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About tax offsets

Find out how tax offsets can reduce the tax you pay.

Last updated 25 June 2024

A tax offset (also sometimes known as a tax rebate) reduces the tax you pay on your taxable income (known as your tax payable).

The amount of tax offset you receive depends on:

- your taxable income
- the amount of tax you need to pay.

If you don't have any tax to pay, you don't receive any offset. Most offsets aren't refundable, which means they can't reduce your tax below zero. However, some (such as the private health insurance rebate) are refundable.

We work out some tax offsets automatically when you lodge your tax return. You need to claim others in the **Offsets** section of your tax return.

You can check your entitlement and amounts using our online calculators.

QC 72195

Seniors and pensioners tax offset

Check if you are eligible for the seniors and pensioners tax offset (SAPTO) and if you can transfer unused offsets.

Last updated 25 June 2024

Eligibility for seniors and pensioners tax offset

To be eligible for the seniors and pensioners tax offset (SAPTO) you must:

- be eligible for an Australian Government pension or allowance
- meet income limits for you and your spouse.

The offset can reduce the amount of income tax you pay. We will apply the non-refundable offset when we assess your tax return. You may be able to transfer an unused amount to your spouse if you're both eligible for SAPTO.

You can't claim this tax offset if you were in jail for the whole income year.

You can use the calculator to check your eligibility and calculate the offset amounts.

Beneficiary tax offset and seniors and pensioners tax offset calculator

Eligibility for an Australian Government pension or allowance

You meet this condition if any of the following applied to you in the income year of your claim:

- You received an Australian Government pension or allowance from Centrelink. Only these listed pensions and allowances satisfy this condition.
- You received a pension, allowance or benefit from the Department of Veterans' Affairs (DVA).
- You were age-pension age and eligible for an Australian Government age pension during the income year, but you didn't receive it because you didn't make a claim or because of the income test or assets test. You must also meet one of the following conditions:
  - You had been an Australian resident for age-pension purposes for 10 years or more. At least 5 years were continuous.

- You had a qualifying residence exemption. This is because you arrived in Australia either
  - as a refugee
  - under a special humanitarian program.
- You are a woman who was widowed in Australia, and also
  - you and your late partner were Australian residents when your late partner died
  - you are currently in Australia
  - you have been an Australian resident for at least the last 2 years.
- You received a widow B pension, widow allowance, or partner allowance just before turning age-pension age.
- You would have qualified for an age pension under an international social security agreement.
- You're a woman and on 19 March 2020 you were receiving either
  - a wife pension and you were not receiving a carer allowance
  - a special needs widow B pension.

- You met the veteran pension age test and were eligible for a pension, allowance or benefit from Veterans' Affairs during the income year, but you didn't receive it because you didn't make a claim or because of the income test or assets test. You were also either:
  - a veteran with eligible war service
  - a Commonwealth veteran, allied veteran or allied mariner with qualifying service.

Centrelink age pension age test

To be eligible for an Australian Government age pension from Centrelink, you must be 66 years and 6 months or older on 30 June 2021. This is 67 years or older from 1 July 2023.

Veteran pension age test

To qualify for an age service pension from the Department of Veterans' Affairs, you must meet the veteran pension age test and on 30 June 2021 be at least 60 years old.

You meet the test if you were eligible for a pension, allowance or benefit under the *Veterans' Entitlements Act 1986*, and one of the following also applies to you:

- You have eligible war service, either
  - service in World War II
  - operational service as a member of the Australian Defence Force.
- You're a Commonwealth or allied veteran who served in a conflict in which the Australian Defence Force was engaged during a period of hostilities, that is, either
  - World War II
  - Korea
  - Malaya
  - Indonesia
  - Vietnam.
- You're an Australian or allied mariner who served during World War II.
- You're the war widow or widower of a former member of the Australian Defence Force.

Income limits

You meet this condition if any of the following applied to you in the income year of your claim:

- You didn't have a spouse and your rebate income was less than $50,119.
- You had a spouse and the combined rebate income for you and your spouse was less than $83,580.
- At any time during the year
  - you and your spouse had to live apart due to illness or because one of you was in a nursing home, and

- the combined rebate income of you and your spouse was less than $95,198 (less than $47,599 for each partner).

The **combined rebate income** is the total of all the following:

- your rebate income
- your spouse’s rebate income
- the amount a trustee of a trust was liable to pay tax for your spouse who was under a legal disability. For example, they were an undischarged bankrupt or a person declared legally incapable because of a mental condition.

The criteria **Had to live apart due to illness** refers to situations where you and your spouse don't live together. This is because one or both of you have an indefinitely continuing illness or infirmity. As a result, your combined living expenses are increased.

Rates and thresholds for seniors and pensioners tax offset

To be entitled to the offset, your rebate income must be less than the relevant cut-out threshold in the table below. You receive the maximum offset if your rebate income is less than the shading-out threshold.

Rates and rebate income thresholds for SAPTO

Status	Maximum tax offset amount	Shading-out threshold	Cut-out threshold
Single	$2,230	$32,279	$50,119
Each partner of a couple	$1,602	$28,974	$41,790
Each partner of an illness separated couple	$2,040	$31,279	$47,599

If more than one item in the table above applies to you during the income year, we base your offset on the amount giving you the greatest entitlement.

Examples of SAPTO income thresholds

The following examples show when someone will receive a senior and pensioner tax offset.

Example: couple living together and rebate income below the threshold

Clare and Roy are married and live together. Both Clare and Roy receive an age pension from Centrelink. Clare's rebate income is $23,020 and Roy's is $25,677.

Clare and Roy are entitled to SAPTO. This is because half (50%) of their combined rebate incomes of $48,697 (50% × $48,697 = $24,348.50) is less than the cut-off threshold of $41,790.

