

ANNUITY TAX GUIDE 2021

Annuity tax guide to
help you complete your
2020–2021 tax return

Issue date: July 2021





Annuity Tax Guide 2021

This guide will help you to complete your 2020–2021 tax return if you received annuity income relating to your investment(s) in Lifestream Guaranteed Income, Guaranteed Index Tracked Annuity (GITA), Income Plan, IncomeSelect, Tailored Annuity Plan, Tooth & Co annuity or Immediate Annuity - ex-Staff Fund.

To use this guide, you will need:

- Your PAYG payment summary and the payment summaries from any other income sources;
- A copy of the Tax return for individuals 2021 form, and
- A copy of the Individual tax return instructions 2022.

You may wish to give this guide to your accountant or tax agent.

Unless otherwise stated, information in this tax guide is current as at 1 July 2021.

Please refer to the Tax return for individuals 2021 form and follow the instructions below for items 7 and T2.

Item – 7
Australian annuities and superannuation income streams

This will assist you with completing item 7 of the 2021 tax return relating to super and non-super annuities.

Action

Add up the 'tax withheld' amounts on your payment summaries for your superannuation income streams and annuities.

Write the **total** in the left hand column under Tax withheld at item 7.

Australian superannuation income streams

It is important to understand whether your superannuation income stream is a capped defined benefit income stream (CDBIS) or not. If it is a CDBIS, you will be advised of this in the cover letter attached to your payment summary. If you are unsure whether your annuity is a CDBIS, please contact us. If you hold other superannuation income streams, please contact that superannuation provider for classification.

Non-capped defined benefit income stream

Add up the taxed element amounts that appear under the heading 'Taxable component' on your superannuation income stream payment summaries.

Write the total in box **J** at item 7.

Note: AIA super annuities will only have the 'Taxable component – taxed elements' to declare as assessable income.

Capped defined benefit income stream

There are a number of steps required for a CDBIS to determine the amount to include in your assessable income:

Step 1: Add up the taxed element that appear under the heading 'Taxable component' and 'tax free component' on your superannuation income stream payment summaries.

Step 2: Subtract from this amount your defined benefit income cap. Typically this amount is \$100,000 but can vary. If you are unsure what your defined benefit income cap is, please refer to <https://www.ato.gov.au/Calculators-and-tools/Defined-benefit-income-cap-tool/>

Step 3: If the amount after step 2 is zero or negative, do not include any amount in your income tax return. If the amount after step 2 is positive, divide this amount by two.

Step 4: After dividing the amount by two, write the total in box **M** at item 7.

Australian non-super annuities

Work out the assessable amount of your Australian non-super annuity by subtracting the 'deductible amount of the undeducted purchase price of an annuity' from the 'gross payments' shown on your payment summary.

If you have more than one non-super annuity, add all the assessable amounts together and subtract all the "deductible amount of the undeducted purchase price of an annuity" from the payment summaries.

Write the total in box **N** at item 7.

Things you should know

This tax guide is issued by AIA Australia Limited ABN 79 004 837 861 AFSL 230043 (AIA Australia). AIA Australia Limited ABN 79 004 837 861 AFSL 230043 (AIA Australia) is part of AIA Group. Neither AIA Company Limited nor any of its subsidiaries guarantee the the products mentioned in this Annuity Tax Guide or the repayment of capital or interest by AIA Australia.

Taxation considerations are general and based on present taxation laws and maybe subject to change. You should seek independent, professional tax advice before making any decision based on this information. AIA Australia is also not a registered tax (financial) adviser under the Tax Agent Services Act 2009. You should seek tax advice from a registered tax (financial) adviser if you intend to rely on this information, to satisfy the liabilities or claim entitlements that arise, or could arise, under a taxation law.

Annuity Tax Guide 2021

Will you need to lodge an Australian tax return in the future?

Yes

Don't know

No FINAL TAX RETURN

Your date of birth

If you were under 18 years old on 30 June 2018 you must complete item A1 on page 7.

Day / Month / Year

Provide your date of birth to avoid delays in the processing of your tax return.

Electronic funds transfer (EFT)

We need your financial institution details to pay any refund owing to you, even if you have provided them to us before. Write the BSB number, account number and account name below.

BSB number (must be six digits) Account number

Account name (for example, JQ Citizen. Do not show the account type, such as cheque, savings, mortgage offset)

Income

1 Salary or wages

Your main salary and wage occupation

Payer's Australian business number

Tax withheld – do not show cents

\$, .~~XX~~
 \$, .~~XX~~
 \$, .~~XX~~
 \$, .~~XX~~
 \$, .~~XX~~

Income – do not show cents

C	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX	TYPE <input type="text"/>
D	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX	TYPE <input type="text"/>
E	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX	TYPE <input type="text"/>
F	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX	TYPE <input type="text"/>
G	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX	TYPE <input type="text"/>

2 Allowances, earnings, tips, director's fees etc

\$, .~~XX~~

K \$, .~~XX~~

3 Employer lump sum payments

\$, .~~XX~~
 \$, .~~XX~~

Amount A in lump sum payments box TYPE
R \$, .~~XX~~
 5% of amount B in lump sum payments box
H \$, .~~XX~~

