



Income test questions IT1-IT8

How to complete the income test questions IT1 to IT8 in your paper tax return.

Income tests 2022



Complete the income tests so we can work out your eligibility for a number of tax offsets and benefits.

IT1 Total reportable fringe benefits amounts 2022



Complete question IT1 to include any fringe benefits amounts you received from your employer.

IT2 Reportable employer superannuation contributions 2022



Complete IT2 to include any reportable employer superannuation contributions you received.

IT3 Tax-free government pensions or benefits 2022



Complete question IT3 to include certain tax-free government pensions or benefits you received.

IT4 Target foreign income 2022



Complete question IT4 to include target foreign income you received.

IT5 Net financial investment loss 2022



Complete question IT5 to include a net loss from any financial investments you owned.

IT6 Net rental property loss 2022



Complete question IT6 to include the net loss from any rental property you owned.

IT7 Child support you paid 2022



Complete question IT7 to include child support you paid.

IT8 Number of dependent children 2022



Complete question IT8 to include the number of dependent children you have.

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Income tests 2022

Complete the income tests so we can work out your eligibility for a number of tax offsets and benefits.

26 May 2022

You must complete all questions in this section of your tax return. Where the amount is zero, write **0**.

We use income tests to work out whether you:

- can claim certain tax offsets and the amount you are entitled to receive
- can receive some government benefits or concessions
- are entitled to a rebate for your private health insurance
- must pay tax
- must pay Medicare levy surcharge
- have a Higher Education Loan Program, Vocational Education and Training Student Loan, Student Financial Supplement Scheme, Student Start-up Loan, ABSTUDY Student Start-up Loan or Trade Support Loan repayment liability.

We may also pass this information to other government agencies, such as Services Australia, to ensure you are receiving your correct entitlement to government benefits. It will also be used to correctly determine any child support payments.

67757

IT1 Total reportable fringe benefits amounts 2022

Complete question IT1 to include any fringe benefits amounts you received from your employer.

26 May 2022

This question is about reportable fringe benefits amounts that you received. Do not show any benefit less than \$3,773.

Did you receive any reportable fringe benefits amounts of \$3,773 or more?

No	Write 0 at both N and W item IT1 , then go to question IT2 Reportable employer superannuation contributions 2022, or return to main menu Individual tax return instructions 2022.
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Yes	Read on.
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Neither the amount at **W** item **IT1**, nor the amount at **S** in **Spouse details**, are adjusted down by:

- the dependant (invalid and invalid carer) tax offset
- the zone and overseas forces tax offset
- the seniors and pensioners tax offset
- the low income superannuation tax offset.

Answering this question

You will need each income statement, *PAYG payment summary – individual non-business* and *PAYG payment summary – foreign employment* you received that shows reportable fringe benefits amounts.

See also

- Reportable fringe benefits – facts for employees

Completing your tax return

If a reportable fringe benefits amount shown on your payment summary or income statement is less than \$3,773, do not include it in step 1 or step 2. Check with your employer that the amount is correct.

Step 1

Add up all the reportable fringe benefits amounts shown on your:

- payment summaries with **Yes** selected at **Is the employer exempt from FBT under section 57A of the FBTA 1986?**
- income statements at **Reportable fringe benefits – exempt amount.**
- Write the total at **N** item **IT1**. If your total is **0**, write **0** at **N**.

Step 2

Add up all the reportable fringe benefits amounts shown on your:

- payment summaries with **No** selected at **Is the employer exempt from FBT under section 57A of the FBTA 1986?**
- income statements at **Reportable fringe benefits – non-exempt amount.**
- Write the total at **W** item **IT1**. If your total is **0**, write **0** at **W**.

Where to go next

- Go to question IT2 Reportable employer superannuation contributions 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to Income tests 2022.

67758

IT2 Reportable employer superannuation contributions

Complete IT2 to include any reportable employer superannuation contributions you received.