Clare and Roy each receive the maximum SAPTO amount of $1,602. This is because their rebate incomes are each below the shading-out threshold of $28,974.

Example: couple living together and combined rebate income above the threshold

Deb and Ivan are married and live together. Both Deb and Ivan receive an age pension from Centrelink. Deb's rebate income is $64,020 and Ivan's is $25,677.

Deb and Ivan are not entitled to SAPTO. This is because half (50%) of their combined rebate incomes of $89,697 (50% × $89,697 = $44,848.50) is above the cut-off threshold of $41,790.

Example: couple living together and combined rebate income below the threshold

Ying and Li Jun are married and live together. They both receive an age pension from Centrelink. Ying's rebate income is $54,020 and Li Jun's is $25,677.

Ying and Li Jun are entitled to SAPTO. This is because half (50%) of their combined rebate incomes of $79,697 (50% × $79,697 = $39,848.50) is less than the cut-off threshold of $41,790.

Ying does not receive SAPTO. This is because her income of $54,020 is greater than the cut-off threshold of $41,790.

However, Li Jun receives the maximum SAPTO amount of $1,602. This is because his rebate income is below the shading-out threshold of $28,974.

Example: single with rebate income exceeding the cut-out threshold

Marko is single and is 67 years old. He qualifies for the Centrelink age pension but does not make a claim for it. His rebate income is $85,690.

Although Marko qualifies for the age pension (but didn't make a claim for it), he is not eligible for SAPTO. This is because his rebate income is more than the cut-out threshold of $50,119.

Example: single with rebate income below the threshold

Simon is single and receives a parenting payment (single) from Centrelink. He has a rebate income of $32,178.

Simon is eligible for SAPTO because:

- he receives an Australian Government pension or allowance
- his income is less than the cut-out threshold of $50,119.

Simon is entitled to the maximum SAPTO amount of $2,230. This is because his rebate income is less than the shading-out threshold of $32,279.

Tax offset reduction

The tax offset reduces by $0.125 for every dollar your rebate income exceeds the relevant shading-out threshold amount. We round up the amount to the nearest whole dollar.

Example: single with rebate income above the threshold

José is single and receives an age pension from Centrelink. He has a rebate income of $39,000.

José is eligible for SAPTO. His rebate income is less than the cut-out threshold of $50,119. He also receives an Australian Government pension.

As José's rebate income exceeds the shading-out threshold of $32,279, his tax offset is reduced as follows:

$39,000 – $32,279 = $6,721

$6,721 × 0.125 = $840.125

$2,230 – $840.125 = $1,389.875

José is entitled to a SAPTO amount of $1,390.

Example: couple with spouse not eligible and rebate income above the threshold

Keith and Jean are a married couple living together. Keith receives an age pension from Centrelink. Jean has not reached age-pension age, so does not qualify for it.

Keith's rebate income is $33,650 and Jean's is nil. Their combined rebate income is $33,650.

In determining whether they satisfy the cut-out threshold, each is taken to have a rebate income of:

0.5 × $33,650 = $16,825.

Jean is not eligible for the offset. She has not reached age-pension age and is not eligible for an age pension.

Keith is eligible for the offset. His determined amount of rebate income ($16,825) is less than the cut-out threshold of $41,790, and he receives the age pension. However, his actual rebate income is used in calculating the tax offset amount.

Keith's actual rebate income of $33,650 is more than the shade-out threshold of $28,974. We reduce his tax offset as follows:

$33,650 – $28,974 = $4,676

$4,676 × 0.125 = $584.50

$1,602 – $584.50 = $1,017.50.

Keith is entitled to a SAPTO amount of $1,018.

In some circumstances, a person may be eligible for a senior and pensioner tax offset, but their income amount means the tax offset is reduced to zero.

Example: couple with spouse eligible for SAPTO and rebate income above the threshold

Vanh and his spouse, Mai, live together. They both receive the age pension from Centrelink.

Vanh has a rebate income of $32,590 and Mai's rebate income is $26,780. Their combined rebate income is $59,370. To determine if they satisfy the cut-out threshold, each is taken to have a rebate income of:

0.5 × $59,370 = $29,685.

Both Vanh and Mai are eligible for the offset because:

- they both receive the age pension, and

- their determined amount of rebate income of $29,685 is less than the cut-out threshold of $41,790.

Vanh's actual rebate income of $32,590 is more than the shade-out threshold of $28,794. His tax offset is reduced as follows:

$32,590 − $28,974 = $3,616

$3,616 × 0.125 = $452

$1,602 − $452 = $1,150.

Vanh is entitled to a SAPTO amount of $1,150.

Mai is entitled to the maximum tax offset amount of $1,602. Her actual rebate income of $26,780 is below the shade-out threshold of $28,974.

Mai's taxable income is also $26,780. The amount of tax payable on Mai's taxable income exceeds the maximum SAPTO amount of $1,602. There is no unused portion of the tax offset available to transfer to Vanh.

Transferring unused SAPTO between spouses

You and your spouse may both be eligible for the seniors and pensioners tax offset (SAPTO). If one of you does not use all of it, you may be able to transfer the unused portion to your spouse.

We will work this out for you. We will transfer any entitlement when you lodge your tax returns.

You can use the calculator to check if you have an unused amount to transfer to your spouse.

Beneficiary tax offset and seniors and pensioners tax offset calculator

SAPTO amounts for a couple

The maximum SAPTO amounts for an eligible couple depends on your circumstances. If you:

- live apart due to illness, the maximum offset is $2,040 each
- live together, the maximum offset is $1,602 each.

Where your spouse's taxable income is $6,000 or less, the full amount of their offset is available for transfer.

