

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

**ACCG 857**  
**Taxation Law**

**Semester Two, 2010**

*Department of Accounting and Finance*

**MACQUARIE UNIVERSITY  
FACULTY OF BUSINESS AND ECONOMICS  
UNIT OUTLINE**

Study Period: Semester 2, 2010

Unit Convenor: Catriona Lavermicocca

Prerequisites / Co requisites: ACCG854 and ACCG861

Credit points: 3 credit points

**Students in this unit should read this unit outline carefully at the start of the semester. It contains important information about the unit. If anything is unclear, please consult one of the teaching staff in the unit.**

**ABOUT THIS UNIT**

This unit covers the laws relating to income tax, fringe benefits tax and the goods and services tax in Australia. The unit is broken up into weekly lectures and student presentations of assigned questions on specific topics which, in the main will apply the taxation laws to fact situations as well as group discussion. This unit provides 3 credit points.

**TEACHING STAFF**

<b>Name</b>	<b>Role in unit</b>	<b>Phone</b>	<b>Email</b>
Catriona Lavermicocca	Unit Convenor	9850-8528	catriona.lavermicocca@mq.edu.au

**CONSULTATION TIMES**

Consultation time with Catriona Lavermicocca is Monday 10.30am to 12.30pm in her office located at E4A241.

You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by e-mail. You may, however, phone staff during their consultation hours.

In order to gain access to staff located at levels 1, 2 and 3 of building E4A during consultation hours please ring from the phones available in the lobby.

Students experiencing significant difficulties with any topic in the unit are strongly must seek assistance immediately.

## CLASSES

- The thirteen three-hour seminars will consist of a 2 hour lecture and 1 hour tutorial each week as detailed later in this unit outline.
- The timetable for classes can be found on the University web site at: <http://www.timetables.mq.edu.au/>

## REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

### Prescribed textbooks:

- Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH
- Barkoczy, S. *Core Tax Legislation and Study Guide 2010* 20<sup>th</sup> Edition CCH.

**All students must purchase the prescribed texts and bring them to seminars each week**

### Recommended textbooks:

The following is not specifically required but may be used for additional reading.

- *Australian Master Tax Guide 2010* 45<sup>th</sup> Edition CCH
- Nethercott LJ and others *Australian Tax Study Manual: Questions and Suggested Solutions* 19<sup>th</sup> Edition CCH
- Barkoczy S *Australian Tax Casebook* 10<sup>th</sup> Edition CCH

The prescribed and recommended texts can be purchased from the Macquarie University Co-op Bookshop or are available in the Macquarie Library.

## UNIT WEBPAGE

Unit materials, suggested solutions, announcements and other relevant information are found on Blackboard for the unit at: <http://learn.mq.edu.au>. It is necessary to visit the unit site regularly.

## LEARNING OUTCOMES

The learning outcomes of this unit include:

1. An understanding of the framework for the income tax laws in Australia.
2. Able to undertake critical analysis in applying the income tax laws to a problem or fact situation and formulating a logical piece of taxation advice.
3. Able to identify and distinguish income and capital receipts.
4. An understanding of and the ability to apply the income tax deduction provisions.
5. Able to calculate a net capital gain or loss.
6. An understanding of the tax treatment of individuals, partnerships, trusts and companies.
7. Able to apply key aspects of the Goods and Services Tax provisions
8. Able to apply key aspects of Fringe Benefits Tax Act.
9. Able to ascertain and explain the key elements of the tax administration regime in Australia.
10. Able to describe the legislative structure of Australia's tax laws and the role of the courts in the formulation of tax laws.

## GRADUATE CAPABILITIES

In addition to the discipline-based learning objectives, all academic programs delivered at Macquarie University North Ryde and City campuses seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world. This unit contributes to this by developing the following graduate capabilities:

1. Discipline Specific Knowledge and Skills
2. Critical, Analytical and Integrative Thinking
3. Problem Solving and Research Capability
4. Creative and Innovative
5. Effective Communication
6. Capable of Professional and Personal Judgement and Initiative

## TEACHING AND LEARNING STRATEGY

Each week, lecture notes will be placed on BLACKBOARD before the class. These notes are only the core notes presented in lectures. They are NOT intended to stand alone nor in place of lecture attendance. They are provided for your convenience. You must also properly construct your own notes based on your own readings and any additional comments, supplements and corrections to these notes which may occur during lectures – and which you MUST attend.

*You are not entitled to rely on lecturer provided notes for full study purposes nor as the final indicator of exam content. You are required to and expected to read all text and legislative references and also to take into account comments, additional materials and illustrations and examples which may also be given in lectures.*

**The three-hour seminars will consist of a 2 hour lecture and 1 hour tutorial. It is expected that ALL students have prepared answers to each week's tutorial questions PRIOR to the tutorial.**

Please refer to the week-by-week list of topics and readings in this unit outline below.

## RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

	<b>Assessment Task 1</b>	<b>Assessment Task 2</b>	<b>Assessment Task 3</b>	<b>Assessment Task 4</b>
Title/Name	Written assignment	Student presentation	Mid-semester examination	Final examination
Description	1000 word answer to problem question	10 minute in-class presentation to assigned question	120 minutes plus 10 minutes reading time	180 minutes plus 10 minutes reading time
Due date	In class 25 August 2010	In class	Friday 24 September 2010	End-of-semester exam period
% Weighting	10%	10%	30%	50%
Grading method	<p>Zero for non-submission.</p> <p>Mark out of 10 based on the number of issues identified correctly.</p> <p>This assessment task will allow students and lecturers to ascertain the level of understanding of concepts fundamental to successful completion of this unit. Students who perform below average in this task will be identified and encouraged to review the readings and tutorial questions for the first 3 weeks.</p>	<p>Zero for failure to present.</p> <p>Refer to Student Presentation Feedback form at the end of this unit outline.</p>	<p>Assessed and graded on lecture topics 1-6 including multiple choice and problem questions.</p>	<p>Assessed and graded on lecture topics 7-13 including multiple choice and problem questions.</p>
Submission method	<p>Submit to Turnitin and attach a copy of the Turnitin Report to the hard copy of the assignment. The assignment and Turnitin Report must be handed in to the lecturer in the seminar on 25 August 2010.</p> <p>An assignment submitted late will not be accepted without prior permission.</p>	<p>Presentation in the particular seminar allocated to the student.</p>	<p>Hand in examination script.</p>	<p>Hand in examination script.</p>
Feedback	<p>Criteria for marking made available on Blackboard on return of the written assignment.</p>	<p>Student Presentation Feedback Form completed and returned to the student by the lecturer.</p>	<p>Review and discussion in seminars. Feedback on common mistakes posted on Blackboard.</p>	
Estimated student workload (hours)	Approximately 15 hours	Approximately 10 hours	This is cumulative over the prior weeks in the semester plus your own time-management for revision	This is cumulative over the prior weeks in the semester plus your own time-management for revision
Learning outcomes assessed	1,2 and 3	1-10	1, 2, 3, 4 and 10	2, 5, 6, 7, 8 and 9
Graduate capabilities assessed	1,2,3, 5 and 6	1,2,3,4,and 5	1,2,3,5 and 6	1,2,3,5 and 6

