



## ***Getting Married and Taxes What You Need To Know For Your Next Tax Return***

***Congratulations! You're married. The two of you are your very own family. You'll find yourself in different financial circumstances from when you were single, which mean you'll also have changes when you lodge your tax return.***

The ATO considers married, de-facto and same-sex couples as those in a regular domestic relationship for tax purposes. ITP The Income Tax Professionals are often asked what the tax implications are when you find yourself in these circumstances.

Often people want to know if they need to lodge a joint tax return. While commonplace in other countries, this isn't a requirement in Australia. In fact, there is no such thing. Tax returns need to be lodged individually, however the ATO will need to know if you're in a domestic relationship at tax time as you'll be entitled to specific offsets, rebates and reductions, and will also calculate if you're liable for the Medicare levy surcharge.

Since 1 July 2009, people living in same-sex relationships have been treated in the same way as heterosexual couples for tax purposes. Some of the tax concessions for same-sex couples include:

- Medicare levy surcharge, reduction or exemption
- Dependant, invalid relative, pensioner, spouse super contributions tax offsets
- Education tax refund
- Main residence exemption for capital gains tax.

**Do you need to include your spouse's name on your tax return?**

Although your spouse will need to lodge their own tax return, the ATO requires your spouse's taxable income information when it comes time to lodge your own.

The information is required:

- To calculate if you need to pay the full Medicare levy or the Medicare Levy Surcharge
- To calculate your entitled tax offsets such as the seniors and pensioners tax offset, super contributions on behalf of your spouse tax offset, zone or overseas forces offset, invalid and invalid carer offsets
- To calculate if you're entitled to a private health insurance rebate

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## What spouse income information do you need to include?

The ATO will need to know your total spouse's taxable income, which includes wages, interest, franked dividends, overseas income, income generated from rental properties, trust income and family trust distribution and superannuation.

## Where can you find this information?

This information can be found:

- on your spouse's tax return and tax return for individuals (supplementary section)
- on your spouse's income statement or PAYG payment summary – individual non-business.
- relevant distribution statements for trust income and family trust distribution tax
- if your spouse has child support obligations and amount paid. This information can be accessed from the Department of Human Services
- any foreign income your spouse may have received
- financial investment losses and net financial investment loss amount
- rental property losses and net rental property loss amount
- superannuation contributions

## What if you don't know your partner's income details?

You are able to make a reasonable estimation using information such as your spouse's PAYG payment summaries or income statement from their employment and taxable government payments such as Centrelink, bank statements, dividend statement or other supporting documentation. As long as you make a reasonable estimate and act in good faith, penalties won't apply if you make a mistake.

## How does Capital Gains Tax affect our properties?

Spouses are entitled to one main residence between them for Capital Gains Tax (CGT) purposes. Your main residence is exempt from CGT under the 'main residence exemption'. You must choose one place of residence and apportion the CGT if there is more than one place of residence. There will be differing tax implications for joint ownerships that are registered as 'Tenants in Common', 'Joint Tenants' or 'Partnerships'.

## What if we have a joint bank account?

You and your spouse are considered to have joint and equal entitlements, however the ATO will allow you to assign interest in favour of one or the other in approved scenarios and will depend on the contributions made into the bank account.

## What if you've separated from your spouse or started a new relationship?

If you've entered into a new domestic relationship or separated from your spouse, you'll need to let the ATO know the dates so that they can accurately calculate the amount of offsets, rebates, reductions and Medicare levy surcharges. If you've separated and reunited, the ATO will still need to know the dates so they can work out your entitlements.

## Medicare Levy Surcharge

The ATO will also use your information to work out the Medicare Levy Surcharge. If you were single without a spouse or dependent children, the single surcharge threshold of \$90,000 is applied to your income. For a married couple, the levy takes into account joint income and does not apply if your combined income is over \$180,000. An additional \$1,500 is applied for each dependent child after the first to your combined income.

If your combined income was above the threshold that applies to you and if you, your spouse and dependent children did not have private hospital cover, you may be liable to pay the Medicare Levy Surcharge.

***Your ITP The Income Tax Professional can help you with any questions you may have about you and your spouse's tax returns. Our tax agents can quickly determine your obligations and help ensure you get your tax return right.***