Notes on the Individuals Tax Interview Checklist

The interview checklist are a series of questions to assist client'sand tax practitioners complete tax returns efficiently and consistently and help identify relevant tax issues for special consideration.

The Code of Professional Conduct was introduced as part of the *Tax Agents Services Act 2009* and regulates a tax practioner's personal and professional conduct. The Tax Agent Services Act came into force on 1st March 2010.Tax practitioners who do not comply with this legislated Code of Professional Conduct face certain sanctions which can include the termination of registration for serious breaches if they are investigated and found guilty by Tax Practitioner Board. Members of the National Institute of Accountants (NIA) are also subject to additional professional and ethical requirements. Complaints about the tax practitioner can be made directly to the Tax Practitioners Board (www.tpb.gov.au) and to the NIA if the are a member.

The requirement to use an engagement document is emphasised in the Explanatory Memorandum to the Bill that introduced that Tax Agents Services Act 2009. APES 305 Terms of Engagement also requires the use of engagement documentation by members of the National Instittue of Accountants. The use of an engagement documentallows an agent to advise their clients of their rights and obligations under the taxation laws, which is one of the requirements of the Code of Professional Conduct. The NIA therefore, recommends that an engagement letter is utilised for each assignment undertaken for a client. What follows are a few pertinent points that tax practitioners and clients need to be mindful of as part of new Tax Agent Services Regime.

Client's disclosure and record keeping obligations

Clients are required by law to keep full and accurate records relating to their tax affairs.It is the client's obligation to provide the tax practitioner with all information that one would reasonably expect will be necessary to allow the practitioner to perform work contemplated under the engagement within a timely manner or as requested. This includes providing accurate and complete responses to questions asked of client by the practitioner. Inaccurate, incomplete or late information could have a material effect on tax practitioner services and/or conclusions.

Tax practitioners need not verify the underlying accuracy or completeness of information the client provides if it appears reasonable. However, if the tax practitioner believes information is missing, incorrect or missleading, they will need to seek further assurance from the client.

The *Taxation Administration Act 1953* now contains specific provisions that may provide the client with "safe harbours" from administrative penalties for incorrect or late lodgement of returns. These safe harbour provisions will only be available to the client if, amongst other things, the client provides "all relevant taxation information" in a timely manner (the safe harbour provisions apply from 1 March 2010). Accordingly, it is to the client's advantage that all relevant information is disclosed to the Tax agent as any failure by the client to provide this information may affect client's ability to rely on the "safe harbour" provisions and will be taken into account in determining the extent to which tax practitioners have discharged their obligations to clients. It is the client's responsibility to show that they brought all matters to the tax agent's attention if they want to take advantage of the safe harbours created under new regime.

Client's rights and obligations under the taxation laws

Clients have certain rights under the taxation laws, including the right to seek a private ruling from the Australian Taxation Office (ATO) or to appeal or object against a decision made by the Commissioner. Tax practitioners, will provide further information to clients as relevant concerning their rights under the Australian taxation laws during the conduct of the engagement.

Clients have certain obligations under the Australian taxation laws, such as the obligation to keep proper records and the obligation to lodge returns by the due date.Taxpractitioners must keep clients informed of any specific rights and obligations that may arise under the Australian taxation laws.

Tax Practitioners obligation to comply with the law

Tax practitioners have a duty to act in clients best interests. However, the duty to act in clients best interests is subject to an overriding obligation to comply with the law even if that may require the tax practitioner to act in a manner that may be contrary tothe client's directions. For example, the tax practitioner could not lodge an income tax return that they believe to be false in a material respect.

Unless otherwise stated, this opinion is based on the Australian tax law in force and the practice of the Australian Taxation Office (the ATO) applicable as at the date of this letter.