### **(1) Written Assignment (10%)**

**Maximum length: 1000 words.**

This assignment requires students to apply their knowledge of the concepts covered in the first three lectures to a given fact situation and is to be handed in during class in the on 25 August 2010. Students are required to submit this assignment electronically to the Turnitin website. Students will receive a grade for their assignment and a copy of the issues that the markers were looking to be addressed will be provided on Blackboard. The assignment question is included in this unit outline at page 29.

### **(2) Student presentation (10%)**

Each student is required to make a 10 minute in-class presentation answering an assigned question. The presentation will be of an assigned question covering a topic area covered in lectures. This presentation may be done in pairs or individually depending on class numbers and the size of the question. Each student will be provided with feedback with respect to their presentation and awarded a mark out of 10. The student feedback sheet is attached at page 30.

Student presentations will be marked on the basis of the quality of the presentation including the level of preparation, understanding, accuracy, comprehensiveness, ability to explain the key issues to fellow students, good use of learning aids such as overhead transparencies etc. **Generally, students are expected to display knowledge and communication skills of a postgraduate student.**

### **(3) Mid-semester examination (30%)**

The mid-semester exam will cover lecture topics 1-6 and will be held on Friday 24 September 2010. This exam will be 120 minutes plus 10 minutes reading time (130 minutes in total) and results will be provided to students via Blackboard. Further detail of the time and location of this exam will be provided in an overhead in class and on Blackboard later in the trimester.

(Please see comment concerning exam aids below)

### **(4) End of semester final examination (50%)**

The end-of-semester exam will cover lecture topics 7-13 and will be held in the exam period commencing 15 November 2010. The date, time and location of this exam will be provided in an overhead in class and on Blackboard later in the trimester. **You must achieve at least 50% in the final exam to pass this unit.**

(Please see comment concerning exam aids below)

### **Exam Aids**

You will be permitted to take into exams the following aids:

- **Your own handwritten class notes and study notes.**
- A calculator.
- Tax legislation in book published form – which may be hand written on and hand marked up as you see fit. Please note that, we allow book published legislation including *2010 Core Tax Legislation and Study Guide*.
- **You are NOT permitted to take into either exam any other items. No photocopies of any items are permitted nor are any computer downloads or printed output of any type.**

**Written advice about both the mid-semester and final exam coverage and content will be provided in class and on BLACKBOARD.**

## **Turnitin**

ACCG857 students are required to submit the written assignment electronically to the *Turnitin* website.

*Turnitin* is an internet database that identifies papers containing unoriginal material. All students will be provided with a Student User Guide for Turnitin on Blackboard which contains instructions of how to register and use the Turnitin website.

## **Assignment Submission Requirements**

When submitting assignments for ACCG857 students must complete all the steps below:

1. **Submit your assignment to *Turnitin*:** when you submit your assignment the *Turnitin* website will produce an **Originality Report**. The **Originality Report** must be printed and submitted in hard copy with your assignment by the due date as instructed by your lecturer.
2. **A Cover Sheet** must be attached to the front of your assignment when submitted in hard copy. The cover sheet must be signed and dated. Coversheets can be downloaded from [http://www.businessandconomics.mq.edu.au/for/new\\_and\\_current\\_students/undergraduate/bess](http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/bess)

**You will require the information below to use *Turnitin* as a student enrolled in ACCG857.**

**Class ID: 3356761**  
**Enrolment Password: ACCG857**

**You will need the above *Class ID* and *Enrolment Password* when you register and create your user profile in *Turnitin* or when you add the class to your existing Turnitin user profile**

***If you have already used Turnitin in a previous unit you can add a new class to your current user profile.***

**PENALTIES WILL APPLY TO STUDENTS WHO FAIL TO FOLLOW THESE INSTRUCTIONS. IT IS THE STUDENT'S RESPONSIBILITY TO COMPLETE THESE REQUIREMENTS CORRECTLY.**

You are expected to present yourself for final examination at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations.

<http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University's policy on special

consideration process is available at

[http://www.mq.edu.au/policy/docs/special\\_consideration/policy.html](http://www.mq.edu.au/policy/docs/special_consideration/policy.html)

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. (Individual Faculties may wish to signal when the Faculties' Supplementary Exams are normally scheduled.)

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at:

<http://www.mq.edu.au/policy/docs/examination/policy.htm>

## **ACADEMIC HONESTY**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at

[http://www.mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://www.mq.edu.au/policy/docs/academic_honesty/policy.html)

## **GRADES**

Please refer to page 108 of the 2010 Calender of Governance, Legislation and Rules- Postgraduate Rules at <http://universitycouncil.mq.edu.au/pdfs/2010-pgrules.pdf>

It is important to note that the student numerical grade (SNG) is not a summation of the assessment components. To be awarded a specific grade, students are required to perform at an equivalent standard in the final examination, as well as other assessments within the unit.

## **GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING**

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

[http://www.businessandeconomics.mq.edu.au/for/new\\_and\\_current\\_students/undergraduate/admin\\_central/grade\\_appeals](http://www.businessandeconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals).