If your spouse's taxable income is greater than $6,000, we work out their unused offset amount using the formula below:

> **A** – ((**B** − $6,000) × 0.15), where
>
> **A** equals the spouse's SAPTO amount for the income year
>
> **B** equals the spouse's taxable income plus exempt pension income for the income year.

We reduce your offset by 12.5 cents for every dollar over your rebate threshold.

The example below shows unused SAPTO transferred to a spouse who is living separately because of illness.

The following amounts used in the example calculations are set out in the *Income Tax Assessment (1936) Act – Regulation 2015*:

- rebate maximum amount – $445
- rebate reduction threshold – $37,000
- rebate reduction rate – 0.015.

Example: transferring unused SAPTO – living apart due to illness

Step 1: Calculating your spouse's unused SAPTO

Your spouse's offset amount is $2,040 (report at SAPTO code B in their tax return). Their taxable income is $10,000.

The calculation is $2,040 − (($10,000 − $6,000) × 0.15) = $1,440. See how this is worked out below:

> $10,000 − $6,000 = $4,000
>
> ($4,000 × 0.15) = $600
>
> $2,040 − $600 = $1,440

You can transfer $1,440 of your spouse's unused offset if you're both eligible.

Step 2: Calculating your rebate threshold

We calculate your rebate threshold using steps A to O as follows:

- A: The maximum offset amount that applies to you = $2,040
- B: Add your spouse's unused offset amount from **Step 1** ($1,440) to **A**
  $2,040 + $1,440 = $3,480
- C: Add $445 (s159N rebate maximum amount) to **B**
  $3,480 + $445 = $3,925
- D: Divide **C** by the lowest marginal tax rate of 0.19
  $3,925 ÷ 0.19 = $20,657.89
- E: Add the income tax-free threshold of $18,200 to **D**
  $20,657.89 + $18,200 = $38,857.89
- F: Is the amount at **E** greater than the rebate reduction threshold of $37,000?)
  - if **No**, your rebate threshold is the amount calculated in **E** of $38,857.89. Go to **Step 3** for the SAPTO calculation
  - if **Yes**, continue with the steps below and your rebate threshold will be the amount calculated at step **O**
- G: Add the second lowest marginal tax rate of 0.325 to the rebate reduction rate of 0.015
  0.325 + 0.015 = 0.34
- H: Subtract the lowest marginal tax rate of 0.19 from **G**
  0.34 − 0.19 = 0.15
- I: Multiply **H** by the *rebate reduction threshold* of $37,000
  0.15 × $37,000 = $5,550
- J: Multiply the lowest marginal tax rate of 0.19 by the tax-free threshold ($18,200)
  0.19 × $18,200 = $3,458
- K: Add $445 to **J**
  $3,458 + $445 = $3,903

- L: Add your maximum offset amount of $2,040 to **K**
  $3,903 + $2,040 = $5,943
- M: Add your spouse's unused offset amount of $1,440 to **L**
  $5,943 + $1,440 = $7,383
- N: Add **I** and **M**
  $5,550 + $7,383 = $12,933
- O: Divide **N** by **G**
  $12,933 ÷ 0.34 = $38,038.23.

Your rebate threshold (rounded up to the nearest dollar) is **$38,039**.

Step 3: Calculating your SAPTO

We reduce your offset by 12.5 cents for every dollar amount over the rebate threshold calculated in **Step 2** above ($38,039).

Your rebate income is $48,000 and your maximum offset amount is $2,040.

- A: Add your spouse's unused offset amount from **Step 1** ($1,440) to your maximum offset amount
  $1,440 + $2,040 = $3,480
- B: Subtract your rebate threshold calculated in **Step 2** ($38,039) from your rebate income
  $48,000 − $38,039 = $9,961
- C: Multiply **B** by the rebate reduction rate of 12.5 cents
  $9,961 × 0.125 = $1,245.12
- D: Subtract the amount at **C** from the amount at **A**
  $3,480 − $1,245.12 = $2,234.88.

Your SAPTO is **$2,234.88** after transferring your spouse's unused offset to you.

Exempt pensions

For the purpose of the transfer of your spouse's unused SAPTO, an exempt pension is either a:

- disability support pension paid under Part 2.3 of the *Social Security Act 1991*

- youth disability supplement (with disability support pension)
- carer payment paid under Part 2.5 of the *Social Security Act 1991*
- invalidity service pension (paid under Division 4 of Part III of the *Veterans' Entitlements Act 1986*)
- partner service pension (paid under Division 5 of Part III of the *Veterans' Entitlements Act 1986*).

Foreign residents

If your spouse is a foreign resident and their taxable income is greater than zero, we calculate their unused offset using the formula below:

> **A** – (**B** × marginal tax rate), where
>
> **A** equals your spouse's offset amount for the income year
>
> **B** equals your spouse's taxable income for the income year.

If your spouse is a foreign resident and is also receiving an Australian Government pension or allowance, we work out their unused amount as if they were a resident.

QC 72197

Superannuation-related tax offsets

Check if you can claim a superannuation-related tax offset for you or your spouse.

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Superannuation income stream tax offset

A super income stream is a series of regular payments from your super fund. If you receive income from an Australian super income stream, you may be eligible for a tax offset equal to:

- 15% of the taxed element

- 10% of the untaxed element.

The tax offset amount available to you on your taxed element will be shown on your *PAYG payment summary – superannuation income stream*.

There is a limit on the amount of tax offset you can claim on your untaxed element. This will not be shown on your payment summary. This offset is generally limited to:

- $11,875 for the 2023–24 income years
- $10,625 for the 2021–22 and 2022–23 income years
- $10,000 for the 2020–21 and earlier income years.

To work out if you can claim a tax offset on your untaxed element, use the Defined benefit income cap tool.

You can't claim a tax offset for the taxed element of any super income stream you receive before your preservation age, except where the super income stream is either a:

- disability super benefit
- death benefit income stream.