Individuals Tax Interview Checklist
2010 Income Tax Return

- *Where reply is "Yes", supply supporting information*
- *2009/2010 refers to the period from 1 July 2009 to 30 June 2010*
- *Unless otherwise stated, this checklist refers to events occurring in 2009/2010*

CLIENT DETAILS

1. Tax File Number: ______________________ ABN: ______________

2. Name: ______________________ Mr/Mrs/Ms/Miss ______________

3. Residential Address: ______________________

Postal Address: ______________________

Has your postal address changed since lodging a tax return? YES ☐ NO ☐

4. Telephone: (W) ____________ (H) ____________ (M) ____________

Fax: ____________ Email ____________

5. Date of Birth: ____/____/____ * consider under 18 excepted net income (A1)
* consider proposed super and ETP changes if 50 or over

6. Occupation: ______________________

7. Are you a resident for Tax Purposes? YES☐NO ☐ Are you in Australia on a Visa? YES☐NO ☐ VISA Type?

8. Name of spouse/de facto:

9 If the return is for a deceased estate print "DECEASED ESTATE" on top of page 1 and answer no to the question "Will you need to lodge an tax return in the future"

10. If married / de facto in 2009/2010, what date did this occur: ____/____/____

INCOME (PLEASE PROVIDE EVIDENCE WHERE APPLICABLE)

1.	Salary and wages	**YES**	☐	**NO**	☐	NB: have you received all your payment summaries from all your employers?
2.	Allowances, directors' fees, bonuses, cents per kilometre, reimburstments and tips etc. Whether or not shown on your payment summary - individuals non-business. If you received a travel allowance or an overtime meal allowance paid under an industrial law, award or agreement you do not have to include it on your tax return if: - It was not shown on your payment summary - It does not exceed the Commisioner's reasonable allowance amount; and - You spent the whole amount on deductiable expenses.	**YES**	☐	**NO**	☐	NB: receipt of an allowance does not automatically entitle an employee to a deduction.
3.	Employer lump sum payments (unused annual leave and long service leave)	**YES**	☐	**NO**	☐	NB: see label A and B on payment summary which contains the releveant information.
4.	Employment termination payments	**YES**	☐	**NO**	☐	NB: Do you have the ETP payment summary?
5.	Aust Gov't allowances and payments (e.g. newstart, youth allowance, sickness allowance or special benefits, or other education or training allowances).	**YES**	☐	**NO**	☐	NB: provide details of all taxable allowances
6.	Aust. Government pensions and other similar benefits	**YES**	☐	**NO**	☐	NB: see payment summary
7.	Australian Annuities and Superannuation income streams	**YES**	☐	**NO**	☐	NB: see payment summary received from super fund or life insuance company or friendly society.
8.	Australian super lump sum payments	**YES**	☐	**NO**	☐	NB: see payment summary-superannuation lump sum received from super fund.

9.	Attributed Personal Services Income (PSI)	**YES**	☐	**NO**	☐	NB: obtain all payment summaries – personal services attributed income and details of any other personal services attributed to the taxpayer. See TR 2003/6.
10.	Gross Interest	**YES**	☐	**NO**	☐	NB: Gross up any interest where tax has previously been withheld e.g. TFN withholding or foreign tax.
11.	Dividends (Has the taxpayer satisfied the 45 day rule? If not, can the taxpayer satisfy the small shareholder franking rebate entitlement exemption (less than $5,000 worht of imputation credits in a year)?	**YES**	☐	**NO**	☐	NB: include dividend reinvestment dividends. See dividend statements.
12.	Income from partnerships and/or trusts	**YES**	☐	**NO**	☐	NB: provide details of the partnership trust and type of income received. Identify tax credits that can be utilised.
13.	Personal Services Income as a sole trader (See ATO publication Business and professional items (NAT 2543) before completing this section)	**YES**	☐	**NO**	☐	NB: see if taxpayer received income predomintely (80% or more) from the one source and did not have a personal services business determination in place.
14.	Net income or loss from business	**YES**	☐	**NO**	☐	NB: complete a business and professional item schedule.
15.	Deferred Non-commercial Business Losses (From 1 July 2009 taxpayers with adjusted taxable income over $250,000 will only be able to deduct expenses from non- commercial business activities – rescultant losses will be quarantined).	**YES**	☐	**NO**	☐	NB: if yes, see TR 2001/14
16.	Farm Management Deposits/Withdrawals – primary producers. Has the taxpayer made deposits to (deductible) or withdrawals from (assessable) a farm managed deposit?	**YES**	☐	**NO**	☐	.
17.	Capital Gains or losses- Any assets disposed of?	**YES**	☐	**NO**	☐	NB: obtain a description of the asset, the purchase date, the purchase cost, the date and amount of any expenditure incurred by the taxpayer that forms part of the asset's cost base including eligiable incidental costs, the sale date, and the sale proceeds amount. CGT concessions apply?
18.	Income from control of foreign entities	**YES**	☐	**NO**	☐	
19.	Foreign source income (including foreign pensions and rents from foreign assets) As from 1 July 2009 Foreign employment income is now taxable (limited specific exemptions can apply)	**YES**	☐	**NO**	☐	NB: obtain details of country, amount received, exchange rate utilised and any foreign tax withheld.
20.	Rent (Assess whether the taxpayer can claim a deduction for the construction costs of the property, or any structural improvements).	**YES**	☐	**NO**	☐	NB: prepare a rental schedule worksheet.
21.	Bonus from life assurance or friendly society policy	**YES**	☐	**NO**	☐	NB: obtain documentation regarding bonuses received on insurance bonds issued by life insurers and friendly societies. Bonuses are tax free if cashed in after 10 years. If not, the bonuses may be taxable and a rebate can be claimed.
22.	Forestry managed investments	**YES**	☐	**NO**	☐	

