

## Australian Taxation Summary

### *Timor Sea Treaty - Joint Petroleum Development Area Instructions 2013-14*

The following instructions provide **Australian Tax Residents** with a guide of how to correctly include JPDA income in their 2014 Australian income tax return.

If you are not a resident of Australia for tax purposes, or require further assistance when using these instructions, please contact either Matt Masters (08 9263 7276) or Andy Larmour (08 9263 7730) of KPMG Perth.

**IMPORTANT:** because you earned foreign salary during the year, you will not be able to use the ATO software 'MyTax' to prepare your income tax return for the year ended 30 June 2014.

#### 1) Australian Tax withheld

You need to disclose the amount of Australian tax withheld as shown in your ConocoPhillips payment summary at Item 1 of your tax return. If you have more than one payment summary, include the amounts from each payment summary on a separate line.

Australian tax withheld ( <b>Enter at item 1 on tax return</b> )	
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#### 2) Salary to be disclosed

Worksheet 1 will assist you to determine the amounts to be disclosed at Item 1 and Item 20 of your 2014 Australian tax return:

- Item (a) - your salary information in relation to the services you have performed for ConocoPhillips in the JPDA during the period ended 30 June 2014;
- Item (b) - if you have work-related expenses relating directly to services performed in the JPDA, you will need to include these here.

If you have more than one payment summary with JPDA income, you will need to complete a worksheet for each summary. You also should claim your JPDA work-related expenses against the payment summary with the highest JPDA income.

#### Worksheet 1: Net assessable JPDA income subject to tax in Australia and Timor-Leste

		Example Only	You
Total <b>gross</b> JPDA income included on your ConocoPhillips foreign employment payment summary <i>Disclose at item 1 on your tax return</i>	(a)	\$96,000	
Total work-related expenses directly related to your JPDA income <i>Disclose this amount at the appropriate items in D1 to D5 on your tax return</i>	(b)	\$500	
Take (b) away from (a). This amount is your net assessable JPDA income <i>Include this amount at item 20 Label U on your tax return</i>	(c)	<b>\$95,500</b>	

If you are using *eTax*, please ensure you include your payment summary information in the table provided for a *PAYG payment summary – foreign employment*. This is the **second** table given within the foreign employment income section (item 20) of *eTax*.

In our table, the amounts shown at (a) and (b) are included separately. *eTax* will automatically calculate your net assessable JPDA income.

**IMPORTANT: If you are using e-tax, include the tax paid to Timor-Leste (from above) at Item 20, in the foreign tax paid column. E-tax will work out the amount of your Foreign Income Tax Offset for you and you do not need to complete Worksheet 2.**

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**If you are not using e-tax**, and have incurred additional deductions or losses during the year, you will need to complete Worksheet 2 to determine the Foreign Income Tax Offset available.

### 3) Foreign Income Tax Offset (FITO) calculation

A FITO is available where taxes have been paid in a foreign country. For Australian residents, your FITO allowed is the **lesser** of:

- Australian tax payable on your net assessable JPDA income, and
- Timor-Leste tax paid.

In most cases, the FITO available will equal the amount of Timor-Leste tax withheld and paid by ConocoPhillips during the tax year as reported on your JPDA Payment Summary;

Timor-Leste tax withheld	
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**IMPORTANT: If you are using e-tax**, include the tax paid to Timor-Leste (from above) at Item 20, in the foreign tax paid column. E-tax will work out the amount of your Foreign Income Tax Offset for you and **you do not need to complete Worksheet 2**.

Where you have deductions, losses, or salary sacrifice amounts relating to your JPDA income which reduce your Australian taxable income, your FITO reported by ConocoPhillips may need to be adjusted accordingly. If this occurs, use the following worksheet to determine your eligible FITO.

#### Worksheet 2: Foreign Income Tax Offset calculation

		Example Only	You
Your taxable income as shown on your tax return after work-related expenses and other deductions	(a)	\$169,300	\$
Tax on your taxable income using the rates and calculators on the ATOs website or eTax	(b)	\$53,127	\$
Your net assessable JPDA income (this is the amount shown at (c) in <b>worksheet 1</b> ).	(c)	\$95,500	\$
Take (c) away from (a)	(d)	\$73,800	\$
Tax* payable on (d)	(e)	\$16,639	\$
Take (e) away from (b)	(f)	\$36,488	\$
Tax paid to Timor-Leste on your JPDA income, as advised by ConocoPhillips	(g)	\$17,280	

\* This includes any Medicare levy and Medicare levy surcharge payable

Your foreign income tax offset is:

- if the amount at (g) does not exceed \$1,000, the amount at (g)
- if the amount at (f) is greater than or equal to the amount at (g), the amount at (g)
- if the amount at (f) is less than the amount at (g), the amount at (f).

*In this example, as (f) is greater than (g) the FITO is \$17,280*

**Include your foreign income tax offset determined at Item 20, Label O on your tax return (supplementary section)**

**Australian Taxation Summary***Timor Sea Treaty - Joint Petroleum Development Area Instructions 2013-14***4) Complete the Schedule of Additional Information – Item 20 JPDA**

**If you are using the paper Individual Tax Return Instructions**, you will need to complete the “Schedule of additional information – Item 20 JPDA” provided on the following page and lodge this schedule with your tax return.

**If you are lodging electronically or via your tax agent**, an “Other Attachments” schedule will need to be created.

**If you are using e-tax**, use the Notepad function by selecting Tools in the **Menu bar** and then choosing 'Additional information'. **NOTE:** The 'Additional Information' option can only be enabled on the **Spouse details** screen (click on **Spouse details** in the **Other Items** dropdown in the e-tax **Navigator**). A blank notepad will be displayed.

To complete the schedule:

- Enter the heading “SCHEDULE OF ADDITIONAL INFORMATION - ITEM 20 - JOINT PETROLEUM DEVELOPMENT AREA”
- Include the appropriate sentence from the below;

<b>A</b>	I was a resident of Australia for the whole year
<b>B</b>	I was a resident of Timor-Leste for the whole year
<b>C</b>	I was a resident of a country other than Australia or Timor-Leste for the whole year
<b>D</b>	I changed my residence during the income year (provide details of the dates that cover each period)

For example, if you were a resident of Australia for the whole year you complete the schedule as follows:

“SCHEDULE OF ADDITIONAL INFORMATION - ITEM 20 - JOINT PETROLEUM AREA I was a resident of Australia for the whole year.”
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<b>Schedule of additional information: Item 20 Joint Petroleum Development Area</b>									
I declare that I worked in the Joint Petroleum Development Area.									
Name _____									
Tax file number _____									
Print <b>X</b> in the appropriate box.									
<b>A</b>	I was a resident of Australia for the whole year								
<b>B</b>	I was a resident of Timor-Leste for the whole year								
<b>C</b>	I was a resident of a country other than Australia or Timor-Leste for the whole year								
<b>D</b>	I changed my residence during the income year (provide details of the dates that cover each period)								
<b>Dates</b>	<b>Day</b>	<b>Month</b>	<b>Year</b>	to	<b>Day</b>	<b>Month</b>	<b>Year</b>	<b>Country</b>	
<b>Dates</b>	<b>Day</b>	<b>Month</b>	<b>Year</b>	to	<b>Day</b>	<b>Month</b>	<b>Year</b>	<b>Country</b>	
<b>Dates</b>	<b>Day</b>	<b>Month</b>	<b>Year</b>	to	<b>Day</b>	<b>Month</b>	<b>Year</b>	<b>Country</b>	
Sign here									