## **SPECIAL CONSIDERATION**

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students



who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at:  
[http://www.mq.edu.au/policy/docs/special\\_consideration/procedure.html](http://www.mq.edu.au/policy/docs/special_consideration/procedure.html)

## **STUDENT SUPPORT SERVICES**

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

## **IT CONDITIONS OF USE**

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. At all times, student ID cards must be displayed in the locations provided.

Students are expected to act responsibly at all times when utilising University IT facilities. The following regulations apply to the use of computer labs and online services:

- Accessing inappropriate web sites, or downloading inappropriate material, are not permitted, material that is not related to coursework in units authorised to use these facilities is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may possibly result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students are reminded to communicate to staff only through the Macquarie University email as this is the only official channel.

**WEEKLY CURRICULUM**

Week	Lecture	Presentation	Seminar date
01	<b>Lecture 1</b> Introduction to taxation law Tax formula, tax rates and tax offsets International aspects of taxation	No presentations	4 August
02	<b>Lecture 2</b> General principles of income Income from personal exertion	Q 1, 2, 3 and 4 relating to Lecture One	11 August
03	<b>Lecture 3</b> Income from property Income from business	Q 1, 2, 3 and 4 relating to Lecture Two	18 August
04	<b>Lecture 4</b> Tax Accounting Deductions Part 1  <i>Written Assignment due</i>	Q 1, 2, 3, 4 and 5 relating to Lecture Three	25 August
05	<b>Lecture 5</b> Deductions Part 2 Practical tax return example	Q 1, 2, 3, 4 and 5 relating to Lecture Four	1 September
06	<b>Lecture 6</b> Capital allowances and capital works Trading stock Small business concessions	Q 1, 2, 3 and 4 relating to Lecture Five	8 September
07	<b>Lecture 7</b> Capital Gains Tax	Q 1, 2, and 3 relating to Lecture Six	15 September
	<b>Mid-Semester Exam</b>		<b>Friday 24 September</b>
	<b>Mid-Semester Break</b>		<b>20 September to 4 October</b>
08	<b>Lecture 8</b> Goods and Services Tax	Q 1, 2, 3 and 4 relating to Lecture Seven	6 October
09	<b>Lecture 9</b> Partnerships and Trusts	Q 1 and 2 relating to Lecture Eight	13 October
10	<b>Lecture 10</b> Companies	Q 1, 2 and 3 relating to Lecture Nine	20 October
11	<b>Lecture 11</b> Fringe Benefits Tax	Q 1, 2 and 3 relating to Lecture Ten	27 October
12	<b>Lecture 12</b> Superannuation	Q 1 relating to Lecture 11	3 November
13	<b>Lecture 13</b> Tax Administration	Questions 1 and 2 relating to Lecture 12	10 November
14	<b>FINAL EXAM PERIOD START</b>		<b>15 November</b>

**Lecture One**  
**Introduction to taxation law**  
**Tax formula, tax rates and tax offsets**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

**Introduction to taxation law**

Australian Legal System

W 1-310 to 1-520

Constitutional Aspects of Taxation

W 1-530 to 1-610

**Tax formula, tax rates, tax offsets and taxation of minors**

W 2-000 to 2-540

W 2-640 to 2-650

W 21-010 to 21-050

**International aspects of taxation**

Introduction

W 24-010 to 24-020

Residence

W 24-040 to 24-066

Source

W 24-100 to 24-170

Presentation questions relating to Lecture One material to be presented in next weeks class:

**Question One**

You have been asked to present to students enrolled in ACCG857 for 10 minutes on the sources of the taxation laws in Australia. In your presentation you must provide an explanation and examples of each source of the tax laws so that students gain a clear understanding.

**Question Two**

You are Jason’s tax agent and are asked to prepare an estimate of the income tax he can expect to pay for the year ended 30 June 2010. Jason is a resident of Australia for tax purposes and has provided you with the following information for the purposes of estimating his tax payable:

Assessable income \$105,200

Deductions \$4,300.

- a) Calculate Jason’s tax payable for the year ended 30 June 2010, showing all workings.
- b) Recalculate Jason’s tax payable assuming he was a non- resident for the year ended 30 June 2010.

**Question Three**

Pauline was born in Australia and is married with two children. She is employed by Electronics Australia Pty Ltd but has accepted a transfer to the New Zealand subsidiary for 2 years. Pauline’s husband and children will go to New Zealand with Pauline and the family home in Australia will not be available to rent during that time. It is planned that Pauline and the family

will return to Australia for a weekend every two months and at Christmas and Easter and will stay in the family home during those visits.

**Advise Pauline on her residency status for tax purposes during the period of her employment in New Zealand. In that advice detail the Australian tax consequences of being a resident or non-resident.**

#### **Question Four**

Star Sales Co manufactures lighting products in Singapore, is incorporated in Singapore and all shares are held by individuals resident in Singapore. All directors are resident in the United States.

Star Sales has an office in Sydney, Australia and employs 3 full time staff in that office. The Sydney office concludes sale contracts and is involved in marketing and promotion.

**Discuss the Australian tax treatment of trading profits derived by Star Sales Co.**

## **Lecture Two** **General principles of income** **Income from personal exertion**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **General principles of income**

W 3-000 to 3-420

### **Income from personal exertion**

W 4-000 to 4-170

Presentation questions relating to Lecture Two material to be presented in next weeks class:

#### **Question One**

Tom is employed on a full time basis as a garbage collector. At Christmas each year he often finds cartons of beer by bins that have been left by residents in gratitude for the terrific job he does each year.

Tom also receives a small payment each weekend throughout winter for playing football and at the end of the 2010 season he was voted by spectators as the most popular player for which he received from a local newspaper a Toyota Yaris car worth \$17,000 and a cash prize of \$500.

**Advise Tom as to whether the above-stated receipts are assessable.**

#### **Question Two**

Peter left his employment as a doctor with the Sydney Private Hospital on 1 January 2010 and is serving as a doctor with the Australian Defence Force Peacekeeping Unit in East Timor. Peter signed up for the role on the understanding that Sydney Private Hospital would pay Peter a supplement of \$500 per month during the period he serves with the Australian Defence Force.

