by, the trustee of a trust estate in the form of payments, loans or debts forgiven where a private company in which you were a shareholder, or an associate of a shareholder, had an unpaid present entitlement (or was going to have such an entitlement by a certain time) from the trust (these are generally unfranked dividends).

Do not include dividends paid under a demerger unless the company advised you to include them.



Income label 12 EMPLOYEE SHARE SCHEME 2023

What can be included here?

Declare at this question **discounts** on employee share scheme interests (ESS interests) that you or your associate received under an employee share scheme. ESS interests are:

- shares
- stapled securities (provided at least one of the stapled interests is a share in a company)
- rights to acquire shares and stapled securities.

An ESS interest acquired by your associate in respect of your employment is treated as though the ESS interest was acquired by you.

The discount is the difference between the market value of the ESS interests and the amount paid to acquire them.

The ESS interests can be:

- from an Australian company or a foreign company
- related to your employment inside or outside Australia
- related to a work relationship other than employment – for example, sub-contracting.

Schemes where you are taxed on the discount in the year you acquired the interest are known as 'taxed-upfront schemes'. However, if you and the scheme meet certain conditions the taxing point is deferred until a later time, this is known as the 'deferred taxing point'. These tax-deferred schemes are known as 'deferral schemes'.

Income label 13

- Partnerships and trusts 2023
- What can be included here?

You will need to lodge a *Business and professional items schedule 2023* if you conducted a business activity as a partner in a partnership that either:

- resulted in a loss
- resulted in a loss after deducting your expenses.

You should lodge your supplementary tax return using myTax or a registered tax agent. If you are unable to use myTax or a registered tax agent, contact us and we will mail you a paper tax and supplementary return and a Business and professional items 2023.

If the partnership in which you were a partner paid you salary, wages or allowances, you must show that income at this question.

If you have received or are entitled to an amount of income from a partnership or trust which includes a dividend with Australian franking credits from a New Zealand franking company, you may be eligible to claim the Australian franking credits. The instructions at question 20 Foreign source income and foreign assets or property 2023 provide guidance on how to claim Australian franking credits from a New Zealand franking company. However, you can't claim New Zealand imputation credits.

If you have deferred non-commercial business losses from a prior year, you may be able to claim them in 2022–23 if you operated the same or a similar business activity.

The deferred non-commercial business loss deduction you can claim in 2022–23 may be reduced if you earned net exempt income in 2022–23. For more information see How to offset your losses.

Income label 13

Partnerships and trusts 2023

What can be included here?

If you became bankrupt (or received a relief from debt) the deferred losses will no longer be available. The loss cannot be deducted in 2022–23 or any future year.

For more information about how exempt income and bankruptcy affect deferred non-commercial business losses, contact us.

Do not show at this question any distribution from a partnership or trust in relation to foreign resident capital gains withholding credit. Show them at question **18**.

If you were entitled to an amount of trust income on 30 June 2023, you need to include your share of the net income of the trust in your 2022–23 tax return even if you did not receive an amount from the trust until after 30 June 2023. If you have not been advised about all of your trust entitlements, contact your trustee.

If the trust income which you have received or are entitled to includes an amount described as tax-free, tax deferred, tax exempted or as a capital gains tax (CGT) concession, then read the information on non-assessable payments in Guide to capital gains tax 2023.

While such amounts may not need to be included at this question, they may be relevant in determining the amount of a net capital gain you show at question **18** or may affect the cost base of your unit or trust interest.

Income label 14

- Personal Services Income 2023
- What can be included here?

Personal services income (PSI) is income that is mainly a reward for an individual's personal efforts or skills.

There are certain types of income that is not PSI – for example, for supplying or selling goods, such as, from retailing, wholesaling or manufacturing.

There are special rules for the tax treatment of personal services income earned by sole traders, including contractors and consultants, commonly known as the PSI rules.

If you had personal services income as a sole trader and you were subject to the PSI rules, you will not be able to claim certain deductions, for example, rent, mortgage interest, rates or land tax for your home, or payments to your spouse (or other associate) for support work such as secretarial duties.

You will be subject to the PSI rules if you were not conducting a personal services business.

Income label 15

Net income or loss from business 2023

What can be included here?

This question covers:

- income from being a sole trader
- income or a loss from a primary production business
- income under a pay as you go (PAYG) voluntary agreement
- income from which an amount was withheld because you did not quote your Australian business number (ABN)
- income you derived as a foreign resident from which an amount was withheld because it was subject to foreign resident withholding
- income of an independent contractor working under a labour hire arrangement
- income from the following **specified payments**
  - payment for tutorial services provided under the Indigenous Student Success Programme (formerly known as the Indigenous Tutorial Assistance Scheme) of the Department of the Prime Minister and Cabinet
  - payment for translation and interpretation services provided for the Translating and Interpreting Service National of the Department of Home Affairs
  - income as a performing artist in a promotional activity
- any other business income
- the small business income tax offset (see Part D).

A **specified payment** is a payment specified in tax law for PAYG withholding purposes.

THANK YOU