

Your 2020 Tax Return guide – capped defined benefit income streams

This guide will help you to complete the relevant sections of your tax return for payments you have received from your Flexible Lifetime® – Term Pension income stream during the 2019/20 financial year.

What you will need

1. Your enclosed PAYG Payment Summary – Superannuation Income Stream. For 2020, you may receive 2 PAYG Payment Summaries for different periods in the year which you will need to add together.
2. ATO Individual tax return instructions 2020 issued by the ATO.

If you also received payments from an AMP annuity, you would have received a PAYG Payment Summary - Individual non-business. The combined information for your annuity and superannuation income stream should be reported at Questions 7 - 8 of your tax return.

This guide and the following information is in regards to your superannuation income stream.

What you need to know

If you receive a capped defined benefit income stream, this guide can assist you in completing your tax return. However, if:

- you receive an income stream with any untaxed element, or
- you were 60 or over on 1 July 2019 and started this capped defined benefit income stream part way through the financial year, or
- you turned 60 during the 2019-20 financial year and received a capped defined benefit income stream during the year

this guide will not provide sufficient detail to complete your tax return. You should seek taxation advice, or refer to the “Defined benefit income cap tool” on the ATO website which can assist you to work out what you need to include on your tax return. The tool can be located at:

<https://www.ato.gov.au/Calculators-and-tools/Defined-benefit-income-cap-tool/>.

Where can I find the ATO Individual tax return instructions?

You can find instructions about completing your tax return for 2020 at any time by visiting ato.gov.au/individuals/tax-return/2020/.

For more information that applies to your income stream:

Go to **Tax return > Income questions 1-12** and select:

- 7 – Australian annuities and superannuation income streams 2020
- 8 – Australian superannuation lump sum payments 2020

Go to **Tax offset questions T1 - T2** and select:

- T2 – Australian superannuation income stream 2020

For more information on completing your tax return, contact your taxation adviser or the Australian Taxation Office on 13 28 61.

Important information

Your superannuation income stream benefits have two components: a tax-free component and a taxable component.

The **tax-free component** is the part of your benefit that is non-assessable, non-exempt income, that is, tax-free income. We have calculated this amount based on information supplied to us. You do not need to show it anywhere on your tax return, it is not included in your taxable income.

The **taxable component** is the part of your benefit on which tax is payable. It may have two elements—a taxed element and an untaxed element.

The **taxed element** is the part of your income stream you received from a taxed source, for example, where the income stream is received from contributions and earnings that have been subject to tax in the superannuation fund.

An **untaxed element** is the part of your income stream you received from an untaxed source, for example, the income stream of some state and Commonwealth public sector superannuation schemes may include an untaxed element.

If you need help

If you have any questions about your AMP income stream, please call us on 131 267. If you have any questions about completing these items on your tax return, contact your taxation adviser or the Australian Taxation Office on 13 28 61.

This is general information only. It does not contain advice that is based on your personal objectives, financial situation or needs. You should consider how it applies to your personal objectives, financial situation and needs. For advice on your personal situation, we suggest you consult your taxation adviser or the Australian Taxation Office.

Although we have obtained the information contained in this document from reliable sources, and have taken every care in its preparation, AMP does not guarantee that it is accurate or complete, or applies to your personal circumstances, and disclaims responsibility for any errors or omissions. In completing your tax return we suggest you follow the directions of the Australian Taxation Office or your taxation adviser.

How to complete Question 7 of your Tax Return 2020

7 Australian annuities and superannuation income streams		\$	□□□, □□□	·	×		
	Taxable component	Taxed element	J	\$	□□□, □□□	·	×
		Untaxed element	N	\$	□□□, □□□	·	×
	Assessable amount from capped defined benefit income stream		M	\$	□□□, □□□	·	×
	Lump sum in arrears – taxable component	Taxed element	Y	\$	□□□, □□□	·	×
		Untaxed element	Z	\$	□□□, □□□	·	×

Copy for payee's records

PAYG Payment Summary — Superannuation Income Stream

Payment summary for year ending 30 June 2020

Payee details

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld, you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit www.ato.gov.au
- refer to **Individual tax return instructions 2020**
- phone 13 28 61 between 8.00am and 6.00pm (EST), Monday to Friday.