**Peter requests your advice as to the assessability of the \$500 supplement.**

### **Question Three**

Jane is employed with a large recruiting firm and in the course of her employment travels interstate on numerous occasions. Jane is a member of the Qantas Frequent Flyer Club and during the year ended 30 June 2010 Jane redeemed frequent flyer points for a return flight to Paris to visit her sister who lives there. If Jane had purchased that ticket it would have cost her \$2,200.

**Advise Jane on the tax consequences, if any, of the free return flight to Paris**

### **Question Four**

Margaret receives a cash payment of \$40,000 from a television quiz show, as well as goods worth \$20,000. As a result of her success Margaret is invited back for a championship play-off. She wins \$50,000 in the championship play-off.

**Advise Margaret as to whether the prizes constitute assessable income.**

## **Lecture Three** **Income from property** **Income from business**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Income from property**

Interest W 5-200 to 5-260

Annuities W 5-300

Leases and rental income W 5-400 to 5-475

Royalties W 5-500 to 5-525

### **Income from business**

W Chapter 6

### **Non-assessable income**

W 9-000 to 9-030

Presentation questions relating to Lecture Three material to be presented in next weeks class:

### **Question One**

Tectronic Buildings Pty Ltd owns three buildings in the Brisbane central business district. One of the buildings has just been completed and a number of proposed tenants are competing to obtain the lease of the top floor offices.

In light of the competition to lease the top floor offices Tectronic is able to demand not only a monthly lease payment of \$80,000 but also an upfront payment on commencement of the lease of \$50,000.

**Explain the income tax treatment of the payments in respect of the top floor offices referred to.**

## **Question Two**

The tax legislation provides for two categories of non-assessable income. **What are the two categories of non-assessable and what are the consequences of the receipt of non-assessable income? In your answer please provide examples.**

## **Question Three**

During the year ended 30 June 2009 Duran was employed full-time as a security officer. During that year Duran was also an amateur golfer who was paid by sponsors to cover tournament travel expenses (\$10,000 for 30 June 2009). On a number of occasions Duran's employer allowed Duran to take leave without pay to compete in golf tournaments. He won two amounts of \$18,000 and \$14,000 in small tournaments during 30 June 2009.

In July 2009 Duran entered a major international ProAm golf tournament held in Australia. He won this ProAm and accepted the amateur's prize of a car. Almost immediately a major golfing equipment manufacturer offered Duran A\$500,000 to become a professional golfer. Duran accepted this money and resigned from his employment as a security officer and in the subsequent 12 months Duran won a total of AUD\$1.2 million from golf tournaments.

In August 2009 Duran appointed a sports management company to manage his golf career and as a result a major magazine agreed to pay a lump sum of \$100,000 for Duran to sit down with one of their writers and answer questions about his life. The magazine will hold the copyright to the story.

In January 2010, shortly after the magazine story was published Duran was struck by a fellow competitor's golf ball and he was badly injured. He received \$100,000 compensation for lost income and \$50,000 for personal pain and suffering.

**Advise Duran of the tax treatment of the various payments he received during the years ended 30 June 2009 and 2010. Give full reasons for your advice referring to relevant cases and legislation.**

## **Question Four**

Fairweather Fishing Pty Ltd was a small company owned by a group of fishermen. It was formed in 1962 as the entity to buy a farm on the Thredbo River, which was to be used by a group of keen trout anglers. Over time, the land increased in value substantially due to growth in snow tourism. In 1996, Fairweather was offered \$4 million to sell the farm. Fairweather rejected the offer, and as most of the original owners were by then rather too old to fish (some had died, leaving their shares to their children) they instead decided to develop the farm as a tourist village involving building villas and recreation facilities across the entire farm. Because of the general poor health of the fishermen all development work was undertaken by a contractor and not by the fishermen. The tourist village undertaking cost \$8 million and, once the developer had been paid and all villas had been sold, the total amount realised was \$21 million.

**Would Fairweather Fishing include the proceeds from sale of the tourist village in assessable income as ordinary income in accordance with Section 6-5? In answering this question consider whether Section 15-15 could apply.**

### **Question Five**

A firm of accountants, wishing to move into new premises, is induced to lease the top six floors of a new building erected by a developer. The developer is keen on the accountants moving in because their “name” will add to the prestige of the building and will help to attract other tenants. In return for agreeing to move in, the firm of accountants may be given either:

- a lump sum of \$200,000 to be shared between the partners
- a rent-free period of nine months, or
- a free fit-out of all furniture, etc.
- a payment to each partner and his or her family to have a ten-day holiday in Bali (however, if a partner is unable to take the holiday at the time it is no alternative is offered).

**Discuss the tax implications of these alternatives for the firm of accountants.**

## **Lecture Four** **Tax Accounting** **Deductions Part 1**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Tax Accounting**

Tax accounting – Income  
W 13-000 to 13-460

### **Deductions Part 1- General deductions (Section 8-1 ITAA 1997)**

General deductions  
Chapter 10  
Meaning of incurred  
W 13-500 to 13-520

Presentation questions relating to Lecture Four material to be presented in next weeks class:

### **Question One**

Webster, Nicholls and Co is a public accounting partnership with eight partners, 15 employed salaried accountants and 20 support and secretarial staff. The partnership has offices in Brisbane, Townsville and Toowoomba. Although it is involved in some long-term projects, approximately 75% of turnover is represented by work taking less than three months to complete. Up to and including the year ended 30 June 2009, the partnership submitted its 2009 income tax returns on a cash received basis and the Commissioner assessed them on this basis. However, due to the increasingly complex nature of their activities the partnership has decided to submit its return for the year ended 30 June 2010 on an earnings basis.

**Your advice is sought on the following matters:-**

- (a) Must the Commissioner accept the altered basis for returning income? What are the relevant considerations?**
- (b) For tax purposes, in which income year are fees which were earned but not received prior to 30 June 2009 regarded as having been derived?**
- (c) What treatment should be adopted in respect of the value of work-in-progress (i.e. work not complete) as at 30 June 2010?**

## **Question Two**

Tuffy FM has a viable business as an FM radio station in the small country town of RumTumba. Three times in the past three years Tuffy has taken potential rivals before the FM Radio Broadcasting Tribunal to stop their ambition to become licensees in RumTumba. If any of the rivals had obtained a licence Tuffy's commercial viability would have been jeopardised. Tuffy has been claiming these expenses as tax deductions and is amazed to find that, after a tax audit, their claims have been declared invalid by the ATO.