23.	Other income Has the taxpayer received any other income, for example: - Discount on Share or rights received under Employee Share scheme - Royalties - Scholarships - Lump sum in arrears - Jury attendance fees	**YES**	☐	**NO**	☐	NB: Share scheme's – From 1 July, 2009 onwards discounts on shares and rights you acquire under ESS will generally be included in your assessable income in the year in which you acquire the shares or rights. However deferral is possible under limited circumstances.
24.	Total reportable Fringe Benefits Amount	**YES**	☐	**NO**	☐	NB:see payment summary
25.	Reportable employer superannuation contributions (Beware – Super Guarrentee (SGC) amount should be excluded from this figure).	**YES**	☐	**NO**	☐	NB: this amount should refer to salary sacrificed superannuation component only

DEDUCTIONS (PLEASE PROVIDE EVIDENCE)

D1.	Work related car expenses	**YES**	☐	**NO**	☐	NB: if yes, choose appropriate method. Ensure substanation requirements have been satisfied.
D2.	Other work related travel expenses					
	Employee domestic travel with reasonable allowance	**YES**	☐	**NO**	☐	NB: if private travel included apportion.
	• If a claim is more than reasonable allowance rates, do you have receipts for the expenses?	**YES**	☐	**NO**	☐	NB: see TD 2005/32
	Overseas travel with reasonable allowance					
	• Do you have a travel diary/itinerary and accommodation receipts?	**YES**	☐	**NO**	☐	
	Employee without reasonable travel allowance (domestic and overseas). If travel is for 6 or more continuous nights, do you have a travel diary or itinerary?	**YES**	☐	**NO**	☐	
	Other work related travel expenses e.g. borrowed car	**YES**	☐	**NO**	☐	
	Please specify:					
D3.	Work related uniform and other clothing expenses					
	Protective clothing	**YES**	☐	**NO**	☐	
	Occupation Specific Clothing	**YES**	☐	**NO**	☐	
	Non-compulsory uniform	**YES**	☐	**NO**	☐	
	Conventional clothing	**YES**	☐	**NO**	☐	
	Laundry (up to $150 without receipts)	**YES**	☐	**NO**	☐	
	Dry cleaning	**YES**	☐	**NO**	☐	
D4.	Work related self-education expenses (formal courses)					NB: see TR 98/9
	Is the total amount claimed in excess of $250 of all educational costs including child care, capital and travel costs?	**YES**	☐	**NO**	☐	
	• Student Union fees	**YES**	☐	**NO**	☐	
	• Course fees (excluding HECS payments)	**YES**	☐	**NO**	☐	
	• Travel	**YES**	☐	**NO**	☐	
	• Text books	**YES**	☐	**NO**	☐	
	• Other	**YES**	☐	**NO**	☐	
	Please specify:					
D5.	Other work related expenses					
	Seminars and courses not at an educational institution but related to your work					
	• Seminar and course fees	**YES**	☐	**NO**	☐	
	• Travel	**YES**	☐	**NO**	☐	
	• Other	**YES**	☐	**NO**	☐	
	Home office expenses	**YES**	☐	**NO**	☐	