You can't claim a tax offset for the untaxed element of any super income stream you receive before you turn 60 years old, unless:

- it is a death benefit income stream
- the person died after they turned 60 years old.

For details of how to claim in your tax return, follow the steps at T2 Australian superannuation income stream.

Tax offset for super contributions on behalf of your spouse

You may be able to claim a tax offset if you make an eligible super contribution on behalf of your spouse (married or de facto). They need to earn under $40,000 or not work.

Your contribution must be to either your spouse's:

- complying super fund

- retirement savings account (RSA).

You may be able to claim either a:

- full tax offset of $540, if you pay $3,000 or more and your spouse earns $37,000 or less
- partial tax offset, if you pay less than $3,000 and your spouse earns more than $37,000 but less than $40,000.

You also need to meet all the following conditions for the income year of your claim:

- You made the contributions to a complying super fund.
- Both you and your spouse were Australian residents.
- The contributions were not deductible by you.
- You and your spouse were not living separately and apart on a permanent basis.
- Your spouse was under
  - 75 years old for claims from 1 July 2020
  - 70 years old for earlier income years.
- You do not exceed the general transfer balance cap of
  - $1.9 million for the 2023–24 income year
  - $1.7 million for the 2021–22 and 2022–23 income years
  - $1.6 million for earlier income years.

You can't claim the tax offset for contributions to your own fund which you split to a spouse. This is a rollover or transfer, not a contribution.

Income and balance caps and calculations

Your spouse must meet the income limits and transfer balance cap thresholds for the income year you are claiming the tax offset.

For the 2018–19 and later income years:

- your spouse's income must be less than $40,000. That is the sum of their
  - assessable income (disregarding your spouse's first home super saver (FHSS) scheme released amount)

  - total reportable fringe benefits amounts
  - total reportable employer superannuation contributions.

You can claim the maximum tax offset of $540 where both:

- you contribute to the eligible super fund of your spouse, whether married or de facto
- your spouse's income is $37,000 or less.

The tax offset amount reduces when your spouse's income is greater than $37,000. It phases out when your spouse’s income reaches $40,000.

The tax offset is calculated as 18% of the lesser of either:

- $3,000 minus the amount your spouse's income exceeds $37,000
- the sum of your spouse contributions in the income year.

For the 2017–18 income year, your spouse's income was less than $40,000.

For income years **before** 2017–18, your spouse's income was less than $13,800.

Note: your spouse's income includes the sum of their assessable income, total reportable fringe benefits amounts, and total reportable employer super contributions.

Transfer balance cap thresholds

For the 2017–18 income year and later income years your spouse must not have:

- exceeded their non-concessional contributions cap for the relevant year
- a total super balance equal to or exceeding the general transfer balance cap immediately before the start of the income year you contributed.

Examples of calculating super tax offsets for a spouse

The following examples show how to work out a full or part super tax offset for eligible super contributions you make on behalf of your spouse.

Example: full tax offset for spouse super contributions

Robert and Judy are spouses. Robert earns $19,000 in 2021–22. Judy contributes $3,500 to Robert's super fund.

Robert and Judy are eligible to claim a tax offset.

The tax offset is calculated as 18% of the lesser of:

- $3,000 minus the amount over $37,000 that Robert earned (in this case, nil)
- the value of the spouse contributions (in this case, $3,500).

Judy claims a tax offset of $540, being 18% of $3,000.

Example: part tax offset for spouse super contributions

Carmel and Adam are married and living together. Carmel is 46 years old and her income is $38,000 in 2021–22. Her total super balance is under the $1.7 million cap.

Adam wishes to make a super contribution of $3,000 to Carmel's complying super fund, on her behalf.

Carmel's income is under the threshold of $40,000 so Adam is eligible for a tax offset. However, as Carmel earns more than $37,000 per year, Adam will not receive the maximum tax offset of $540.

Instead, Adam calculates his entitlement as 18% of the lesser of:

- $3,000 reduced by every dollar over $37,000 that Carmel earns
- the value of spouse contributions (in this case $3,000).

Adam earns $1,000 more than $37,000 ($38,000 - $37,000) so the contribution limit of $3,000 is reduced to $2,000.

As $2,000 is less than $3,000, Adam claims a tax offset of $360, being 18% of $2,000.

Low income super tax offset

If you earn $37,000 or less a year, you may be eligible to receive a low income super tax offset (LISTO).

We work out your offset and pay it directly to your super fund. The payment is up to $500.

You don't need to anything to receive the offset. Just make sure:

- your super fund has your tax file number – without it, your super fund can't accept a payment
- you lodge your tax return so we can work out your offset payment.

Veterans' super (invalidity pension) tax offset

The veterans' superannuation (invalidity pension) tax offset (VSTO) is a non-refundable tax offset. This tax offset ensures veterans and their beneficiaries don't pay more tax because of the Douglas court decision. It applies from the 2007–08 income year.

To check your eligibility for the tax offset, see Veterans' superannuation (invalidity pension) tax offset.

QC 72198

Beneficiary tax offset

Check if you can get a tax offset when you receive certain Australian Government payments or allowances.

Last updated 25 June 2024

You must be receiving certain Australian Government payments and allowances and pay tax to receive the beneficiary tax offset.

You will pay no tax for the year if you both:

- get a qualifying tax-free government pension or benefit
- have no other taxable income.

If you have other income, you may still need to pay some tax. Then you may be able to receive the beneficiary tax offset.

We will automatically calculate the tax offset when we process your tax return.

You can use the calculator to work out if you are eligible for the offset and the amount.

Beneficiary tax offset and seniors and pensioner tax offset calculator

If you are eligible for both offsets, you will receive the one with the highest amount.