**Explain on what basis the ATO may have denied a tax deduction to Tuffy for expenses in preventing a rival obtaining a radio license.**

## **Question Three**

Petra works as a scriptwriter for the Six Television Network. She is provided with an office and all necessary equipment by Six. For creative reasons and to maximise productive output, rather than work at her Six office, Petra often works at home in an office she has set up specifically for this purpose. Six are quite happy about this but they do not provide any facilities for Petra to use at home.

Petra wishes to claim a deduction for expenses related to the home office (interest on mortgage, rates, electricity, insurance).

**Advise Petra on the deductibility of the expenses related to the home office.**

## **Question Four**

Sam is a lawyer who operates his own business providing legal advice. He has four qualified staff. During the year ended 30 June 2010 Sam incurred the following expenses:

- A set of law reports containing all decided cases relevant to commercial law purchased for \$3,600 on 1 November 2009. The reports will be used in the firm for many years to come.
- An annual payment of \$250 for a weekly commercial law newsletter paid on 4 February 2010.
- Travelling costs of \$400 paid to a prospective employee to attend an employment interview.
- Professional indemnity insurance (for one year) of \$3,500 paid on 1 July 2009.

**Discuss the extent to which the above-stated expenses are deductible in accordance with Section 8-1 of the ITAA1997**

## **Question Five**

Marissa is an assistant in a large delicatessen chain with prospects of promotion and is studying food technology at MacMine University in an effort to gain that promotion. She incurs the following expenses in relation to her studies:

- Bus fares for travelling from home to work in the morning. Bus fares from work to university for evening classes. Bus fares from university to home.
- The cost of her evening meal eaten between classes at the MacMine.
- Fees and textbook expenses for study at MacMine. She also wants to know if there are any other things that are relevant in respect of deductions for education expenses.
- Child care costs she incurs in order to study and in order to work.



**Discuss the deductibility of the above-stated expenses incurred by Marissa and any records she needs in order to claim those expenses.**

## **Lecture Five** **Deductions Part 2**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Deductions Part 2 – Specific deductions**

Introduction

W 11-000 to 11-012

Repairs

W 11-020 to 11-080

Bad Debts

W 11-440 to 11-460

Tax losses of earlier years

W 11-500 to 11-540

Tax related expenses

W 11-560

Lease document expenses

W 11-562

Borrowing expenses

W 11-565

Travel between workplaces

W 11-635

Gifts

W 11-680

Presentation questions relating to Lecture Five material to be presented in next weeks class:

#### **Question One**

A construction company incurred borrowing expenses of \$1,080 on 1 March 2010 in relation to a new loan to fund further business expansion. The term the loan was 6 years.

**To what extent would the borrowing expenses be allowed as a deduction for the year ended 30 June 2010? What kinds of expenses constitute borrowing expenses? Provide specific examples?**

#### **Question Two**

In October 2009 Donna made the following payments to “Kwiktax”, a firm of registered tax Agents:

- Preparation of the tax return 2007 \$200
- Objection to the assessment 2006 \$180
- Financial advice on investment in shares \$175
- Advice on tax planning \$300

**To what extent would the expenditure be allowed as a deduction for the year ended 30 June 2010?**

**Would it make any difference if instead of using the services of Kwiktax a tax tutor at Macquarie University had helped Donna prepare her tax return for a cash payment of \$150?**

### **Question Three**

James owns and operates a market research business in Sydney and purchased another market research business in Melbourne on 1 June 2009. Included in the price of \$250,000 paid for the Melbourne business was \$50,000 for the outstanding debtors.

On 1 October 2010 James realised that of the \$50,000 debts purchased only \$30,000 could be collected. The balance of \$20,000 was written off on 1 October 2010.

**What are the tax consequences of the purchased debtors written off?**

### **Question Four**

On 8 August 2009 a storm struck the warehouse building owned by ICN Pty Ltd. Water leaked through the external warehouse roof, damaging the warehouse internal ceiling. ICN decided to fix the whole roof and ceiling using a new substance that was heavily insulated and that would keep the warehouse cooler, reducing the need for air conditioning that kept the warehoused materials at an appropriate temperature. The total cost of the new roof and ceiling was \$150,000 whilst the original quote that ICN received that only provided for a new internal ceiling and ensured the roof was water tight was only \$50,000.

**Advise ICN on what tax deduction is available in respect of the above-stated costs.**

## **Lecture Six** **Capital allowances and capital works** **Trading stock** **Small business concessions**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Capital allowances and capital works**

Uniform capital allowance system

W 12-100 to 12-270

Black-hole Expenditure

W 12-300 12-330

Capital Works

W 12-500 to 12-540

### **Trading stock**

W 14-000 to 14-160

### **Small business concessions**

Overview

W 15-000

Presentation questions relating to Lecture Six material to be presented in next weeks class:

### **Question One**

Fiona purchased a truck (carrying capacity 10 tonnes) for use in her delivery business for \$67,000 on 1 September 2008. She uses the truck 100% for business use at all times and is not using the Small Business Entity method of depreciation. The effective life of the truck at the time of acquisition was seven years.

**Calculate the depreciation deduction, comparing both depreciation methods, with respect to the truck for the year ended 30 June 2010 showing all workings.**

### **Question Two**

Matrix Pty Ltd acquired a piece of machinery costing \$150,000, used for shrink-wrapping their product, on 1 January 2009. Matrix believed the machine to have an effective life of four years and claimed diminishing value depreciation on the machine.

On 30 June 2010 Matrix traded in the machine for a new model. Matrix was given \$100,000 for the old machine that was offset against the purchase price of a new machine costing \$350,000.

**What are the taxation implications of these transactions? Please show all workings.**

### **Question Three**

Westend Pty Ltd's low-value pool closing balance for the year ended 30 June 2009 was \$5,000. During the year ended 30 June 2010 Westend acquired a computer printer for \$900. Its taxable use percentage is 100%. Also in the 2009/10 tax year, the taxpayer made a capital improvement to a photocopier already in the pool for \$330. Finally, in the 2009/10 tax year, Westend chose to allocate to the low-value pool an office desk. The opening adjusted value of the office desk as at 1 July 2009 was \$850.