26 May 2022

Did your employer make reportable employer superannuation contributions on your behalf?

No	Write 0 at T item IT2 , then go to question IT3 Tax-free government pensions or benefits 2022, or return to main menu Individual tax return instructions 2022.
Yes	Read on.

Answering this question

You will need each:

- income statement
- *PAYG payment summary – individual non-business*
- *PAYG payment summary – foreign employment*
- *PAYG payment summary – business and personal services income*

you received that shows an amount of reportable employer superannuation contributions.

Reportable employer superannuation contributions are additional to the compulsory contributions your employer must make. An example of a reportable employer superannuation contribution is a contribution made on your behalf under a salary sacrifice arrangement. For more information, see the **Guide for employees and self-employed – reportable superannuation contributions**.

If your payment summary or income statement shows a reportable employer superannuation contributions amount and you did not get your employer to make superannuation contributions in addition to their compulsory superannuation contributions, you should contact your employer before lodging your return to check that the figure is correct.

If your employer has incorrectly calculated the reportable employer superannuation contributions amount, ask them to provide you with a revised payment summary or income statement showing the correct amount.

Completing your tax return

Step 1

Add up the reportable employer superannuation contributions amounts shown on your:

- payment summaries
- income statements.

Step 2

Write the total at **T** item **IT2**.

Where to go next

- Go to question IT3 Tax-free government pensions or benefits 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question IT1 Total reportable fringe benefits amounts 2022.

67759

IT3 Tax-free government pensions or benefits 2022

Complete question IT3 to include certain tax-free government pensions or benefits you received.

26 May 2022

This question is about certain tax-free government pensions or benefits that you received in 2021–22. For a list of the relevant tax-free government pensions and benefits, see **Special circumstances and glossary 2022**.

If you are still unsure whether your pension or benefit is tax-free, **contact us**, or contact the agency that paid you.

Do not include at this item:

- Australian Government allowances and payments that you have included at item 5
- Australian Government pensions and allowances that you have included at item 6
- Australian annuities and superannuation income streams that you have included at item 7.

Did you receive a tax-free government pension or benefit that is listed in the Special circumstances and glossary section?

No	Write 0 at U item IT3 , then go to question IT4 Target foreign income 2022, or return to main menu Individual
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	tax return instructions 2022.
Yes	Read on.

Answering this question

You do not pay income tax on tax-free government pensions and benefits; however, those pensions and benefits are taken into account when working out your adjusted taxable income. Your adjusted taxable income is an income test we use to work out your eligibility for certain tax offsets and the amount of those offsets.

Completing your tax return

Step 1

Add up the amount of tax-free pensions or benefits you received during 2021–22.

Step 2

Write the total at **U** item **IT3**.

Where to go next

- Go to question IT4 Target foreign income 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question IT2 Reportable employer superannuation contributions 2022.

67760

IT4 Target foreign income 2022

Complete question IT4 to include target foreign income you received.

26 May 2022

Target foreign income is:

- any income earned, derived or received from sources outside Australia
- a periodical payment by way of gifts or allowances from a source outside Australia
- a periodical benefit by way of gifts or allowances from a source outside Australia

provided that the amount has neither been included in your taxable income, nor received in the form of a fringe benefit.

Types of target foreign income you need to show at this item include:

- regular receipts of money and gifts from relatives living overseas which are exempt from Australian tax
- income from foreign business interests and investments, which are exempt from Australian tax, including income received by migrants with business interests in their country of origin
- foreign source income received while you were a temporary resident that is exempt from Australian tax
- the amount of exempt foreign employment income you have shown at **N** item **20**.

If you are not sure whether any foreign income you have received is target foreign income, **contact us**.

Did you receive any target foreign income?

No	Write 0 at V item IT4 , then go to question IT5 Net financial investment loss 2022 , or return to main menu Individual tax return instructions 2022 .
Yes	Read on.

