Income labels 19,20 and Foreign tax offset

Income label 19 : Foreign entities

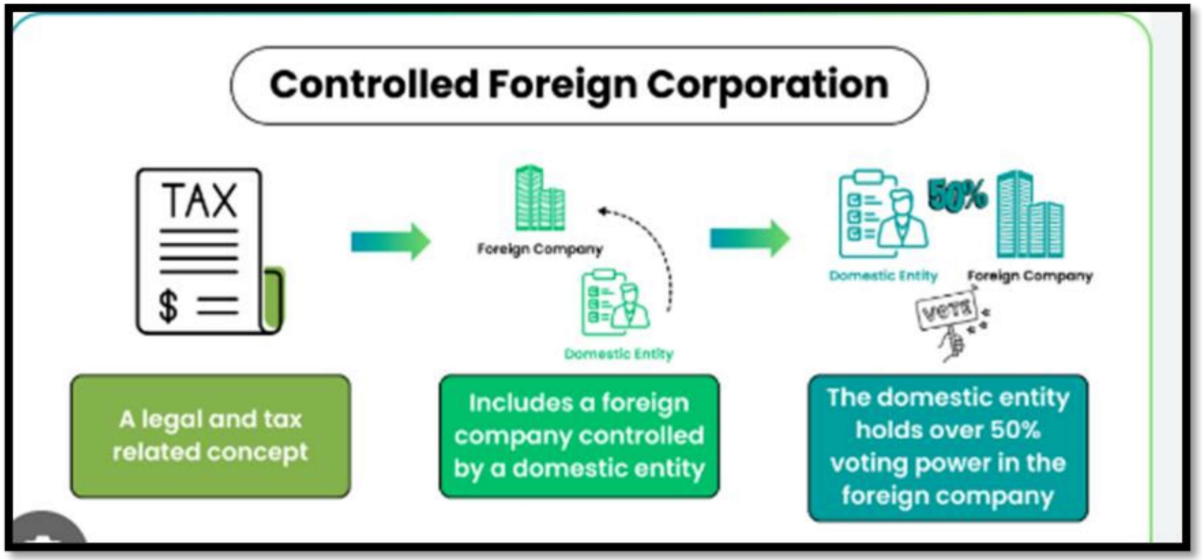
Temporary Resident – Taxpayer

1. If you are a temporary resident, you will not need to show your foreign investment income at this question. See, Tax-free income for temporary residents in Amounts that you do not pay tax in FY 2025 for the definition of a temporary resident and details of the exemption.
2. Visa - Temporary Skill Shortage Visa (Subclass 482) , Working Holiday Maker Visas (Subclasses 417 & 462) , Sponsored Parent (Temporary) Visa (Subclass 870) , Visitor Visa (Subclass 600) .
3. All the Income will show in Target foreign Income.


IT4
Target foreign income
Foreign income
318
1
Description
Amount
UK Dividend Income
318
+ New item

Australian Resident - AUS Citizen

1. Direct or an indirect interest in a controlled foreign company
2. Directly or indirectly transferred or caused the transfer of property (including money) or services to a non-resident trust?



Non-Resident

1. No Income needs to disclose


19
Foreign entities
Did you have either a direct or indirect interest in a controlled foreign company (CFC)?
Yes
No
I
Foreign entity non-resident trust name
Foreign entity trustee or trustees name
CFC income
K
Have you EVER, either directly or indirectly, caused the transfer of property (incl. money) or services to a non-resident trust estate?
Yes
No
W
Transferor trust income
B

- 1. **Did you have either a direct or indirect interest in a Controlled Foreign Company (CFC)?**

Select:

- **Yes** → if you own or control shares/interests in an overseas company
- **No** → if you do not

Example

- You own 60% shares in a company registered in Singapore.
- → Answer: **Yes**
- If you have no overseas company ownership:
- → Answer: **No**

Foreign entity non-resident trust name

- Enter the name of the overseas trust.