**What income tax deductions are available in respect of the expenditures referred to above?**

## **Lecture Seven** **Capital gains tax (CGT)**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as "W") for this weeks lecture.

### **Capital gains tax**

#### **Overview**

W 7-000

#### **Design and structure of the CGT provisions**

W 7-030 to 7-050

#### **Identifying a CGT event**

W 7-100 to 7-110

Disposal of a CGT asset: CGT event A1  
W 7-120  
Use and enjoyment passes before title: CGT event B1  
W 7-130  
End of a CGT asset: CGT event C1 to C3  
W 7-140 to 7-155  
Bringing into existence a CGT asset: CGT event D1  
W 7-165  
Australian residency ends: CGT event I1  
W 7-370 to 7-375  
CGT assets: definition and classification  
W 7-500 to 7-540  
Timing of acquisition of assets  
W 7-550 to 7-570  
**Calculating a capital gain or loss from a CGT event**  
W 7-600  
Capital proceeds  
W 7-605 to 7-615  
Cost base  
W 7-620 to 7-625  
Reduced cost base  
W 7-630 to 7-635

General modifications to cost base and reduced cost base  
W 7-640 to 7-660  
Indexation of the cost base  
W 7-690 to 7-698

**Exceptions or exemptions that may apply to a CGT event**  
W 7-700 to 7-720  
Main residence exemption  
W 8-050 to 8-060  
Effect of Death  
W 8-500 to 8-555

**Consider roll-over provisions**  
W 7-800

**Determining net capital gain/loss for the income year**  
W 7-900 to 7-960

Presentation questions relating to Lecture Seven material to be presented in next weeks class:

### **Question One**

Max and Molly were in partnership providing gardening and landscaping services in the North Shore. Whilst working on a large commercial project a truck collided with their van and caught fire. The van and all its contents were neither useable nor repairable and had to be replaced.

Max Molly's original claim was for \$60,000 covering:

Replacing the van	\$45,000
Gardening Tools	\$ 2,000
Jackhammer	\$ 3,000
Loss of profits	<u>\$10,000</u>
	\$60,000

The trucking company, after a long protracted court case, agreed to pay \$45,000 in compensation to the Max and Molly Partnership without reference to any particular item.

**Advise Max, Molly and the partnership as to the tax consequences of the settlement. Please cite relevant authorities.**

### **Question Two**

**Consider and advise with respect to the following unrelated transactions during the year ended 30 June 2010.**

(i) In August 1986 A (a resident) acquired a canteen of Victorian cutlery 1891 for \$3,000. In May 2010 his residence is burgled and the item is stolen. It is insured for \$4,500.

(ii) B inherited an apartment in New York in September 2001. Its market value at the time was \$A1m. B lives in the residence until February 2004 (market value \$A1.5m) at which time she is transferred to her employer's Australian office. In January 2010 she resigns and leaves Australia to reside permanently in the Bahamas (market value of New York apartment \$A1.75m). During her stay in Australia B acquired several parcels of shares in Australian companies and a residential unit in Adelaide.

### **Question Three**

Marc, an Australian resident sold the following parcels of shares during the year ended 30 June 2010:

Investment portfolio transactions for the year:

(i) 2000 Elders IXL shares acquired on 5 August 1989 at a cost of \$4,000. He was forced to sell this parcel of shares on 30 November 2009 at \$3,000 to prevent further loss. Brokerage costs of \$280 were incurred in the acquisition and of this parcel of shares as well as \$220 on their sale.

(ii) 500 CRA shares (received from her father's estate) sold on 29 September 2009 for \$4,000. (Her father purchased these shares on 2 June 1978 for \$1.10 each and they had a market value of \$4 per share at the time of her father's death on 2 August 1990). Brokerage fees of \$100 were incurred on the sale of these shares.

**Calculate Marc's taxable income for 30 June 2010 assuming Marc derived no other income.**

### **Question Four**

In January 2001 Ingrid purchased a house in Strathfield for \$184,500. Ingrid lived in the Strathfield house until July 2005 when she accepted a job and moved to Cairns. Ingrid rented the house from July 2005 to August 2009 and at no stage did she own another house as she herself rented in Cairns. On 1 August 2009 she returned to Sydney and moved back into the house on that date and made it ready for sale. She lived in the house until 1 November 2009 when it was sold for \$835,300 under a contract dated 1 October 2009.

**Advise Ingrid on the capital gains tax issues that arise with respect to the sale of the house in Strathfield**

## Lecture Eight Goods and Services Tax (GST)

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Goods and Services Tax**

W 27-000 to 27-175

Presentation questions relating to Lecture Eight material to be presented in next weeks class:

#### **Question One**

Paul Griggs runs and owns a clothing factory in Sydney as a sole proprietor. Paul commenced business in October 1990 and turnover has averaged around \$800,000 for the last three years.

Paul has registered for the GST and has an ABN number and asks you the following questions concerning the GST. In answering Paul’s questions please explain your advice giving authorities where relevant.

Paul placed an order on 1 July 2010 for material from Milan, Italy. The fabric will cost A\$22,000 to buy overseas, freight and insurance will be A\$5,000 and customs duty A\$2,000.

**What GST would Paul expect to pay on the transaction? When would the GST be due?**

**Based on the information you have been provided about Paul’s business what basis should Paul use to attribute GST to each tax period?**

Paul entered into a contract to sell his business on 1 December 2010. The assets transferred on sale of the business by Paul on 1 December 2010 include the following items:

Goodwill \$200,000  
Trading Stock \$ 20,000  
Depreciable Assets \$50,000  
Factory \$100,000

**What are the GST implications on the sale of Paul’s business?**

#### **Question Two**

Malcolm owns and operates a garden maintenance and lawn mowing business. He employs 2 casual staff, and is registered for GST.