Answering this question

You will need details of any target foreign income that you received in 2021–22 including the details of any exempt foreign employment income you included at **N** item **20**.

Completing your tax return

Show all foreign income in Australian dollars using the market exchange rate for 1 July 2021. For more information, see [Foreign exchange rates](#). For information on how to convert your foreign income, contact us.

Step 1

Add up all the target foreign income you earned, derived or received during 2021–22, including the amount you have shown at **N** item **20**.

Step 2

Write the result at **V** item **IT4**.

Where to go next

- Go to question IT5 Net financial investment loss 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question IT3 Tax-free government pensions or benefits 2022.

67761

IT5 Net financial investment loss 2022

Complete question IT5 to include a net loss from any financial investments you owned.

26 May 2022

This question is about the net loss from any financial investments you owned.

Did you receive income from, or claim deductions for, shares or investments in managed investment schemes?

Did you receive income from, or claim deductions for:

- shares in a company
- an investment in a managed investment scheme, including a forestry managed investment scheme
- rights or options for shares or managed investment schemes
- distributions from a partnership that included income or losses from an investment listed above
- any investment that is of a similar nature to those listed above?

No	Write 0 at X item IT5 , then go to question IT6 Net rental property loss 2022 , or return to main menu Individual tax return instructions 2022 .
Yes	Read on.

The loss you show at this item is the amount by which your deductions relating to your financial investments exceed your income from those investments.

When calculating your net financial investment loss, do not include interest from your everyday transaction accounts.

Managed investment schemes

The investment manager will be able to tell you whether your investment is a managed investment scheme. Managed investment schemes include:

- cash management trusts
- property trusts
- Australian equity (share) trusts
- agricultural schemes (which include horticultural, aquaculture and commercial horse breeding schemes).

Investments that are **not managed investment schemes** include:

- regulated superannuation funds
- approved deposit funds
- debentures issued by a body corporate

- franchises
- schemes operated by an Australian bank in the ordinary course of banking business (such as term deposits).

Deductions

Deductions you can claim for an investment include expenses you pay to:

- borrow money to purchase an investment
- manage your investments
- obtain advice about changes in the mix of your investments.

Completing your tax return

Complete **worksheet 1a** and **1b** below.

If you are a partner in one or more partnerships, add up your share of all net financial investment income and deduct your share of all net losses from the partnerships' financial investments. The statement of distribution from each partnership should show these amounts. Write the total at row **q**.

Worksheet 1a

Row	Financial investment income	Amount
a	Dividends from Australian shares from item 11 – Unfranked amount	\$
b	Dividends from Australian shares from item 11 – Franked amount	\$
c	Dividends from Australian shares from item 11 – Franking credit	\$
d	Managed investment scheme income included at U item 13	\$
e	Share of franked distributions and franking credits from managed investment scheme	\$

	included at C item 13	
f	Dividend income or managed investment scheme income from foreign companies included at M item 20	\$
g	Australian franking credits from a New Zealand franking company from F item 20	\$
h	Forestry managed investment scheme income from A item 23	\$
i	Any other assessable income from a financial investment	\$
j	Add all amounts from rows a to i .	\$

Worksheet 1b

Row	Financial investment deductions	Amount
k	Dividend deductions from Australian shares included at item D8	\$
l	Managed investment scheme deductions included at Y item 13 and H item D8	\$
m	Forestry managed investment scheme deductions from F item D14	\$
n	Any other deductions attributable to a financial investment including debt deductions at J item D15	\$
o	Add all amounts from rows k to n .	\$
p	Take row o away from row j . Show a loss as a negative.	\$
q	Total partnerships investment net income or loss. Show a loss as a negative.	\$
r	Add rows p and q .	\$

If the amount at row **r** is negative, write this amount at **X** item **IT5**.
Otherwise write **0** at **X**.

Where to go next

- Go to question IT6 Net rental property loss 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question IT4 Target foreign income 2022.