4 Employment termination payments (ETP)

Date of payment Day / Month / Year

Payer's ABN

\$, .~~XX~~

Taxable component CODE
I \$, .~~XX~~

5 Australian Government allowances and payments like Newstart, Youth Allowance and Austudy payment

\$, .~~XX~~

A \$, .~~XX~~

6 Australian Government pensions and allowances
 You must complete item T1 in Tax offsets .

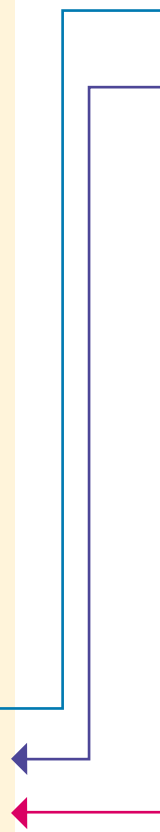
\$, .~~XX~~

B \$, .~~XX~~

7 Australian annuities and superannuation income streams

= \$, .~~XX~~

Taxable component	Taxed element	J \$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX
	Untaxed element	N \$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX
Assessable amount from capped defined benefit income stream		M \$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX
Lump sum in arrears – taxable component	Taxed element	Y \$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX
	Untaxed element	Z \$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . XX





Australian Government
Australian Taxation Office

PAYG payment summary – superannuation income stream



709870717

You must complete all sections of this form. For help completing this form, visit our website at ato.gov.au/paymentsummaries

Payment summary for year ending 30 June

If you are amending a payment summary you have already sent, place X in this box

Section A: Payee details

Tax file number

Surname or family name

Given name(s)

Residential address

Suburb/town/locality State/territory Postcode

Date of birth (if known) Day / Month / Year

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? Yes No

ATO original

Section B: Payment details

Period during which payments were made Day / Month / Year to Day / Month / Year

TOTAL TAX WITHHELD \$

Taxable component

Taxed element \$

Untaxed element \$

Lump sum in arrears – taxable component

Taxed element \$

Untaxed element \$

Tax-free component

Tax offset amount

Section C: Payer details

You must

Name (use the same name that appears on your tax file number)

Privacy – For information about your privacy rights, see the back of this form.

DECLARATION – I declare that the information provided is true and correct.

Signature of authorised person



Australian Government
Australian Taxation Office

PAYG payment summary – individual non-business



00460117

You must complete all sections of this form. For help completing this form, visit our website at ato.gov.au/paymentsummaries

Payment summary for year ending 30 June

If you are amending a payment summary you have already sent, place X in this box.

Section A: Payee details

Tax file number

Date of birth (if known) Day / Month / Year

Surname or family name

Given name/s

Residential address

Suburb/town/locality State/territory Postcode

Section B: Payment details

Period during which payments were made Day / Month / Year to Day / Month / Year

TOTAL TAX WITHHELD \$

GROSS PAYMENTS (do not include amounts shown under 'Allowances', 'Lump sum payments', 'CDEP payments' and 'Exempt foreign employment income') \$

Community Development Employment Projects (CDEP) payments \$

Reportable employer superannuation contributions (do not include compulsory super guarantee amounts. For more information, see the back page of this form.) \$

Reportable fringe benefits amount FBT year 1 April to 31 March \$

Is the employer exempt from FBT under section 57A of the FBTA 1986? No Yes

Deductible amount of the undeducted purchase price of an annuity \$

Gross payments type

Lump sum A \$

Lump sum B \$

Lump sum D \$

Lump sum E \$

Exempt foreign employment income Amount \$

Allowances (provide details) \$

NAT 70987-07.2017

Annuity Tax Guide 2021

Item **T2** – Australian superannuation income stream

If you have shown income from an Australian superannuation income stream at item **7** on your tax return, you may be entitled to a tax offset.

Action


We have worked out the tax offset amount for you and it is shown on your superannuation income stream payment summary under 'Tax offset amount'.

If you have more than one superannuation income stream, add all the tax offset amounts together.

Write the total in box **S** at item **T2**.

Note this section does not apply to Australian non-super annuities.

Your tax file number (TFN)



Tax offsets

T1 Seniors and pensioners (includes self-funded retirees)

If you had a spouse during 2018 –19 you must also complete **Spouse details – married or de facto** on pages 8–9.

The ATO will work out this tax offset amount. Print your code letter in the **TAX OFFSET CODE** box.

N

Y

TAX OFFSET CODE

VETERAN CODE

T2 Australian superannuation income stream

S \$

T If you completed the **Tax return for individuals (supplementary section) 2021**, write here the amount from **TOTAL SUPPLEMENT TAX OFFSETS** on page 16.

\$

TOTAL TAX OFFSETS Add up all the tax offset amounts at items **T2** and **T**. **U** \$



Australian Government
Australian Taxation Office

PAYG payment summary – superannuation income stream



709870717

You must complete all sections of this form. For help completing this form, visit our website at ato.gov.au/paymentsummaries

Payment summary for year ending 30 June

If you are **amending a payment summary** you have already sent, place X in this box

Section A: Payee details

Tax file number

Surname or family name

Given name(s)

Residential address

Suburb/town/locality State/territory Postcode

Date of birth (if known) / /

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? Yes No

ATO original

Section B: Payment details

Period during which payments were made / / to / /

TOTAL TAX WITHHELD \$, , .

Taxable component

Taxed element \$, , .

Untaxed element \$, , .

Tax-free component

\$, , .

Lump sum in arrears – taxable component

Taxed element \$, , .

Untaxed element \$, , .

Lump sum in arrears – tax-free component

\$, , .

Tax offset amount

Section C: Payer details

! You **must** also complete this section

Australian business number (ABN) or withholding payer number (WPN) Branch number

Name (use the same name that appears on your activity statement)

Privacy – For information about your privacy visit our website at ato.gov.au/privacy

DECLARATION – I declare that the information given on this form is complete and correct.

Signature of authorised person

Date / /