QC 72199

Private health insurance offset

Check if you can claim a tax offset to cover the cost of your private health insurance premium.

Last updated 25 June 2024

Eligibility for the private health insurance offset

You must have private health insurance (PHI) to claim the private health insurance offset. The offset is sometimes called the private health insurance rebate.

The offset is an amount the government contributes towards your private health insurance. You may take it as a reduced premium or a refundable offset when you lodge your tax return.

Your entitlement depends on:

- the age of the oldest person your policy covers
- your single or family income thresholds and rates for the Medicare levy surcharge, depending on your family status.

The amount of private health insurance offset you can receive is reduced, to nil in some cases, if your income for Medicare levy income surcharge purposes is more than a certain amount.

For more information on the income thresholds, see Income tests for the private health insurance offset.

Calculating your PHI offset

We calculate the amount of private health insurance offset when you lodge your tax return. We will test your income against the income thresholds to work out the percentage of offset you can receive for the income year.

Use the calculator below to work out your:

- private health reduction percentage
- income for Medicare levy surcharge purposes.

Private health insurance offset calculator

How to claim the offset

You can claim your private health insurance offset as either a:

- premium reduction which lowers the policy price your health insurer charges
- refundable private health insurance offset when you lodge your tax return.

How you claim your offset may result in you receiving a private health insurance tax offset or having to repay some of your premium reduction. This depends on:

- how you choose to claim your offset
- the level of offset you claim for your policy
- your income threshold for the Medicare levy surcharge.

QC 72200

Medical expenses tax offset

Check if you can claim a medical expenses tax offset from 2015–16 to 2018–19.

Last updated 25 June 2024

Eligibility for the medical expenses tax offset

The medical expenses tax offset was available from the 2015–16 to 2018–19 income years. The offset is not available from 1 July 2019.

You could claim the medical expenses tax offset for net eligible expenses relating to:

- disability aids
- attendant care
- aged care.

Net expenses are your total eligible medical expenses minus refunds you, or someone else, receive from either:

- National Disability Insurance Scheme (NDIS)
- private health insurers.

You must reduce your eligible medical expenses if you receive a reimbursement from either:

- a government

- a public authority
- a society
- an association
- a fund.

If you receive a reimbursement amount as part of a compensation payment, you generally don't have to reduce your eligible medical expenses.

Keeping records for medical expenses

You need to keep records for the income years you claim this tax offset. These may include:

- receipts or other documents to show the medical expenses you claim – for example, payment for prosthetics or a wheelchair
- receipts from an approved care provider for in-home care expenses
- documents for any payments made to residential aged care facilities
- statements from the NDIS or a private health fund.

You should keep documents that relate to you, as well as for your dependants. This generally refers to your spouse and children but may also include other dependants.

Calculate the medical expenses tax offset

This offset is also subject to an income test. To work out the percentage of net medical expenses you can claim, you will need to know your:

- adjusted taxable income (ATI)
- family status.

Use the Net medical expenses tax offset calculator to work out the amount of your total net medical expenses for income years 2015–16 to 2018–19.

Use the Income tests calculator to help you work out your adjusted taxable income (ATI) amount.

QC 72201

Offset for maintaining an invalid or invalid carer

Check if you can claim a tax offset for maintaining an invalid or invalid carer who is 16 years old or older.

Last updated 25 June 2024

When you can claim the tax offset

You may be able to claim a tax offset if you maintain a certain invalid or invalid carer.

The invalid or carer must be both:

- 16 years old or older
- receiving certain government payments.

You can't claim the tax offset if the invalid or carer is either:

- your spouse and your adjusted taxable income in 2023–24 is more than $112,578
- not your spouse and your and your spouse's adjusted taxable income in 2023–24 is more than $112,578.

Maintaining an invalid

You may claim an invalid tax offset for maintaining an invalid if:

- they are either your
  - spouse
  - child 16 years old or older
  - sibling 16 years old or older
  - spouse's child 16 years old or older
  - spouse's sibling 16 years old or older

  - parent
  - spouse's parent
- they receive either
  - a disability support pension under the *Social Security Act 1991*
  - a special needs disability support pension under the *Social Security Act 1991*
  - an invalidity service pension under the *Veterans' Entitlement Act 1986*
- they are either
  - an Australian resident for tax purposes
  - your spouse or child who is not an Australian resident for tax purposes and you have a domicile in Australia.

Maintaining an invalid carer

You may claim an invalid carer tax offset for maintaining an invalid carer if:

- they are either your
  - spouse
  - parent
  - spouse's parent
- they care for either
  - your or your spouse's invalid child 16 years old or older
  - your or your spouse's sibling 16 years old or older
- they receive a carer payment or carer allowance under the *Social Security Act 1991* for that person
- they have been wholly engaged in providing care to an invalid person receiving either
  - a disability support pension under the *Social Security Act 1991*
  - a special needs disability support pension under the *Social Security Act 1991*

- an invalidity service pension under the *Veterans' Entitlement Act 1986*.

Calculate the invalid or invalid carer tax offset

You need to calculate the amount of tax offset you can claim in your tax return.

Use the calculator below to work out how much you can claim. Claim the amount at **Other tax offsets** in your tax return.

Invalid and invalid carer tax offset

QC 72202

Zone and overseas forces tax offsets

Check if you are eligible for a tax offset for living in a remote area or serving overseas as a member of a force.

Last updated 25 June 2024

Zone tax offset

The zone tax offset is a tax offset for people who are residents of either:

- specified remote areas
- isolated areas of Australia.

This doesn't include an offshore oil or gas rig.

Remote areas are either Zone A or Zone B areas as specified in the Australian zone list. There are also special areas within these zones. Some new localities may meet the requirements to be in a special area but are not yet included in the Australian zone list.

