



Instructions for completing the PAYG withholding variation supplement 2010

1 July 2009 to 30 June 2010

❗ Complete the supplement if you have completed the *PAYG withholding variation application 2010* (NAT 2036 or NAT 5422) and also have business income or non-commercial business or partnership losses. See IMPORTANT NOTES – **Non-commercial losses** on page 1 of the instructions for the *PAYG withholding variation application 2010* (NAT 2036 or NAT 3984) for more information.

❗ Do not complete the supplement if the income or loss you included in item E7 of the *PAYG withholding variation application 2010* is only derived from an investment in a managed investment scheme and you have a product ruling or a private binding ruling for that investment. Income from this source is to be shown at item E8, E10 or E11 and the deductions at item F2.

WHAT YOU NEED TO DO

- Read these instructions and the instructions for the *PAYG withholding variation application 2010*.
- Complete sections G and H of this supplement.
- Sign and date the declaration on page 2 of the supplement.
- Attach the supplement to page 8 of the *PAYG withholding variation application 2010*.
- Send your completed application and supplement to the address shown on the form, by **15 May 2010**.

You can lodge your application on a paper form or electronically over the internet. Applications lodged electronically may be processed faster than paper forms.

➤ MORE INFORMATION

- visit www.ato.gov.au
 - phone **1300 360 221**
 - email ITWvariation@ato.gov.au
 - if you are a tax agent, phone **13 72 86 FKC 1 2 3**.
- Our phone services are available from 8.00am to 6.00pm, Monday to Friday.

PRIVACY

We are authorised by the tax laws to ask for information on this application. We need this information for the purposes of administering those tax laws.

Where authorised by law to do so, we may give some of this information to other government agencies, including Commonwealth, state, territory and local government agencies authorised by law to receive it.

Section G: Business details

Complete this section only if you are a sole trader (that is, your Australian business number (ABN) is linked to your individual TFN). Do not include details for any ABN linked to a partnership, trust or company TFN.

G1 Australian business number (ABN)

You must complete this item if you are in business or you answered **Yes** at item B2 on your *PAYG withholding variation application 2010*. Show your individual ABN at this item.

G2 Name of main business

The business name of the main activity should be consistent from year to year, except in the year a name changes or is no longer the name of the main business.

G3 Description of main business activity

Describe as accurately as possible the business activity from which the business derived the most gross income (for example, beef cattle breeder, clothing manufacturer, electrical contractor, building contractor, electrical goods retailer). Do not use general descriptions such as farmer, manufacturer, wholesaler.

G4 Status of business

Print in the box with the appropriate description for the status of the business. If your income is from more than one business, print at **Multiple business**; if you have ceased business, print at **Ceased business**; or if you have a commercial business, print at **Commercial business**.

Where more than one selection applies, select the first applicable option. If none of the selections apply, leave the boxes blank.

G5 Date business commenced

Write the date the business commenced operation.

G6 Gross business income

(a) Payments covered by a voluntary agreement

Show the gross income derived under a voluntary agreement.

(b) Other business income

Show your other business income, including personal services income derived as a self-employed contractor or consultant that is earned in the course of conducting a personal services business.

Also include total payments received from which your payers withheld amounts because you did not quote your ABN; gross sales of trading stock; goods taken from stock for your own use; gross earnings from services; bad debts recovered; profit on sale of depreciable assets; royalties; insurance recoveries; employee contributions for fringe benefits; the total amount of grants, tax offsets, bounties and subsidies you received in relation to carrying on of a business; and assessable non-government assistance from all sources.

Do not include income already shown at item E1 of the *PAYG withholding variation application 2010*.

(c) Personal services income

Include any such income (other than income already shown at item E1 of your *PAYG withholding variation application 2010*) derived as a self-employed contractor or consultant that is not earned in the course of conducting a personal services business. Any expenses for which a deduction will be disallowed by the alienation measure should not be included in the amounts shown at items G8(a) to G8(q). For more information, visit www.ato.gov.au or phone **13 28 66**.

Section G: Business details – continued

G8 Expenses

Complete items G8(a) to G8(q) as appropriate. See *TaxPack* for more information.

G10 Reconciliation items

(a) Environmental protection expenses

Show the amount of allowable expenditure on environmental protection activities. You can deduct expenditure to the extent that you incur it for the sole or dominant purpose of preventing, fighting or remedying pollution or to treat, clean up, remove or store waste from your earning activity. See subdivision 40-H of the *Income Tax Assessment Act 1997* (ITAA 1997) for more information.

(b) Landcare operations and water facilities

Show the amount of any deductions for eligible expenditure on landcare operations or facilities to conserve or convey water for use in carrying on a business of primary production under subdivisions 40-F and 40-G of the ITAA 1997.