For the 2009/10 income year Malcolm has recorded the following transactions:

<b>Receipts</b> (GST inclusive)	\$
Fees from clients	28,000
Sale of second hand ride on mower	2,300
<b>Expenses</b>	\$

Fuel for vehicles and equipment (eg lawn mowers he kept receipts for all purchases over \$75 excl GST)	1,600
Equipment repairs (no ABN provided on tax invoice)	1,080
Rubbish-tip fees (\$10 per visit – receipt only)	210
Wages	3,000
Telephone	1,480
New equipment (no tax invoice provided)	11,400
Stump-grinder hire (see note 2)	500
Landscape supplies	15,800
Repayments of business loan (interest \$1,000, capital \$500)	1,500

### **Additional Information**

1. In February 2010, Malcolm made a gift for no consideration, of an old lawn mower to his son. (The market value of the lawn mower at the time of the gift was \$250)
2. On 28 June 2010, he hired a tree stump-grinder and paid \$200 and a \$300 deposit. The deposit was refundable on the return provided the equipment was not damaged and it was returned by the agreed date.
3. Assume that all supplies are taxable (where appropriate), and that a valid tax invoice has been provided unless stated otherwise.

**Advise Malcolm of the correct GST treatment and financial outcomes. (Calculations must be shown where relevant).**

## **Lecture Nine** **Taxation of partnership and trust income**

Readings from Woellner , Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Taxation of partnership income**

W Chapter 16

### **Taxation of trust income**

Overview

W 17-000

Aspects of the law of trusts

W 17-005 to 17-050

Outline of the taxation of trust income

W 17-060 to 17-100

Net income of a trust estate

W 17-110 to 17-130

Taxation of trust income

W 17-170 to 17-210

Problem areas in the taxation of trust income

W 17-270 to 17-290

Presentation questions relating to Lecture Nine material to be presented in next weeks class:

### **Question One**

Evans and Downing operate a legal practice as partners.

On 1 March 2010 they admitted a new partner into the partnership. The terms of the agreement provided that the profits of the partnership would be shared equally.

At 30 June 2010 the partnership accounts for the whole year revealed a profit of \$100,000.

**What is each partner's share of income from the partnership?**

**How would it affect your answer if Evans made a loan of \$50,000 to the partnership to fund partnership working capital on 1 May 2010. The interest rate on the loan was 15% p.a.**

### **Question Two**

Bill and Ben operate a flower business as partners. The partnership agreement provides that the profits or losses of the partnership should be divided equally after Ben, the active partner, receives a salary of \$60,000.

For the year ending 30 June 2010 the partnership made a profit of \$30,000 after the payment of Ben's salary.

**Calculate the net partnership income and the distribution to partners for the year.**

**Suppose that the partnership made a loss of \$80,000 after the payment of Ben's Salary. Calculate the net partnership loss and the distribution to partners for the year.**

### **Question Three**

The Rose Family Trust is a discretionary trust created by Graeme Rose for the benefit of himself and his family. During the year ended 30 June 2010 the Rose Family Trust had net income of \$125,000 for the purposes of Section 95 of the ITAA1997. Graeme Ross is the trustee.

A share of net income of the Rose Family Trust for the year ended 30 June 2010 was allocated to the following family members:

- \$50,000 to Paul Rose who is 15 years of age attending school in Australia
- \$50,000 to Janet Rose who is 21 years of age and living in a home for the mentally handicapped
- \$25,000 to Paula Rose who is 30 years of age and lives in the United States

**Advise Graeme Rose of any tax obligations he has as trustee in respect of the net income of the trust for the year ended 30 June 2010.**

## **Lecture Ten** **Companies**

Readings from Woellner, Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.



## **Companies**

Introduction

W 18-000 to 18-010

Basic corporate and member taxation rules

W 18-100 to 18-130

Taxation of corporate distributions

W18-200 to 18-207

Simplified imputation system

W18-330 to 18-400

Presentation questions relating to Lecture Ten material to be presented in next weeks class:

### **Question One**

Angela is an individual tax resident in full-time employment as a school teacher. She provides the following detail of her income and expenses during the year ended 30 June 2010:

Salary \$55,000

Cash dividend (fully franked) received from BHP shares \$350

Cash interest received (from a US bank account and net of withholding tax) \$360

Deductible expenses incurred \$855

Angela is not married and has no children. She does have private health insurance.

**Calculate Australian tax payable by Angela for the year ended 30 June 2009.**

### **Question Two**

Grassroots Pty Ltd (Grassroots) is an Australian resident private company and on 1 July 2009 the franking account balance was \$20,000. Grassroots paid company income tax as during the year ended 30 June 2010 as follows:

21 July 2009 \$25,500

21 October 2009 \$25,500

21 January 2010 \$25,500

21 April 2010 \$5,300

In addition Grassroots received a cash dividend of \$17,000 from its subsidiary on 1 November 2009. The dividend was a fully franked dividend.

Grassroots paid a fully franked dividend of \$150,000 on 1 June 2010.

**Prepare a franking account for Grassroots for the year ended 30 June 2010.**

### **Question Three**

Plus Pty Ltd has a deficit franking account balance of \$22,000 as at 30 June 2010 and total franking credits of \$320,000 for the year ended 30 June 2010.

**What are the tax implications of Plus Pty Ltd having a deficit in their franking account as at 30 June 2010?**

## Lecture Eleven Fringe Benefits Tax (FBT)

Readings from Woellner , Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Fringe Benefits Tax**

Introduction

W 26-000 to 26-040

Definition of a fringe benefit

W 26-100 to 26-170

Taxable value of a fringe benefit

W 26-200 to 26-250

Calculation of the fringe benefits tax

W 26-300 to 26-310

Reconciliation with other tax laws

W 26-330 to 26-360

Specific fringe benefits

- Car fringe benefit W 26-400 to 26-420
- Loan fringe benefit W 26-450 to 26-455
- Expense payment fringe W 26-500 to 26-505

Presentation questions relating to Lecture Eleven material to be presented in next weeks class:

### **Question One**

Abbey Jones was employed by Block Publishing as the marketing manager commencing 1 July 2009. Block Publishing has agreed to provide the following benefits from 1 July 2009 and you are asked to discuss and calculate the fringe benefits tax (FBT) liability with respect to the following benefits provided to Abbey for the FBT year ended 31 March 2010:

a) Entertainment allowance \$3,500 pa.

This allowance covered the cost of taking clients to lunch and dinner to promote Block Publishing’s business. For the period ended 31 March 2010 Abbey spent \$2,100 of the allowance for that purpose.

b) Telephone rental and charges up to maximum of \$1,500 pa.