Day / Month / Year

Day / Month / Year

Period of payment

to

Payee's tax file number

TOTAL TAX WITHHELD \$

Taxable component

Taxed element \$

Untaxed element \$

Tax free component \$

Tax offset amount \$

Lump sum in arrears – taxable component

Taxed element \$

Untaxed element \$

Lump sum in arrears – tax free component \$

Death benefit (Reversionary Income Stream)

Is the payee under 60 years of age and a death benefits dependant, where the deceased died at 60 years or over?

Payer details

Payer's ABN or withholding payer number (WPN):

Branch number:

Payer's name:

The "Defined benefit income cap tool" on the ATO website can assist you to work out what you need to include on your tax return. The tool can be located at: <https://www.ato.gov.au/Calculators-and-tools/Defined-benefit-income-cap-tool/>.

The "Defined benefit income cap tool" and tax advice can assist in all circumstances, but is highly recommended where:

- you have received income from more than one capped defined benefit income stream
- you started receiving income from a capped defined benefit income stream during the 2019/20 financial year, or
- where you reached age 60 during the 2019/20 financial year.

Step 1 – Tax Withheld

Add up all the tax withheld amounts on all the payment summaries from your Australian superannuation income streams. Write this total amount in the boxes under Tax Withheld.

Step 2 – Taxable Component

Only complete this step if you received a taxed element income payment under age 60 OR you are under 60 and received a taxed element income payment as the result of the death of another person – where the deceased was under age 60 when they died.

- Add up all the taxed element amounts of the taxable component from all your Australian superannuation income stream payment summaries. Write this total at **J** item 7 on your tax return.
- Add up all the untaxed element amounts of the taxable component from the same payment summaries and enter the value at **N** item 7 on your tax return.

Step 3 – Assessable amount for capped defined benefit income stream

Only complete this step if you received a capped defined benefit income stream for the entire 2019/20 financial year, and:

- you were age 60 or older on 1 July 2019, or
- you are under age 60 and received an income stream as the result of the death of another person – where the deceased was age 60 or over when they died.

Otherwise you should complete the ATO "Defined benefit income cap tool".

- Add the tax-free component plus the taxed element from your income stream. Include lump sums in arrears in these amounts.
- Minus this by your capped defined benefit income cap of this amount (\$100,000 for 2019-20) and divide the answer by 2.
- The result will be your assessable amount from your capped defined benefit income stream. Enter the value at **M** item 7 on your tax return. If the value is negative (i.e. less than zero), then enter zero (0) at **M** item 7 on your tax return.

Example:

A capped defined benefit income stream with \$130,000 in total income for the year made up of a \$30,000 tax-free component and a \$100,000 taxed element.

$$\begin{aligned} & \$130,000 - \$100,000 \text{ (capped defined benefit income cap)} \\ & = \$30,000 \\ & \text{Divided by 2} \\ & = \$15,000 \end{aligned}$$

\$15,000 is recorded at **M** in item 7.

How to complete Question T2 of your Tax Return 2020

T2 Australian superannuation income stream

\$ \$, .~~00~~

If you were less than preservation age when you received your pension payment, you are not entitled to a tax offset unless the superannuation income stream was either:

- a disability superannuation benefit, or
- a death benefit income stream.

If you are entitled to a tax offset because you have reached your preservation age or more, add up the tax offsets amounts on each PAYG Payment Summary - Superannuation income stream and write the total offset amount on your tax return at S item T2.

If you are not entitled to a tax offset, you do not have to complete this section.

Contact us

If you would like to know more about how AMP can help you, please contact your adviser or AMP.

phone 131 267
fax 02 8837 7815
web amp.com.au
email askamp@amp.com.au
mail Customer Service
AMP Limited
PO Box 300
PARRAMATTA NSW
2124

What you need to know

Flexible Lifetime – Term Pension is issued by N.M. Superannuation Proprietary Limited ABN 31 008 428 322, AFSL No. 234654, the Trustee of the Super Directions Fund ABN 78 421 957 449.
®Registered trademark of AMP Limited ABN 49 079 354 519.