



EXPLANATORY NOTES FOR THE LIFE INSURANCE COMPANIES TAXATION SCHEDULE 2004

Introduction

These notes are designed to help in the preparation of the *Life insurance companies taxation schedule 2004*. They are NOT a guide to the income tax law.

Statement of income—segregated exempt assets (SEA)

Net investment income—SEA

If a life company reconciles accounting income to taxable income, it must include at label **A** the total accounting net investment income for SEA. If a life company uses a taxation basis to determine income derived from SEA, please supply the following details of ordinary and statutory income derived from the SEA: all investment income from SEA **less** losses made from the disposal of SEA assets. Investment income includes gains made on the disposal of investments, interest income, dividend income, trust distributions, partnership distributions, net rental income and all other investment income.

Show whether the company used an accounting basis or a taxation basis to determine net investment income derived from SEA by printing **X** in the relevant code box at the right of the amount shown at label **A**.

Premiums—exempt life insurance policies

Show at label **B** the total amount of gross premiums received from exempt life insurance policies.

Statement of taxable income—assessable income

Premiums from accident and disability and term policies

Show at label **C** the total amount of gross premiums received from accident and disability and term policies. Term policies include assets (including money) having a total transfer value equal to 'risk riders' that are transferred from the virtual pooled superannuation trust (VPST) under section 320-195 of the *Income Tax Assessment Act 1997* (ITAA 1997). Disability policies include continuous disability policies.

Premiums—other life insurance policies

Show at label **D** for the ordinary class, the total amount of gross premiums received from all life insurance policies for the ordinary class except for:

- exempt life insurance policies
- term policies (including riders)
- accident and disability policies.

Show at label **E** for the VPST the total amount of gross premiums received from VPST life insurance policies.

Total ordinary income—ordinary class

Please see appendix 1. The income of the ordinary class includes transfers from the VPST as stated in **Transfers from VPST** on the next page, and must be shown at label **F**.

Total assessable income—complying superannuation class

The total assessable income of the complying superannuation class is the total of the following amounts:

- the sum of the amounts of the assessable income of the VPST under subsection 320-205(3) of ITAA 1997
- the amount included in the assessable income of the specified roll-over component of the complying superannuation class under paragraph 320-15(j) and section 320-215 of ITAA 1997, and
- if the life company is a retirement savings account (RSA) provider, the taxable contributions made to RSAs provided by the company, under paragraph 320-15(l) and subsection 320-155(1) of ITAA 1997.

The total assessable income of the complying superannuation class includes transfers to the VPST as stated in **Transfers to VPST** on the next page, and must be shown at label **G**.

Statement of taxable income—allowable deductions/reductions

Virtual pooled superannuation trust (VPST) tax losses claimed

Show at label **H** the amount of carry-forward VPST tax losses claimed as a reduction under subsection 320-205(2) of ITAA 1997.

Other tax losses

Show at label **I** the amount of other tax losses (other than VPST losses) claimed as a deduction by the life company under Subdivision 36A of ITAA 1997.

Total allowable deductions—ordinary class

The total allowable deductions of the ordinary class of the company is the total allowable deductions of the company less the total allowable deductions/reductions of the complying superannuation class. The total allowable deductions of the ordinary class includes transfers to the VPST as stated in **Transfers to VPST** on the next page, and must be shown at label **J**.

Total allowable deductions/reductions—complying superannuation class

The total allowable deductions/reductions of the complying superannuation class is the total of the following amounts:

- the sum of the amounts of the reductions of the VPST referred to in subsection 320-205(4) of ITAA 1997, and
- the total of all amounts debited from RSAs other than benefits paid to, or in respect of, the holders of the RSAs, under subsection 320-155(1) of ITAA 1997.

Show at label **K** the total allowable deductions/reductions for the complying superannuation class.

Note that where the sum of the amounts of the reductions of the VPST referred to in subsection 320-205(4) of ITAA 1997 exceeds the sum of the amounts of the assessable income of the VPST under subsection 320-205(3) of ITAA 1997, the sum of the amounts of the reductions of the VPST is the same amount as the sum of the amounts of the assessable income of the VPST.

Transfers

Transfers to VPST

Show at label **N** the transfer value of assets (including money) transferred by the company to the VPST under subsections 320-180(2) and 320-185(1) ITAA 1997.