Example

- `ABC Family Trust – Singapore`
- If no foreign trust exists, leave blank.

Foreign entity trustee or trustee's name

- Enter the trustee’s name managing the foreign trust.
- Example
- `XYZ Trustee Services Pte Ltd`

Have you EVER caused the transfer of property (including money) or services to a non-resident trust estate?

Select:

- **Yes** → if you transferred money/assets/services to an overseas trust
- **No** → if not

Example

You transferred AUD 50,000 into a family trust in New Zealand.

→ Answer: **Yes**

Full Example (Completed)

Field	Example Entry
Interest in CFC	Yes
Foreign entity non-resident trust name	ABC Family Trust – Singapore
Trustee name	XYZ Trustee Services Pte Ltd
K – CFC income	12,000
Transfer to non-resident trust	Yes
B – Transferor trust income	4,500

Simple Example for Most Individuals

If you:

- do NOT own overseas companies,
- do NOT have overseas trusts,
- did NOT transfer money/assets to overseas trusts,

then complete as:

Field	Entry
Interest in CFC	No
Foreign trust name	Blank
Trustee name	Blank
K	Blank
Transfer to non-resident trust	No
B	Blank

Income Label 20 : Foreign source income and foreign assets or property

Temporary Resident

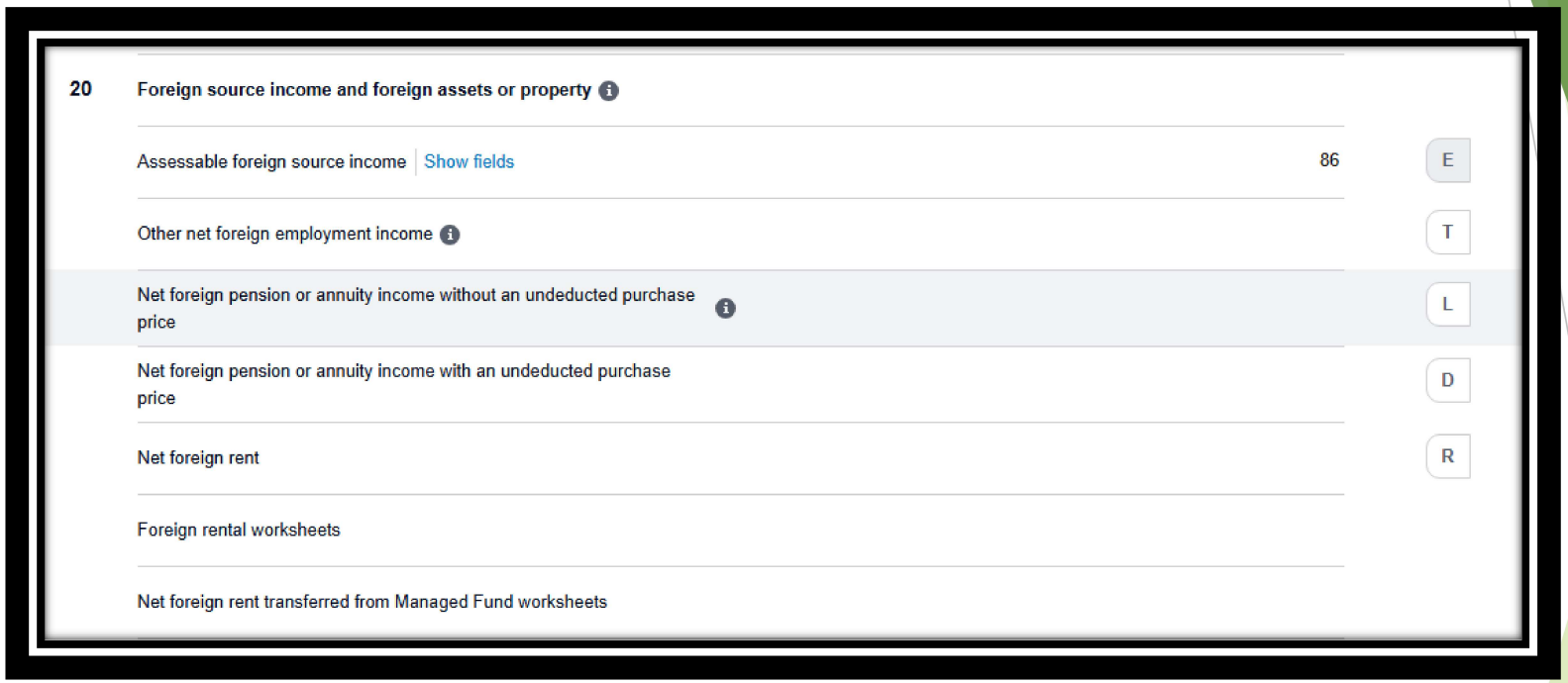
1. If you were a temporary resident, the only foreign income you will need to show at this question is income that you earned from foreign employment while a temporary resident.