67762

IT6 Net rental property loss 2022

Complete question IT6 to include the net loss from any rental property you owned.

26 May 2022

This question is about the net loss from any rental property you owned.

This question is not about capital gains or capital losses from your rental properties.

Did you earn rental income, claim rental deductions, or receive a partnership distribution that included rental income or losses?

No	Write 0 at Y item IT6 , then go to question IT7 Child support you paid 2022, or return to main menu Individual tax return instructions 2022.
Yes	Read on.

Answering this question

We will calculate the amount of your net rental property loss for you using the information you provide in your tax return.

Completing your tax return

Step 1

Complete **worksheet 1** to work out your net rental property loss.

Any loss amounts in **worksheet 1** must be shown as negative amounts (including any totals).

At row **c** write your share of net rental property income or loss from the partnership tax return statement of distribution.

At row **d** write the net income or loss from carrying on a rental property business which you take into account in working out the amount at **Z** item **P8** of the *Business and professional items schedule for individuals 2022*. If this applies to you, then you should lodge your 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 return and Business and Professional items schedule.

At row **f** write the total of the low-value pool deductions relating to your rental properties that you included at item **D6**.

Worksheet 1: Net rental property loss

Row	Calculation	Amount
a	Net foreign rent (from R item 20)	\$
b	Net rent (from item 21)	\$
c	Share of net rental property income or loss	\$
d	Net income or loss from rental property business	\$
e	Add rows a , b , c and d .	\$
f	Total of the low-value pool deductions	\$
g	Any other deductions attributable to a rental property, including debt deductions	\$

	at J item D15	
h	Add f and g .	\$
i	Take away row h from row e .	\$

Step 2

If the amount at row **i** in **worksheet 1** is negative (that is, a loss), write that amount at **Y** item **IT6**. Otherwise write **0** at **Y**.

Where to go next

- Go to question IT7 Child support you paid 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question IT5 Net financial investment loss 2022.

67763

IT7 Child support you paid 2022

Complete question IT7 to include child support you paid.

26 May 2022

This question is about amounts you paid or benefits you provided to another person other than your partner for the maintenance of your natural or adopted child.

Do not include amounts you paid or provided to a person to acquire goods or services.

Did you pay amounts or provide benefits to another person for the maintenance of your child?

No	Write 0 at Z item IT7 , then go to IT8 Number of dependent children 2022, or return to main menu Individual tax return instructions 2022.
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Yes	Read on.
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Answering this question

You will need to know, or work out from your records, the total amounts you paid or benefits you provided for the maintenance of your child during 2021–22.

Completing your tax return

Step 1

Add up all the amounts you paid and benefits you provided for the maintenance of your child during 2021–22.

Step 2

Write the total at **Z** item **IT7**.

For income test purposes, the amounts you paid and the benefits you provided for the maintenance of your child will be deducted from the total of the other components that make up your adjusted taxable income.

Where to go next

- Go to question IT8 Number of dependent children 2022.
- Return to main menu Individual tax return instructions 2022.
- Go back to question IT6 Net rental property loss 2022.

67764

IT8 Number of dependent children 2022

Complete question IT8 to include the number of dependent children you have.

Did you have any dependent children?

No	Write 0 at D item IT8 , then go to Spouse details – married or de facto 2022 , or return to main menu Individual tax return instructions 2022 .
Yes	Read on.

For this question, regardless of their income, a dependent child is your child who is:

- under 21 years old, or
- 21 to 24 years old and a full-time student at a school, college or university.

The child must be an **Australian resident** and you must have contributed to their maintenance.

We use this information to determine whether you are entitled to an increase in the income test threshold for the:

- private health insurance rebate
- Medicare levy surcharge.

Completing your tax return

Write the number of your dependent children at **D** item **IT8**.

Where to go next

- Go to **Spouse details – married or de facto 2022**.
- Return to main menu **Individual tax return instructions 2022**.
- Go back to question **IT7 Child support you paid 2022**.

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

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