	Computer and software	YES	☐	NO	☐	
	Telephone/mobile phone/Internet connection	YES	☐	NO	☐	
	Tools and equipment	YES	☐	NO	☐	
	Subscriptions, union fees or professional body fees	YES	☐	NO	☐	
	Journals/periodicals	YES	☐	NO	☐	
	Expenses in relation to allowances	YES	☐	NO	☐	
	Sun protection	YES	☐	NO	☐	
	Depreciation	YES	☐	NO	☐	
	Any other work deductions Please specify:	YES	☐	NO	☐	
D6.	Low value pool deduction	YES	☐	NO	☐	NB: For depreciating assets valued under $1,000.
D7.	Interest and dividend deductions	YES	☐	NO	☐	NB: listed investment company (LIC) check dividend statements for LIC discount.
D8.	Gifts and donations	YES	☐	NO	☐	NB: make sure paid to a gift deductable recipient (DGR)
D9.	Cost of managing tax affairs (e.g. tax agent fees)	YES	☐	NO	☐	
D10.	Australian Film Industry incentives	YES	☐	NO	☐	
D11.	Deductible amount of UPP of a foreign pension or annuity	YES	☐	NO	☐	
D12.	Non-employer sponsored superannuation contributions (Empolyee can claim a tax deduction for a superannuation under certain eligiablity rules (see 10% rule). Also, self employed taxpayers may be able to claim contributions to a super fund up to age 75 provided no more than 10% of their assessable income is attributable to their employment (see 10% rule). Full name of Fund: Policy Number:	YES	☐	NO	☐	NB: see 10% rule
D13.	Capital expenditure directly connected with a project	YES	☐	NO	☐	
D14.	Forestry Management Investment Scheme Deduction	YES	☐	NO	☐	
D15.	Other deductions (e.g. income protection insurance, Blackhole expenditure etc.) Please specify:	YES	☐	NO	☐	
L1.	Tax losses of earlier income years (provide details exempt income) (Gifts and superannuation deductions can not create a loss).	YES	☐	NO	☐	NB: check if non commercial loss rule apply

TAX OFFSETS (FORMERLY CALLED REBATES)

T1.	Do you have a dependant spouse (without child), child-housekeeper or housekeeper?	YES	☐	NO	☐	NB: A person's ATI is made up of taxable income, reportable employer superannuation contributions, adjusted fringe benefits (reportable fringe benefits amounts multiplied by 0.535), certain government pensions or benefits, target foreign income, net financial investment losses.

Calculate Adjusted taxable income (ATI)

- Taxable income -------------
- Reportable employer superannuation contributions -------------
- Your deductable personal superannuation contributions -------------
- Adjusted fringe benefits amount (total reportable fringe benefits amounts multiplied by 0.535) -------------
- Certain tax free government pensions or benefits -------------
- Target foreign income -------------
- Net financial investment losses -------------