(c) Other reconciliation adjustments

Show any deductions for business related costs (section 40-880 of the ITAA 1997), business deductions for amounts allocated to a project pool (section 40-830 of the ITAA 1997), income reconciliation adjustments and expense reconciliation adjustments.

G11 Net income or loss from business

Add the amount at **Total expenses** (item G9) to the sum of **Reconciliation items** (items G10(a) to G10(c)) and take this amount away from your **Total gross business income** (item G7). If the amount is a loss, print the letter 'L' in the **LOSS** box. You must complete section H to determine your eligibility to:

- (i) recoup deferred non-commercial business losses
- (ii) claim the loss for the 2009–10 income year.

If you do not have deferred non-commercial business losses, your net income from business amount must be transferred to item E7 on your *PAYG withholding variation application 2010* and included in the calculation of your taxable income.

Section H: Non-commercial business losses

You must complete this section if you have partnership or business losses for the 2009–10 income year or if you intend to claim a deferred non-commercial business loss from an earlier income year. If you have both partnership and business losses, complete item H1 for your partnership and items H2 and H3 for your business(es). If you have more than one partnership or more than two businesses attach a separate sheet with the required details.

For more information, see IMPORTANT NOTES – **Non-commercial losses** on page 1 of the instructions for the *PAYG withholding variation application 2010*.


A Description of business activity

Describe the business activity from which you generated the loss.

B Loss code

Indicate the most applicable loss code from the following table:

LOSS CODE	CATEGORY
1	Your loss relates to a business activity with assessable income of at least \$20,000.
2	The particular business activity has resulted in a profit for tax purposes in three out of the last five years.
3	The value of real property assets used in carrying on the business activity is at least \$500,000.
4	The value of other assets (except cars, motor cycles or similar vehicles) used in carrying on the business activity is at least \$100,000.
5	You obtained advice that the Commissioner exercised his discretion allowing your losses to be deducted.
6	You operate a professional arts business and your assessable income for this year (except net capital gains) from other sources not related to that activity is less than \$40,000. A professional arts business is a business you carry on as an author of a literary, dramatic, musical or artistic work; a performing artist; or a production associate.

LOSS CODE	CATEGORY
7	You operate a primary production business and your assessable income for this year (except net capital gains) from other sources not related to that activity is less than \$40,000.
0	None of the above codes apply.  You cannot claim a loss for the 2009–10 income year. See the following for further explanation.

If you have a loss for the 2009–10 income year and you have entered your loss code as '0' you cannot claim that loss or any deferred non-commercial business losses. You do not need to complete **C** and **D** in section H and you must not claim any of these losses at item E6 or item E7 or item F2 on your *PAYG withholding variation application 2010*. If you have a profit for 2009–10, see **D** for how to recoup deferred non-commercial business losses.

C Loss for 2009–10 income year

If you have a loss code at **B** (other than loss code '0') show the amount of loss you intend to claim for 2009–10 at **C**. If you have deferred non-commercial business losses from an earlier year, see **D** below. If not, transfer the amount from **C** to item E6 for a partnership, or item E7 for a business on your *PAYG withholding variation application 2010*.

D Deferred non-commercial business losses

If you were unable to deduct a business loss against other income in the year it arose, this is called a deferred non-commercial business loss. Show the value of deferred non-commercial business losses at **D**. You may be eligible to recoup some or all of your deferred non-commercial business losses for 2009–10 in the following circumstances:

- (i) If you have made a profit from a business activity that is the same as, or similar to, that which gave rise to the deferred loss. If so, and (ii) below does not apply, you can recoup the deferred loss only to the extent of this profit. You must defer any remaining part of this deferred loss to the next year the activity, or an activity of a similar kind, is carried on. The amount to be shown at item E6, for a partnership, or item E7 for a business, on your *PAYG withholding variation application 2010* is only any excess profit remaining after the deferred loss has been recouped.
- (ii) If you have shown a loss code at **B** (other than loss code '0'), add the amount at **D** to the amount at **C** and then transfer this total to item E6 for partnership or item E7 for business on your *PAYG withholding variation application 2010*.



Complete this supplement if you have completed the *PAYG withholding variation application 2010* (NAT 2036 or NAT 5422) and also have business income or non-commercial business or partnership losses.

- Refer to the instructions to help you complete this form.
- Use a black or blue pen and print clearly in **BLOCK LETTERS**.

Your tax file number (TFN)

□□□□ □□□□ □□□□

We are authorised by the *Taxation Administration Act 1953* to collect your TFN. You are not required by law to provide your TFN. However, quoting your TFN reduces the risk of administration errors that could delay the processing of your application.

