



Australian Government

Australian Taxation Office

Timor Sea Treaty

Joint Petroleum Development Area instruction sheet

2003–04

WHO SHOULD USE THESE INSTRUCTIONS?

Use these instructions if you have earned income for performing work or services in the Joint Petroleum Development Area (JPDA) as defined in the Timor Sea Treaty.

To receive your correct tax entitlement, either complete these instructions yourself or give them to your registered tax agent.

HOW TO GET PUBLICATIONS

To get any publications referred to in these instructions, visit the Tax Office website at www.ato.gov.au or phone the Personal Tax Infoline on **13 28 61**.

LODGING YOUR TAX RETURN ONLINE

For a fast, secure and easy way to prepare and lodge your tax return online, use e-tax – available free from the Tax Office at www.ato.gov.au



For more information
visit www.ato.gov.au

HOW TO USE THESE INSTRUCTIONS

Consider all three points below, then go to the sections that are relevant to you. If more than one point applies to you, you may need to apportion your JPDA income and complete more than one part of these instructions.

■ **If you were a resident of Australia while working in the JPDA:**

complete the schedule of additional information below, then go to Part 1.

■ **If you were a resident of East Timor while working in the JPDA:**

complete the schedule of additional information below, then go to Part 2.

■ **If you were a resident of any other country while working in the JPDA:**

go to Part 3.

JOINT PETROLEUM DEVELOPMENT AREA

Schedule of additional information

Complete this schedule and attach it to page 3 of your tax return. Print **X** in the **Yes** box at *Taxpayer's declaration* question 2a on page 8 of your tax return.

I declare that I worked in the Joint Petroleum Development Area.

Name

Tax file number

Please tick the appropriate box.

I am a resident of Australia

a resident of East Timor

Sign here

NOTE

If you use e-tax to complete your tax return, phone the e-tax help desk to find out how to complete the schedule of additional information. Phone **13 28 61** in Australia or **+61 13 28 61** from outside Australia.

PART 1

Use this part if you are a resident of Australia.

What you need

- All your payment summaries.
- Details of your JPDA income and any foreign tax paid – from your employer, your pay slips or foreign tax assessments.
- The publications *How to claim a foreign tax credit* (NAT 2338), *TaxPack 2004* (NAT 0976) and *TaxPack 2004 supplement* (NAT 2677). See **How to get publications** on the front cover to find out how to get copies.

You need to know

All your income earned for work or services performed in the JPDA is taxed in Australia, with 90% of this income also subject to tax in East Timor. You can claim a foreign tax credit for the tax you have paid in East Timor on your Australian tax return.

What you need to do

1. Complete steps 1 to 3 in question 1 in *TaxPack 2004*.

Important

Include 10% of your JPDA income at item **1** on your tax return and 90% of your JPDA income at item **19** on your tax return (supplementary section). Use worksheet 1 to calculate JPDA income amounts to be shown at item **1** and item **19**.

WORKSHEET 1

Total gross income shown on your payment summary	(a)	\$ <input type="text"/>
Total gross JPDA income included on your payment summary	(b)	\$ <input type="text"/>
Subtract (b) from (a)	(c)	\$ <input type="text"/>
Divide (b) by 10	(d)	\$ <input type="text"/>
Add (c) and (d)	(e)	\$ <input type="text"/>
The amount at (e) is the amount you need at step 4 of question 1 for this payment summary.		
Subtract (d) from (b)	(f)	\$ <input type="text"/>
Include the amount at (f) at E and M item 19 on your tax return (supplementary section).		

2. If you have any payment summaries that do not include JPDA income, complete step 4 of question 1 in *TaxPack 2004*; otherwise go to **Check that you have ...** at the end of question 1.
3. Use the publication *How to claim a foreign tax credit* to calculate your foreign tax credit. Include each amount at (f) from worksheet 1 when calculating your foreign net income for foreign tax credit purposes.
To calculate your net foreign income only, deduct 90% of expenses directly related to your JPDA income. Write your foreign tax credit at **○** item 19 on your tax return (supplementary section).

NOTE

You will not be able to calculate your foreign tax credit if you have included exempt foreign employment income or net capital gains in your tax return – the Tax Office will calculate this credit for you. Include details of your JPDA income, other foreign income and foreign tax paid on a separate schedule and attach it to page 3 of your tax return.