T2.	Are you a Senior Australian?	**YES**	☐	**NO**	☐	
T3.	Are you a Pensioner and did not claim an offset at T2?	**YES**	☐	**NO**	☐	
T4.	Australian Superannuation Income Stream? (A tax offset for non-deductable superannuation contributions is available for certain low income employees. An offset can also be claimed in respect of certain annuity/ pension payments).	**YES**	☐	**NO**	☐	
T5.	Do you have Private Health Insurance? If yes, please provide Health Insurance Insurer Name, Policy Number and type of cover:	**YES**	☐	**NO**	☐	NB: see private health insurance statement. Was it for full or part of year
T6.	Education Tax refund (must be eligible for FTB Part A)	**YES**	☐	**NO**	☐	NB: make sure only eligiable expenses have been included i.e laptops, printers, home internet connection, school text books, stationary etc.
T8.	Superannuation contributions on behalf of spouse	**YES**	☐	**NO**	☐	NB: income test apply to spouse.
T9.	Do you live in a remote zone or served overseas with the Defence Force?	**YES**	☐	**NO**	☐	
T10	Do you have net medical expenses over $1500 for 09/10?	**YES**	☐	**NO**	☐	NB: does not include cosmetic surgery
T11	Did you maintain a parent, parent-in-law or invalid relative?	**YES**	☐	**NO**	☐	NB: calculate ATI
T12.	Landcare and water facility	**YES**	☐	**NO**	☐	
T13	Matured Aged Worker Offset - Net income from working	**YES**	☐	**NO**	☐	
T14	Are you claiming Entrepreneurs Tax offset?	**YES**	☐	**NO**	☐	NB: as from 1 July 2009 subject to income test.
T15	Other Tax offsets(i.e. foreign income tax offset) Please specify:	**YES**	☐	**NO**	☐	NB: Check to see whether taxpayer has foreign tax credits

OTHER

1.	Are you entitled to the Medicare exemption/ reduction?	**YES**	☐	**NO**	☐	NB: low income earner or in an exemption category
2.	Medicare Levy Surcharge – mandatory item • Were you and all your dependents covered for the whole period? • Did you have Hospital cover?	**YES**	☐	**NO**	☐	
3.	Did you stop full-time education for the first time in 09/10 or did you become a tax resident or stop being a tax resident of Australia in the 09/10 years?	**YES**	☐	**NO**	☐	
4.	Did a trust, company or partnership distribute anything to you on which Family Trust Distributions Tax has been paid?	**YES**	☐	**NO**	☐	
5.	Did you receive a distribution from a trust on which the trustee was liable to ultimate beneficiary non-disclosure tax?	**YES**	☐	**NO**	☐	
6.	Has the ATO notified you that you have been selected for an audit or other type of review?	**YES**	☐	**NO**	☐	
7.	Did you pay any tax more than 14 days before the due date of that tax (including HELP/PELS)?	**YES**	☐	**NO**	☐	
8.	Do you have an asset register for CGT purposes?	**YES**	☐	**NO**	☐	
9.	Do you owe any money to any government department (e.g. Child Support, HELP, Family Tax Benefit debts)?	**YES**	☐	**NO**	☐	
10.	Did you receive a loan as a private company shareholder or have such a loan forgiven?	**YES**	☐	**NO**	☐	NB: Divison 7A can apply.
11.	Did you make a loan to or forgive a debt of a private company?	**YES**	☐	**NO**	☐	

12.	Did you enter into a PAYG Voluntary Agreement?	**YES**	☐	**NO**	☐	
13.	Have you prepaid PAYG Instalments?	**YES**	☐	**NO**	☐	
15.	Did you receive any tax free distribution from a unit trust or fixed trust? (reduce cost base or interest in trust units)	**YES**	☐	**NO**	☐	
17.	Did you receive any exempt income?	**YES**	☐	**NO**	☐	
18.	Did you make personal non deductaible contributions to your super fund?	**YES**	☐	**NO**	☐	NB: excess contribution issues
19.	Did a trust you are a beneficiary of make a Family Trust Election?	**YES**	☐	**NO**	☐	
20.	Were you terminated from employment during the year?	**YES**	☐	**NO**	☐	NB: Termination Surcharge
21.	Did you receive any capital returns on any listed company shares?	**YES**	☐	**NO**	☐	
22.	Did you participate in any share buyback scheme?	**YES**	☐	**NO**	☐	
23.	Did you incur any expenses in establishing or ceasing a business?	**YES**	☐	**NO**	☐	NB: Consider whether the Blackhole expenditure rules apply
24.	If you are a subcontractor, did you earn the majority of your income from one head contractor?	**YES**	☐	**NO**	☐	NB: Consider personal service business rules