ATAX0100
PRINCIPLES OF AUSTRALIAN TAXATION LAW

COURSE OUTLINE
SEMESTER 1, 2013
Principles of Australian Taxation Law

ATAX0001/0100

*Principles of Australian Taxation Law* is intended to provide students with a sophisticated but broad understanding of the Australian taxation system from a legal perspective. In this course, the fundamental elements of the Australian direct and indirect taxation regimes are analysed. The course investigates the principles of the taxation of income and deductions rules, and the capital gains tax rules. The course also provides an introduction and overview of the Fringe Benefits Tax, the Superannuation system and the Goods and Services Tax.

Semester 1, 2013
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STUDY GUIDE

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Module 5 Fringe Benefits Tax
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Module 7 Goods and Services Tax
About the lecturer

Fiona Martin
LLB (Hons) UTS LLM (Hons) Syd FTIA

Fiona joined Atax in October 2005 as a Senior Lecturer. Prior to this she taught in the Law School at the Queensland University of Technology, predominantly in the revenue law area. She has also taught revenue law at the University of Queensland, Bond University and been a visiting scholar to the University of British Columbia, Canada and the University of Waikato, New Zealand.

Fiona was awarded the Graham Hill Memorial award for her doctoral research into international comparative taxation. She has also been awarded the QUT University Award for Outstanding Academic Achievement in the area of Teaching Performance and Leadership. In 1999, she was a finalist in the Australian Awards for University Teaching.

Her research interests include taxation law, international human rights law, juvenile justice, the law of passing off and legal education. She has published many journal articles and delivered conference papers in these areas. Her most recent published works in the revenue law area are on taxation of charities, taxation and property development and issues relating to GST and real estate.

Prior to commencing as an academic, Fiona practised as a solicitor for several years for a private firm and for the Commonwealth and Queensland State Governments. Fiona worked for the Australian Government Solicitors Office in the property law, administrative law and revenue law areas. Her experience as a solicitor ranges over the areas of commercial conveyancing, drafting, taxation advice and commercial and tax litigation.
Letter of introduction

Welcome to Principles of Australian Taxation Law which is, for many of you, your first law course with Atax.

Our students in this course include those commencing to study for a Bachelor of Taxation degree as well as undertaking postgraduate level study but coming from backgrounds outside of law or commerce (eg, we have students from Arts, Science and Mathematics).

This course is designed to provide all students with the same grounding in taxation concepts as well as introducing students to the basic skills needed in a law course. We aim to provide you with an understanding of the core building blocks of the Australian taxation system, and to teach you how to apply some of the central concepts to a given situation.

The process involved in learning the material is not simply a delivery of information by the lecturers. You will be expected to engage the material and work with it. You will be expected to work with the concepts in the material, to discuss them with fellow students and to contribute to discussions in the audio conferences. Your views are important.

I wish you luck in your Atax studies and look forward to working with you in this course.

Fiona Martin
Introduction to the course

Relationship to other courses in program

This course is a compulsory component in each of the following programs:

- Bachelor of Taxation
- Graduate Certificate in Taxation Studies
- Graduate Diploma in Taxation Studies
- Master of Taxation Studies.

It is highly recommended that students take this course at the start of their program of study as it provides the foundation for subsequent courses in the degree program.

Course summary

This course provides students from Australia and other jurisdictions with a technical overview of the essential elements of the Australian taxation system. This course also enables students to convert overseas accounting qualifications to Australian equivalents.

Course objectives

Upon completion of this course, students should have developed:

- an understanding of the legal framework within which Australian taxation operates, and of the policy considerations inherent in taxation generally
- the skills required to understand and apply legal cases, and to apply principles of taxation in solving problem questions
- the ability to argue effectively and to consider issues from more than one point of view.

Relationship with graduate attributes

The Australian School of Business graduate attributes reflect the qualities and skills we expect our students to develop by the end of their degree, in addition to disciplinary and technical expertise. There are six attributes, as follows:

1. **Critical thinking and problem solving**: Graduates will be able to collect, analyse and evaluate information and ideas, and define and solve problems.
2. **Communication:** Graduates will be able to communicate effectively and confidently in oral and written forms, in a diverse range of contexts.

3. **Teamwork and leadership:** Graduates will be able to display collaborative skills in teamwork and a capacity for leadership.

4. **Social, ethical and global perspectives:** Graduates will be able to demonstrate understanding of social and global perspectives on a range of cultural, environmental and economic spheres of engagement.

5. **In-depth engagement with relevant disciplinary knowledge:** Graduates will be able to apply their in-depth knowledge of disciplinary fields in their practice.

6. **Professional skills:** Graduates will be able to demonstrate the capacity to plan and manage their study and workloads to achieve self-direction, and personal and professional goals.

This course will contribute to the development of these attributes as follows:

1. **Critical thinking and problem solving:**
   Students will develop skills of statutory interpretation and an ability to critically review legislative provisions in applying taxation provisions to a range of practical scenarios. Student will also understand and apply legal cases and principles of taxation in solving tax problems. In the process, the course will teach students to argue effectively and to consider issues from more than one point of view.