4. Remember to complete the schedule of additional information on page 2 of these instructions and attach it to page 3 of your tax return.

PART 2

Use this part if you are a resident of East Timor.

What you need

- All your payment summaries.
- Details of your JPDA income – from your employer or your pay slips.
- *TaxPack 2004* (NAT 0976) – this contains tax returns and instructions to help you meet your Australian taxation requirements. See **How to get publications** on the front cover to find out how to get a copy.

You need to know

10% of your income earned for work or services performed in the JPDA is taxed in Australia.

What you need to do

1. Complete steps 1 to 3 in question 1 in *TaxPack 2004*.

Important

You only need to include 10% of your JPDA income at item 1 on your tax return. Use worksheet 2 for each payment summary that includes JPDA income to calculate the amount to be shown at item 1 on your tax return.

WORKSHEET 2

Total gross income shown on your payment summary	(a)	\$	
Total gross JPDA income included in your payment summary	(b)	\$	
Subtract (b) from (a)	(c)	\$	
Divide (b) by 10	(d)	\$	
Add (c) and (d)	(e)	\$	
The amount at (e) is the amount you need at step 4 of question 1 for this payment summary.			

2. If you have any payment summaries that do not include JPDA income, complete step 4 of question 1 in *TaxPack 2004*; otherwise go to **Check that you have ...** at the end of question 1.
3. Complete the schedule of additional information on page 2 of these instructions and attach it to page 3 of your tax return.

PART 3

Use this part if you are a resident of a country other than Australia or East Timor.

What you need

- All your payment summaries.
- Details of your JPDA income – from your employer or your pay slips.
- *TaxPack 2004* (NAT 0976) and *TaxPack 2004 supplement* (NAT 2677) – these publications contain tax returns and instructions to help you meet your Australian taxation requirements. See **How to get publications** on the front cover to find out how to get a copy.

You need to know

All your income earned in the JPDA is taxed in Australia. You can also claim an offset of 90% of Australian tax payable on income earned in the JPDA, which will reduce the amount of tax you have to pay in Australia.

What you need to do

1. Show all Australian income and deductions as instructed by *TaxPack*.
2. Use one of the following worksheets to calculate your tax offset. Use worksheet 3 if the only Australian income you have is JPDA income; otherwise use worksheet 4.

WORKSHEET 3

Total taxable income as shown on your tax return	(a)	\$
Calculate your tax on taxable income using the instructions in <i>TaxPack 2004</i>	(b)	\$
Multiply (b) by 90	(c)	\$
Divide (c) by 100	(d)	\$

The amount at (d) is your JPDA offset. Add this amount to any other offsets you can claim at question **T12 Other tax offsets** in *TaxPack 2004 supplement*.

WORKSHEET 4

Total taxable income as shown on your tax return	(a)	\$
Calculate your tax on taxable income using the instructions in <i>TaxPack 2004</i>	(b)	\$
Divide (b) by (a)	(c)	\$
Net JPDA income (after any allowable deductions relating to JPDA income)	(d)	\$
Multiply (c) by (d)	(e)	\$
Multiply (e) by 90	(f)	\$
Divide (f) by 100	(g)	\$

The amount at (g) is your JPDA offset. Add this amount to any other offsets you can claim at question **T12 Other tax offsets** in *TaxPack 2004 supplement*.

EXAMPLE

Gavin was a resident of Malaysia for the whole year. His taxable income was \$80,000, of which \$70,000 was JPDA income. Gavin uses worksheet 4 to calculate his JPDA offset.

Total taxable income as shown on his tax return	(a)	\$80,000
Tax on taxable income using the instructions in <i>TaxPack 2004</i>	(b)	\$24,979
Divide (b) by (a)	(c)	0.312
Gross JPDA income	(d)	\$70,000
Multiply (c) by (d)	(e)	\$21,840
Multiply (e) by 90	(f)	\$1,965,600
Divide (f) by 100	(g)	\$19,656

Gavin's JPDA tax offset is \$19,656. He includes this amount at item **T12** on his *2004 tax return for individuals* (supplementary section) and prints **H** in the claim type box at the right of **C** item **T12**.