Non-Resident

1. No Income needs to disclose

Australian Resident - AUS Citizen

1. If you are an Australian resident, show your assessable foreign income.
2. If you received income from overseas, you must show your assessable foreign income at this question, even if tax was taken out of the income in the foreign country.
3. An assessable dividend (or non-share dividend) from a New Zealand franking company and any attached Australian franking credits
4. Receive income from foreign employment
5. Receive a foreign pension or annuity
6. Receive a lump sum payment from a foreign superannuation fund
7. Receive any other foreign source income including interest, dividends, royalties, rent, business income, or a share of income from a partnership or trust


20
Foreign source income and foreign assets or property
Assessable foreign source income
Show fields
86
E
Other net foreign employment income
T
Net foreign pension or annuity income without an undeducted purchase price
L
Net foreign pension or annuity income with an undeducted purchase price
D
Net foreign rent
R
Foreign rental worksheets
Net foreign rent transferred from Managed Fund worksheets

Foreign income tax offset

1. If you have assessable income from overseas, you must declare it in your Australian income tax return. If you have paid foreign tax in another country, you may be entitled to an Australian foreign income tax offset, which provides relief from double taxation.
2. However, the offset can only be claimed after the foreign tax is paid.
3. If you paid foreign income tax after the year in which the related income or gains have been included in your Australian tax return, you can claim the offset by requesting an amended assessment for that year.
4. You have up to 4 years to request an amendment to your assessment from the date you paid the foreign income tax.
5. The foreign income tax offset applies to foreign income tax imposed on all forms of income, profits, and gains (including gains of a capital nature) and to all taxpayers, whether individuals or other entity types.

FITO Calculation Formula

- FITO=min(Foreign tax paid, Australian tax payable on foreign income)

Where:

- **Foreign tax paid** – Tax already paid overseas on that income.
- **Australian tax payable on foreign income** – The tax you would have paid in Australia on that same income.

Example Scenario

- You earned **AUD 10,000** interest from a bank in the US.
- You paid **USD 2,000** tax in the US (assume AUD 2,800 after conversion).
- Australian tax on AUD 10,000 (based on marginal rate) = AUD 3,000.

- **Step 1:** Identify foreign tax paid
- Foreign tax paid = **AUD 2,800**

- **Step 2:** Calculate Australian tax on foreign income
- Australian tax = **AUD 3,000**
- **Step 3:** FITO = minimum of the two

  FITO= min (2800,3000) = 2800

Result:

- You can claim **AUD 2,800** as FITO, reducing your Australian tax payable.

Notes

- If foreign tax > Australian tax, you can only claim **up to the Australian tax payable**.
- If foreign tax < Australian tax, you claim the **full foreign tax paid**.
- Keep records like foreign tax statements, pay slips, or dividend statements.

Thank You