   Students will demonstrate an ability to identify appropriate and relevant sources, and to effectively analyse and apply these sources in the construction of written legal argument.

2. **Communication:**
   Students will recognise and resolve legal and tax problems and develop clear, effective and well-reasoned analysis of the tax consequences of practical scenarios. They will apply correct citation and referencing conventions in properly acknowledging all source material used.

5. **In-depth engagement with relevant disciplinary knowledge:**
   Students will demonstrate an understanding of the legal framework within which Australian taxation operates.

6. **Professional skills:**
   The skills required for independent and reflective learning will be developed through regular self-assessment opportunities in course modules and further extended in class discussions.
Link to assessment

The following table indicates which specific graduate attributes are developed and tested through each of the assessment tasks in this course.

<table>
<thead>
<tr>
<th>Assessment task</th>
<th>Graduate attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignments</td>
<td>1, 2 &amp; 5</td>
</tr>
<tr>
<td>Module activities</td>
<td>1, 5 &amp; 6</td>
</tr>
<tr>
<td>Final examination</td>
<td>1, 2 &amp; 5</td>
</tr>
</tbody>
</table>

Course evaluation and quality enhancement

The Atax quality enhancement process involves regular review of courses and study materials by content and educational specialists, combined with feedback from students. Towards the end of Semester, two online surveys will be released on myUNSW for your completion. For each course there is a ‘Teaching’ evaluation survey, which allows you to provide feedback on the effectiveness of your course lecturer, and a ‘Course’ evaluation survey, which focuses on the actual course content. These surveys are administered as part of the UNSW Course and Teaching Evaluation and Improvement process (‘CATEI’). Your input into this quality enhancement process through completing these surveys is extremely valuable in assisting Atax to meet the needs of its students and to provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action to enhance the quality or course content and delivery.

This course has been revised in 2007 and 2008 in order to address concerns that the workload was too heavy, particularly in view of the fact that it is usually the first course studied in either the BTax or Graduate Diploma Taxation Studies.

Further revision was undertaken in 2012 to address changes required by the new requirements of the Tax Practitioners Board. Specifically, the study of legal principles has been de-emphasised and moved to another Atax course, and coverage of FBT and superannuation have been included.

The current version of the course covers income tax, including capital gains tax issues, fringe benefits tax, superannuation and the goods and services tax, together with establishing the basic skills of case analysis and problem solving.
How to use this package

If you are new to studying with Atax you should carefully read this Course Outline. It contains most of the relevant information about how this course will be run and the expectations of you as a student. You should also refer to the Suggested Study Schedule at the end of this Course Outline. To get the most out of your study we recommend that you follow this schedule through the course and fit various time demands into a well-organised diary. Systematic study through the Semester is the key to success in a flexible learning program.

The Study Guide (which includes this Course Outline and the individual Modules) can help you in three ways.

1. It sets out a clear path of study over the Semester and helps you plan your workload. It also identifies learning outcomes and key concepts at the start of each module and provides a series of activities to help you learn actively and manage your own progress through the course.

2. It contains the core content for the course (often with reference to legislation, textbooks and other relevant material). The structure and layout of the Study Guide is designed to highlight key points and assist your revision for assignments, research papers and examinations.

3. It tells you when to refer to textbooks, legislation and other readings, giving precise details of what you should read.

Note: These study materials belong to you. You can keep them. You can, after you have made the decision to continue with the course, write on them if you wish. If for any reason you decide to discontinue with the study of this course prior to census date, you must return these materials to Atax within seven days of withdrawing.

Features of the Study Guide

Each module includes a range of features to assist you in managing your learning and developing study skills. These features include:

- Overview page
- Heading levels
- Learning outcomes and key concepts
- Module text
- Activities and feedback
- Readings
- Margin notes
- Instructional icons

Please familiarise yourself with the Key to Instructional Icons on the following page. These icons are intended to help you navigate the study materials and to encourage active learning.
Key to instructional icons

- compulsory reading
- write responses outside the Study Materials
- optional reading
- write response in the Study Materials
- note this important point
- pause to reflect
- recall earlier work
- prepare for discussion in an Audio Conference or Webinar
- discuss with colleague
- discuss with study group
- access Blackboard or the internet
- undertake investigation or research
- use video resource
- use audio resource
- use software
- perform fieldwork

Only some of the media shown in the instructional icons are used in this course.
Profile of this course

Course description

Course number/s  ATAX0001/0100

Course name  Principles of Australian Taxation Law

Units of credit  6

Suggested study commitment  You should plan to spend an average of 10–12 hours per week on this course to perform well (including class attendance, online participation, assignments, examination preparation etc). The information included on the overview page of each module should help you plan your study time.

Semester and year  Semester 1, 2013

Lecturer/s  Fiona Martin

Contact details
Telephone:  +61 (2) 9385 9558
Fax:  +61 (2) 9313 6658
Email:  f.martin@unsw.edu.au
Textbooks and references

Prescribed textbook/s
You must purchase or have access to the following publications.