Transfers from VPST

Show at label **O** the following amounts:

- the transfer value of assets (including money) transferred by the company from the VPST under subsections 320-180(1) of ITAA 1997, and
- assets transferred (including money) under subsection 320-195(3) of ITAA 1997 having a total transfer value equal to the following:
 - all fees from investment-linked policies
 - policy fees and administration fees from other than investment-linked policies, and
 - premium-based fees from other than investment-linked policies.

Do not include assets (including money) having a total transfer value equal to 'risk riders' that are transferred from the VPST under section 320-195 of ITAA 1997.

Transfers to SEA

Show at label **P** the transfer value of assets (including money) transferred to the company's segregated exempt assets under subsections 320-235(2) and 320-240(1) of ITAA 1997.

Transfers from SEA

Show at label **Q** the following amounts:

- the transfer value of assets (including money) transferred from the company's segregated exempt assets under subsection 320-235(1) of ITAA 1997, and
- assets (including money) transferred under subsection 320-250(2) of ITAA 1997 having a total transfer value equal to the following:
 - all fees from investment-linked policies—that is, allocated pensions and annuities
 - policy fees and administration fees from other than investment-linked policies, and
 - premium-based fees from other than investment-linked policies.

Help in completing this schedule

If you need help in completing this schedule, please phone Daryl Montiford of the Box Hill office of the Tax Office on (03) 9275 2579.

Appendix 1: Further information required for label F

Stand-alone life company

For a life company with an income year ended 30 June 2004 that is a 'stand-alone life company', the amount included at label **F** is the total assessable income of the life company **less** the assessable income of the complying superannuation class **less** the remaining statutory income that is included in the assessable income of the life company for the income year.

For a life company with an income year ended 31 December 2003 that is an early balancer and is a 'stand-alone life company', the amount included at label **F** is the total assessable income of the life insurance company **less** the assessable income of the complying superannuation class for the income year.

For a life company with an income year ended 30 September 2004 that is a late balancer and is a 'stand-alone life company', the amount included at label **F** is the total assessable income of the life company **less** the assessable income of the complying superannuation class **less** the remaining statutory income that is included in the assessable income of the life company for the income year.

For a life company with an income year ended 31 December 2004 that is a late balancer and is a 'stand-alone life company', the amount included at label **F** is the total assessable income of the life company **less** the assessable income of the complying superannuation class **less** the remaining statutory income that is included in the assessable income of the life company for the income year.

NOTE

The information outlined above assumes that companies affected by the changes to the definition of instalment income for life insurance companies do not want the change to take effect from the first instalment quarter of their first income year starting on or after 1 July 2004.



Life insurance companies taxation schedule 2004

When lodging this life insurance companies taxation schedule also provide a copy of the financial statement or annual report provided to the Australian Prudential Regulatory Authority (APRA) for the 2003–04 income year.

Tax file number (TFN)

Australian business number

Name of entity

Signature as prescribed in tax return

Daytime telephone contact

Area code

Number

Contact person

Statement of income—segregated exempt assets (SEA)

Income—SEA

		Taxation basis	Accounting basis
Net investment income—SEA	A <input type="text"/> .00	<input type="checkbox"/>	<input type="checkbox"/>
Premiums—exempt life insurance policies	B <input type="text"/> .00		

Statement of taxable income—assessable income

	Ordinary class	Complying superannuation class
Premiums from accident and disability and term policies	C <input type="text"/> .00	
Premiums—other life insurance policies	D <input type="text"/> .00	E <input type="text"/> .00
Total ordinary income—ordinary class	F <input type="text"/> .00	
Total assessable income—complying superannuation class		G <input type="text"/> .00

Statement of taxable income—allowable deductions/reductions

Virtual pooled superannuation trust (VPST) tax losses claimed	H <input type="text"/> .00
Other tax losses	I <input type="text"/> .00
Total allowable deductions—ordinary class	J <input type="text"/> .00
Total allowable deductions/reductions—complying superannuation class	K <input type="text"/> .00
Taxable income—ordinary class (label F less label J)	L <input type="text"/> .00
Taxable income—complying superannuation class (label G less label K)	M <input type="text"/> .00

Transfers

Transfers to VPST	N <input type="text"/> .00
Transfers from VPST	O <input type="text"/> .00
Transfers to SEA	P <input type="text"/> .00
Transfers from SEA	Q <input type="text"/> .00

F