Eligibility for the zone offset

We base your eligibility on your usual place of residence. To claim the zone tax offset your usual place of residence needs to be both:

- a remote or isolated area (on the Australian zone list)
- your residence for 183 days or more during the income year.

If your usual place of residence was in a zone for less than 183 days in the income year, you may still be able to claim the zone offset if:

- your usual place of residence was in a zone for a continuous period of less than 5 years, and
  - you were unable to claim in the first year because it was not your residence for 183 days or more
  - the total of the days you lived there in the first year and the current income year is 183 days or more
  - the period you lived in a zone in the current income year includes the first day of the income year.

Examples of your usual place of residence

Example: no residence in a prescribed zone

Levi is an engineer who lives in Adelaide. He flies to Alice Springs for 12-day shifts at an engineering firm. He then travels back to Adelaide for his days off (which vary between 4 and 8 days in a row).

Levi's usual place of residence (Adelaide) is not within a prescribed zone, even though he is in Alice Springs for 183 days or more. This means he is unable to claim the zone tax offset.

Example: residence in a remote area

Jonte is an engineer who lives in Darwin (located in Zone A). He travels to Kununurra in Western Australia (located in a Zone A special area) for his job in the mining industry.

In his usual shift, Jonte drives to Kununurra, works 14 days at the mine and drives back to Darwin, where he remains for 16 days.

Jonte is eligible for the Zone A tax offset because his usual place of residence is in Darwin (Zone A).

Example: main residence outside Australia

Angela is a doctor who works in the Darwin Hospital emergency department. She flies into Darwin from Auckland, New Zealand, and works on a regular rotational basis in Darwin Hospital.

Usually, Angela works for 10 days and then has a break of between 8 and 10 days. During her breaks, Angela travels back to Auckland to see her friends and family. She stays in accommodation provided by the hospital when she is in Darwin.

Angela is purchasing a house in Auckland. She also has a car which she leaves at her Auckland home for use when she is there. Angela has bills sent to her Auckland home and she is registered to vote in New Zealand.

Angela isn't eligible for the zone tax offset. This is because her usual place of residence is in Auckland.

Note: Any discretion the Commissioner of Taxation exercises (under section 79A(3E) of the *Income Tax Assessment Act 1936*) will be made with reference to your usual place of residence.

Overseas forces tax offset

You may be eligible for an overseas forces tax offset if:

- you are a member of either
  - the Australian Defence Force
  - a United Nations armed force
- you serve in a specified overseas locality

- your income relating to that service is not specifically exempt from tax.

If your income was exempt foreign employment income, exclude these periods when working out your eligibility for the tax offset.

To claim the full tax offset, you must have served in an overseas locality for 183 days or more in the income year. If your overseas service was less than 183 days, you may be able to claim part of the tax offset. Unlike the zone tax offset, you can't carry forward any unused days from previous years to make up 183 days.

Specified overseas localities

Table 1 below lists the current specified overseas localities. If you served in any of these localities as a member of the Australian Defence Force or United Nations armed force during the last income year, you may qualify for an overseas forces tax offset.

Table 1: Current specified overseas localities

Date the area became a specified locality	Date the area will cease to be a specified locality	Description of the specified locality
26 October 2011	–	The Republic of South Sudan and Uganda including superjacent airspace.
20 July 2006	–	Area comprising Lebanon and its territorial waters and superjacent airspace.
12 May 2006	–	Area comprising East Timor and its territorial waters and superjacent airspace.
28 October 2005	–	Area comprising the land, sea and air areas bounded by the internationally

		recognised borders of Pakistan.
10 April 2005	–	Sudan and its territorial waters and superjacent airspace.
24 July 2003	–	Total land areas, territorial waters and superjacent airspace boundaries of the Solomon Islands.
21 April 2003	–	Total land area, territorial waters and superjacent airspace within the internationally recognised boundaries of Israel, Jordan, Syria, Lebanon and Egypt.
11 June 1999	–	Area comprising the political boundaries and airspace of the Federal Republic of Yugoslavia (including the province of Kosovo), Albania and the former Yugoslav Republic of Macedonia.
28 October 1992	–	The Sinai.

Former specified overseas localities

Table 2 below lists the specified overseas localities that are no longer current. You may be able to claim the overseas forces tax offset in the income year you served there.

When working this out, if you were in the area on the date the area:

- became a specified locality, include that day in your calculation
- ceased to be a specified locality, exclude that day from the calculation.

Table 2: Former specified overseas localities

Date the area became a specified locality	Date the area ceased to be a specified locality	Description of the specified locality
1 July 2014	30 June 2015	For service with Operation OKRA, the land territory, territorial waters, airspace and superjacent airspace of the: • State of Kuwait • Kingdom of Bahrain • United Arab Emirates • State of Qatar • Hashemite Kingdom of Jordan.
1 July 2014	30 June 2015	For service with Operation OKRA, the waters, airspace and superjacent airspace of the Persian Gulf. (Also known as the Arabian Gulf.)
1 July 2014	31 December 2014	For service with Operation Accordion, the land territory, internal waters, airspace and superjacent airspace of: • the Kingdom of Bahrain

		• the State of Qatar • the United Arab Emirates.
1 July 2014	30 June 2015	For service with Operation Manitou, the sea (including adjacent ports and the area within a 10 km radius of such ports) and superjacent airspace of the: • Arabian Sea, north of latitude 12 degrees South and west of longitude 68 degrees east • Persian Gulf • Strait of Hormuz • Gulf of Oman • Gulf of Aden • Red Sea.
31 March 2011	1 November 2011	International waters and superjacent airspace of the Central Southern Mediterranean Sea: • between 10 00' E and