What difference would it make to your FBT advice if \$1,000 of the telephone costs paid by Block Publishing related to business calls made by Abbey and the balance of \$500 relates to private calls made by Abbey?

c) Motor vehicle provided to Abbey:

- Cost to Block Publishing \$60,000
- Total travel for the year 8,000 km
- 50% private usage
- No log-book was maintained

What difference would it make to your FBT advice if Abbey did not use the car for the month of August 2009 because he had broken his leg? Would it be relevant to your answer where the motor vehicle was garaged during the month of August 2009?

d) Interest free loan of \$100,000 to Abbey on 1 July 2009.  
Abbey plans to put the money towards the purchase of a principle residence.  
What difference would it make to your FBT advice if Abbey did not use the money to purchase his principle residence but instead used the loan to purchase dividend yielding shares?

## **Lecture Twelve** **Superannuation**

Readings from Woellner , Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

### **Superannuation**

W23-000 to 23-845

Presentation questions relating to Lecture Twelve material to be presented in next weeks class:

#### **Question One**

John is aged 66 and receives a lump sum benefit of \$550,000 from his taxed superannuation fund. This amount includes a tax-free component of \$120,000. How is the superannuation benefit taxed? Would your answer be different if the benefit was paid to John’s wife as a death benefit?

#### **Question Two**

Jennifer is a 42-year-old employee accountant. Her current remuneration package is value at \$210,000 and consists of a salary component of \$180,000 and a superannuation component of \$30,000. The superannuation is paid directly into Jennifer’s complying superannuation fund by her employer. Jennifer wants to salary sacrifice \$80,000 of the salary component of her package. Her employer pays this directly into superannuation fund and reduces the salary component of her package to \$100,000.

Jennifer also wants to “top up” her superannuation by making a personal contribution of \$200,000 from money she had saved which is currently in a term deposit.

Advise both Jennifer and her employer of the taxation consequences of the above arrangements.

## **Lecture Thirteen** **Tax Administration**

Readings from Woellner , Barkoczy, Murphy and Evans *Australian Taxation Law 2010* CCH (referred to in this unit outline as “W”) for this weeks lecture.

Lodgment and assessment system

W 30-000 to 30-360

Assessment process

W 30-400 to 30-467

Self-assessment system

W 30-470 to 30-570

Amendment of assessments

W 30-600 to 30-690  
Introduction to the tax appeal process  
W 31-300 to 31-310  
Tax Offences and Penalties  
W 33-000 to 33-084

No presentation questions.

# **Written Assignment**

**(Maximum 1000 words)**

**Due Week commencing 23 August 2010**

*This assignment requires students to apply their knowledge of the concepts covered in the first five lectures and is to be handed in during class in the week commencing 23 August 2010. The assignment should be submitted to Turnitin and the Turnitin report attached to the hardcopy submitted for assessment. Students will receive a grade for their assignment and a copy of the issues that the markers were looking for to be addressed in class.*

Pauline has lived and worked in the United Kingdom (UK) for the last 15 years. Although Pauline was born in Australia, whilst living and working in the UK she married and had two children and purchased a residence in London with her husband in which the family resided.

During the year ended 30 June 2009 Pauline and her husband made a decision to relocate the family to Sydney, Australia for a period of three years and depending on how they felt at the end of that period they may decide to remain indefinitely. Pauline had found employment with a recruitment firm in Sydney, her husband had also found employment and schools in Sydney were found for the children. The family arrived in Sydney on 1 May 2009 and moved into a rental home close to the children's schools. Pauline and her husband commenced their new employment positions on 1 June 2009.

The residence in London is made available for rent during the first three years the family is located in Australia and after that time a decision will be made as to whether to sell that residence. The family will rent in Sydney during the first three years and then consider the purchase of an Australian premises depending on their decision whether to remain in Australia indefinitely.

During the year ended 30 June 2009 Pauline received the following payments:

- Salary and wages in relation to her UK employment paid prior to 1 May 2009 A\$122,000
- Her share of rental income from the London residence of A\$2,200 paid in May 2009 and A\$3,000 paid in June 2009
- Interest paid on her UK bank deposits of A\$680 paid on 1 December 2008 and A\$780 paid on 1 June 2009
- Salary and wages in relation to her Australian employment of A\$6,500 paid on 15 June 2009

## **Required**

**Advise Pauline of the Australian income tax implications arising from the family's relocation to Sydney, Australia. In your answer detail the Australian income tax treatment of the payments received by Pauline during the year ended 30 June 2009. Please explain your answer with reference to sections of the Income Tax Assessment Acts and cases where relevant.**

# ACCG857 Tax Law S2 2010

## Student Presentation Feedback and Indicative Marks

This sheet will be used to give you your feedback for your presentations. You should prepare carefully recognising the things we will be looking for in your preparation and presentations.

**Family Name** \_\_\_\_\_ **First Name** \_\_\_\_\_ **Called** \_\_\_\_\_

**Student Number** \_\_\_\_\_

Student Presentation # \_\_\_\_\_

Presentation Day & Time \_\_\_\_\_

Lecturer \_\_\_\_\_

Your indicative mark as a percentage \_\_\_\_\_

Note that your indicative mark will be subject to adjustment (upwards or downwards) as all students' marks are standardised across all groups to lead to an overall average of between 70% and 80%.

You will receive this sheet within a few weeks of the in-class presentation and your lecturer may also keep a copy – but you should keep the original safe.

### THE STANDARD AT WHICH YOU PERFORMED (rating will be circled)

6 = Outstandingly High (High Distinction plus level – a rare mark!)    5 = Distinction level  
4 = Above Average (Credit level)    3 = Average (High Pass level)    2 = below average  
(needed more work to achieve good Pass)    1 = well below average (equates to a fail for poor or no performance)

<b>Quality of <u>presentation MATERIALS</u></b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b><u>COMMUNICATION</u> with audience</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b><u>EXPLANATION</u> to meet class needs</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Extent of thorough <u>UNDERSTANDING</u></b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Identification of <u>TOPIC DIFFICULTIES</u></b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Apparent <u>PREPARATION</u> and Reading</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Prepare to and <u>comply with TIME LIMITS</u></b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>

Other Comment