Your name

Title: Mr Mrs Miss Ms Other

Surname or family name

Given names

Section G: Business details

Only complete this section if you have completed item E7 on your *PAYG withholding variation application 2010* (NAT 2036 or NAT 5422).

! Have you completed section H to determine your eligibility to claim business losses? If not, complete section H before you complete section G.

G1 Australian business number (ABN)

□□ □□□□ □□□□ □□□□ / □□□□

You must complete this item if you are in business or if you answered **Yes** at item B2 on your *PAYG withholding variation application 2010*.

G2 Name of main business This must be the same as the name you completed on your ABN registration form.

G3 Description of main business activity

G4 Status of business

Print in the appropriate box

Multiple business

Ceased business

Commercial business

G5 Date business commenced

Day: □□ / Month: □□ / Year: □□□□

G6 Gross business income

- (a) Payments covered by a voluntary agreement \$ -00
- (b) Other business income (see instructions for what to include) \$ -00
- (c) Personal services income \$ -00

G7 Total gross business income

Add items G6(a) to G6(c). \$ -00

G8 Expenses

- (a) Opening stock \$ -00
- (b) Purchases and other costs \$ -00
- (c) Closing stock \$ -00
- (d) Cost of sales G8(a) plus G8(b) less G8(c) \$ -00
- (e) Contractor, subcontractor and commission expenses \$ -00
- (f) Superannuation expenses \$ -00
- (g) Bad debts \$ -00
- (h) Lease expenses \$ -00
- (i) Rent expenses \$ -00
- (j) Interest expenses within Australia \$ -00
- (k) Interest expenses overseas \$ -00
- (l) Depreciation expenses \$ -00
- (m) Motor vehicle expenses \$ -00

G8 Expenses (continued)

- (n) Repairs and maintenance \$ -00
- (o) Total salary or wages or labour expenses \$ -00
- (p) Payments to associated people \$ -00
- (q) All other expenses (attach specific details) \$ -00

! Do not include any deferred non-commercial business losses from earlier income years. For more information, see the instructions for completing section H.

G9 Total expenses

Add items G8(d) to G8(q). \$ -00

G10 Reconciliation items

- (a) Environmental protection expenses \$ -00
- (b) Landcare operations and water facilities \$ -00
- (c) Other reconciliation adjustments \$ -00

G11 Net income or loss from business

- Add **Total expenses** (item G9) and the sum of **Reconciliation items** G10(a) to G10(c).
- Take this amount away from **Total gross business income** (item G7).

If the amount is a loss, print 'L' in the **LOSS** box. You must complete section H to determine your eligibility to:

- (i) recoup deferred non-commercial business losses
- (ii) claim the loss for the 2009–10 income year.

Transfer any net income from business to item E7 on your *PAYG withholding variation application 2010* to include in your taxable income.

\$ -00 **LOSS**

Section H: Non-commercial business losses

This section must be completed if you have partnership or business losses for the 2009–10 income year, or if you intend to claim a deferred non-commercial business loss from a prior income year. If you have both partnership and business losses, complete item H1 for your partnership and items H2 and H3 for your business(es). If you have more than one partnership or more than two businesses, attach a separate sheet with the required details.

H1 Partnership

Description of business activity
A

LOSS CODE **B**

Loss for 2009–10 income year **C** \$.00

Deferred non-commercial business losses **D** \$.00

E Authorisation number

! The loss code must be in the range 0–7 (see instructions page 2). If you select loss code 5, you must supply your private ruling authorisation number.

H2 Business 1

Description of business activity
A

LOSS CODE **B**

Loss for 2009–10 income year **C** \$.00

Deferred non-commercial business losses **D** \$.00

E Authorisation number

! The loss code must be in the range 0–7 (see instructions page 2). If you select loss code 5, you must supply your private ruling authorisation number.

H3 Business 2

Description of business activity
A

LOSS CODE **B**

Loss for 2009–10 income year **C** \$.00

Deferred non-commercial business losses **D** \$.00

E Authorisation number

! The loss code must be in the range 0–7 (see instructions page 2). If you select loss code 5, you must supply your private ruling authorisation number.

Taxpayer's declaration

! We are authorised by taxation laws to collect the information requested on this form. For further information, see 'Privacy' on page 1 of the instructions.

⊖ Penalties may be imposed for giving false or misleading information. You are responsible for the information provided and you must sign the declaration, even though someone else may have helped you complete your application.

I declare that:

■ all the information I have given on this application, including any attachments, is true and correct.

SIGNATURE (applicant's original signature only)

Date

Day Month Year

/ /

➡ Attach your completed supplement to page 8 of your completed PAYG withholding application 2010 and send to:

Australian Taxation Office
Locked Bag 1515
UPPER MT GRAVATT QLD 4122