		28 00' E and south of 41 00' N • including portions of Italy, Greece, Turkey, Albania and all of Malta and north of Libya, and • its territorial waters and superjacent airspace.
20 May 2004	18 August 2009	East Timor and the territorial sea of East Timor.
18 August 2003	18 August 2009	Total land area, territorial waters and superjacent airspace of East Timor.
15 January 2001	18 August 2009	Area of operations defined as comprising Ethiopia and Eritrea.
4 November 2000	18 August 2009	Area of operations defined as comprising the Solomon Islands and its territorial sea.
19 June 1999	18 August 2009	Area comprising East Timor and the territorial sea of Indonesia

		adjacent to East Timor.
12 July 1994	18 August 2009	Mozambique.
7 July 1994	18 August 2009	Cambodia.
7 May 1991	18 August 2009	The waters of the: • Arabian Gulf, Gulf of Oman, Northern Arabian Sea, the Gulf of Aden and the Red Sea • bounded to the south and east by the following coordinates – 25 00' N – 61 50' E – 20 00' N – 61 50' E – 11 50' N – 51 17' E.
1 July 1970	18 August 2009	The areas in: • Syria, the Arab Republic of Egypt, Jordan, Lebanon and Israel, including territories occupied by Israel, • in which Australian personnel served with the United

		Nations Truce Supervision Organisation.
16 September 1963	18 August 2009	Malaysia and its contiguous waters for a distance of 100 nautical miles seaward.
26 December 2004	27 May 2005	Area comprising of the land, sea and air areas bounded by the following geographical points: • 7 deg north 94 deg east • 7 deg north 108 deg east • 7 deg south 94 deg east • 7 deg south 108 deg east.
20 November 1997	27 August 2003	Area comprising Bougainville, Buka Islands and the Papua New Guinea territorial waters surrounding those islands.
15 January 2001	28 February 2003	The specified area comprises Sierra Leone.
1 October 1999	12 January 2003	Area of operations comprising the political borders

		of Iraq, Kuwait and Saudi Arabia.
13 May 1999	12 January 2003	Area of operations comprising the political borders of Iraq, Kuwait and Saudi Arabia.
15 May 1999	19 October 2001	The sea area: • comprising the Arabian Gulf, the Gulf of Oman and the northern Arabian Sea • bounded by 61 degrees 50 minutes east longitude and 20 degrees north latitude • together with the ports contiguous to that sea area and the airfields and military facilities adjacent to those ports.
–	1 October 2001	Area of operations all sea, airspace and land North and West from 5 deg 00 min S 68 deg 00 min E and encompassing the outer

		boundaries of Pakistan, Afghanistan, Iran, Iraq, Jordan, Egypt, Sudan and Kenya.
8 June 2000	25 June 2000	Area of operations defined as comprising: • the island of Guadalcanal and the adjacent waters • extending 12 nautical miles (including the superjacent airspace) from the shoreline of the island of Guadalcanal.
–	5 October 1999	Area of operations comprising Cambodia and the areas in Laos and Thailand that are not more than 50 kms from the border with Cambodia.
6 September 1999	20 September 1999	Area comprising East Timor and the territorial sea of Indonesia adjacent to East Timor.

25 February 1999	11 June 1999	Area comprising the political boundaries and airspace of: • the Federal Republic of Yugoslavia (including the province of Kosovo) • Albania • the former Yugoslav Republic of Macedonia.
15 April 1999	4 June 1999	Area comprising the political boundaries and airspace of: • the Federal Republic of Yugoslavia (including the province of Kosovo) • Albania • the former Yugoslav Republic of Macedonia • the air bases in Italy used for this operation • the Adriatic Sea.
13 February 1997	13 May 1997	Guatemala.

–	1 July 1996	Haiti.
–	21 February 1995	Rwanda and the areas of Uganda, Zaire, Burundi and Tanzania that are not more than 50 kms from the border with Rwanda.
21 September 1994	13 November 1994	Bougainville, the Buka Islands and the Papua New Guinea territorial waters surrounding those islands.
–	1 August 1994	The countries of: • Bahrain • Iraq • Kuwait • Oman • Qatar • Saudi Arabia • the United Arab Emirates • Turkey, south of latitude 38 north • Western Sahara.
–	1 January 1994	The North West Frontier Province of Pakistan and Afghanistan.
8 October 1993	21 November 1993	Cambodia.

–	1 January 1991	The area in which Australian Defence Force members are serving with the United Nations Iran or Iraq Military Observer Group: • on the Iran side of the internationally recognised border between Iran and Iraq • being an area within 200 kms of that border.
–	1 February 1990	The areas in Uganda in which Australian military personnel served with the Australian Contingent Commonwealth Military Training Team.
–	1 February 1990	The areas in Sinai in which Australian military personnel served with the Multi-National Force and Observers (MFO).
–	1 February 1990	The areas in India and Pakistan in which Australian

		personnel served with the United Nations Military Observer Group, India and Pakistan.
–	1 February 1990	Indonesia.
–	1 February 1990	Vietnam (southern zone) and the waters contiguous to the coast of Vietnam for a distance of 100 nautical miles seaward.
–	1 February 1990	Thailand.
–	1 February 1990	The waters contiguous to the coast of Singapore for a distance of 100 nautical miles seaward.
–	1 February 1990	Brunei and the waters contiguous to Brunei for a distance of 100 nautical miles seaward.

Calculate and claim the zone or overseas forces tax offset

You need to calculate the tax offset and claim the amount in your tax return at **Zone or overseas forces**.

You can only claim one of these tax offsets. If you qualify for both, you can claim the one that gives you the greater offset amount.

Use the calculator to work out your eligibility for a tax offset and the amount to claim.

Zone or overseas forces tax offset calculator

QC 72203

Lump sum payment in arrears tax offsets

Check if you can claim lump sum tax offsets for a lump sum payment you receive in arrears.

Last updated 25 June 2024

About lump sum tax offsets

You may be eligible for lump sum tax offsets if you receive a lump sum payment in arrears (LSPIA). A lump sum payment is taxable in the year you receive it but is for an earlier income year.

Eligible payments usually relate to:

- employment
- compensation
- welfare payments.

The lump sum tax offsets help you reduce your tax payable and Medicare levy surcharge in the income year you receive the lump sum payment.

We will work out the amounts for you based on the information you provide in your tax return. The calculations are complex, so there is no online calculator. The myTax estimate doesn't include the offset.

Reporting a lump sum payment in arrears

You will need to include any lump sum payment in arrears amount you receive in your tax return in the income year you receive the payment.

You will also need to provide a breakdown of the payment into each income year.

Report the payment in your tax return at **Lump Sum E**.

Lump sum payments that qualify for a tax offset

To qualify for a lump sum tax offset, your lump sum payment in arrears must be either:

- salary or wages (accrued during the period earlier than 12 months before payment)
- a government education or training payment
- salary or wages paid to a person after reinstatement to duty following suspension - The payment is for the period of suspension, even if within the preceding 12 months
- deferred payment of a retiring allowance, retirement pension or annuity (or supplement)
- compensation, sickness or accident pay for incapacity to work - (Not for insurance payments made under an insurance policy)
- Australian Government and repatriation pensions, benefits and allowances paid by Services Australia or the Department of Veterans' Affairs, or similar payments made under a law of a foreign country, state or province. (Not for exempt income.)

Eligible amount

The lump sum payment amount must be 10% or more of your taxable income in the year you receive it. This is after you deduct any:

- amounts that accrued in earlier years (that is, this payment)
- amounts received on termination of employment in lieu of annual or long service leave
- employment termination payments
- income stream and lump sum superannuation payments

- net capital gains
- taxable professional income that exceeds the average for the profession.

Tax offset for Medicare levy surcharge (LSPIA)

The Medicare levy surcharge lump sum payment in arrears (LSPIA) tax offset reduces your liability to pay the surcharge. This is when the payment pushes your family income over a threshold. You, and in some cases your spouse, may receive a tax offset.

The lump sum payments must be either:

- eligible payments for lump sum tax offset received in the relevant income year
- lump sum payment of 'exempt foreign employment income' for the relevant year. You must have accrued this for a period more than 12 months before the date it was paid.

Your lump sum must also be 10% or more of your:

- taxable income in the relevant year
- exempt foreign employment income for the current year
- amounts that would be included in assessable income if a family trust distribution was ignored
- reportable employer superannuation contributions for the current year
- total net investment loss for the current year.

Tax offset amount for Medicare levy surcharge

The tax offset is equal to the Medicare levy surcharge on the lump sum paid in arrears. It can only reduce your liability to zero. It can't exceed the total liability.

The myTax estimate doesn't include this tax offset.

Tax offset for Medicare levy surcharge for a spouse

The Medicare levy surcharge threshold is based on your combined family income, including your spouse.

If your lump sum results in a surcharge liability for your spouse, they will receive a tax offset. This will be equal to the liability caused by your lump sum if:

- you are entitled to the tax offset for Medicare levy surcharge (LSPIA)
- both of you were not already liable for the surcharge because your other income exceeded the family threshold.

If you and your spouse were already liable for the surcharge, only you will receive the tax offset if you are eligible.

How receiving a lump sum tax offset reduces your tax and Medicare surcharge

The intent of the lump sum payment in arrears (LSPIA) tax offsets is to ensure you don't overpay tax or Medicare levy surcharge in the income year you receive a lump sum.

You usually pay more tax in the year you receive the lump sum than you would if tax was withheld in the year you earned it.

The lump sum payment can impact your tax and non-tax entitlements such as:

- student loans
- child support and welfare payments.

You may find that compared to the income year you earned the payment:

- you are in a higher tax bracket and pay more tax
- you are in the same tax bracket and pay the same amount of tax
- you are in a lower tax bracket and pay less tax
- you have a new or increased Medicare levy surcharge as the lump sum pushes you over an income threshold.

The tax offset prevents you being disadvantaged when you receive a lump sum payment in a later income year.

QC 72204

Claiming a foreign income tax offset

Check if you can claim a tax offset for foreign tax you pay on income from another country.

Last updated 25 June 2024

Eligibility for the foreign income tax offset

You may be able to claim a foreign income tax offset (FITO) for foreign tax paid in another country. The offset provides relief from paying double tax on your foreign and worldwide income.

To claim a foreign income tax offset, you must:

- have actually paid or deemed to have paid an amount of foreign income tax
- include the foreign income or gain on which you paid the tax on in either your
  - Australian assessable income
  - non-assessable non-exempt income under section 23AI or 23AK of the income Tax Assessment Act 1936.

Your foreign income tax offset reduces your tax payable for an income year. It applies in the income year in which your foreign income or gain forms part of your income in Australia.

To find out which foreign taxes count towards the tax offset, see When a foreign income tax offset applies.

Calculate the foreign income tax offset

You may pay foreign income tax in a different income year. This is because of the difference between the Australian and foreign tax systems.

You can only claim the offset after you have paid the foreign tax.

Before you calculate your net income, you must convert all foreign income into Australian dollars. This includes your foreign income, deductions and tax paid.

For more details, see Calculate your FITO or offset limit.

Applying FITO against Medicare levy and surcharge

Your foreign income tax offset (FITO) reduces your tax payable for an income year. If any offset remains, you can use it to reduce your liability to pay Medicare levy. Then any further offset reduces any liability to pay the Medicare levy surcharge.

Our systems apply the offset against the Medicare levy and Medicare levy surcharge when you lodge your tax return.

For more information, see Guide to foreign income tax offset rules.

QC 72205

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.