You will also received with your course materials a copy of the following Atax publication:

*Advanced Taxation Research and Writing* (Atax: 2013)

These are referred to throughout the Study Guide as ‘Textbook’.

Act/s
You must purchase or have access to the following publication/s.


or


These versions of the legislation include more detailed provisions than the Core Legislation or the Fundamental Legislation.


These are all referred to throughout the Study Guide as ‘Act’ readings.
Citation and style guide

In presenting written work for assessment in this course you must use an appropriate and consistent style for referencing and citation. The following is a selection of acceptable citation and style guides, which you may use as the basis for your written work. You must purchase or have access to one of the following publications.


(This is free to download and is the citation style guide used by the majority of Australian legal journals.)


Recommended reference/s

Below is a list of further references that you may find useful in this course. Purchase of recommended references is not compulsory.


This is the classic, concise dictionary of legal terms which is very useful for students of law based subjects.


Supporting your learning

Conferencing

Conferences may be either in the form of an audio conference (conducted by telephone) or a webinar (ie, a web-based Conference conducted over the Internet). Instructions on preparing for and participating in audio conferences and webinars are available on the Taxation & Business Law website and Blackboard.

These Conferences provide an opportunity for you to clarify and extend your understanding of the material in this course. They are designed to try out new ideas and give you a forum to ask questions and discuss issues with your lecturer and other students. Do not be afraid to participate—it is only by trying out new ideas and exploring their dimensions that you will learn in any real depth.

Thorough preparation is essential if you are to gain maximum benefit from a Conference. You can only start to come to grips with material if you work on it actively. As a general rule each Conference will cover the module/s between the previous Conference and the week it falls within on the Suggested Study Schedule. However, more specific information on material to be covered in each Conference may be provided via Blackboard throughout the Semester (see ‘Online learning in this course’ below). Exact dates and times for Conferences will be advised via a timetable that you will find on Blackboard and on the TBL Website (under Timetables).

There are four webinars for this course during the Semester. The Suggested Study Schedule in this Outline indicates in which weeks Conferences will be held. Each Conference is of approximately one and a half hours duration.

Remember Conferences are not lectures—your active participation is an important part of the learning experience and preparation for examinations!

Regional Classes

In this course, a Regional Class will be offered this semester. This Regional Class will be through a Webinar. Attendance is strongly recommended, as Regional Class material is examinable.

A recording of each Regional Class will be made available to students shortly after the class.

Regional Classes will be held during Weeks 9 and 10 of the Semester. Full Regional Class details and registration links (including the mode, dates, venues and times) will be provided early in the Semester via Blackboard and the Atax Weekly Bulletin.
School of Taxation & Business Law Website

The School of Taxation & Business Law’s website is at:

http://www.asb.unsw.edu.au/schools/taxationandbusinesslaw/Pages/default.aspx

In addition to general information for all of the School’s students and visitors, there is a portal under Student Resources which contains information specific to those students studying Atax courses—for example, information about exams, regional classes, timetables and the Weekly Bulletin:

http://www.asb.unsw.edu.au/schools/taxationandbusinesslaw/studentresources/taxationprogramresources/Pages/default.aspx

Atax Student Guide

The Atax Student Guide is a vital source of information for students studying Atax courses. It provides administrative and other information specific to studying these courses and you should make a point of being familiar with its contents. You can access the 2013 Atax Student Guide from the Taxation & Business Law Website or from Blackboard.

Library and resources

There are several resources that you can access from the School of Taxation & Business Law website to help you with your academic and research goals. Online tax and legal resources can be found at:

http://www.asb.unsw.edu.au/schools/taxationandbusinesslaw/studentresources/Pages/usefullinks.aspx

From this site you can access:

- The UNSW Library’s catalogue, online databases and e-journals
- UNSW Library Online Training guides for library research skills
- The UNSW Learning Centre for online academic skills resources (eg, essay and assignment writing, plagiarism), and
- ‘Gateway’ links to legislation, case law, tax and accounting organisations and international tax agencies.

The main UNSW Library website provides access to the general UNSW Library resources as well as a guide to legal research and links to major legal websites. The Library website is located at:

http://info.library.unsw.edu.au
For more tax specific information, you should access the ‘Taxation’ subject guide at:

http://subjectguides.library.unsw.edu.au/taxation

Legal research tools can be accessed from the ‘Legal Research’ subject guide at:

http://subjectguides.library.unsw.edu.au/legalresearch

The ‘Accounting’, ‘Business’, ‘Economics’ and ‘Law’ subject guides can also be accessed at:

http://subjectguides.library.unsw.edu.au/index.php

UNSW Library staff will assist you with:
- locating journal articles, cases and legislation
- searching on-line databases and e-journals through Sirius
- loans of books
- photocopies of articles, cases etc which can be arranged free of charge.

You can contact Library staff via the Library website or by telephone on +61 (2) 9385 2650. Additionally, contact information for the Faculty Outreach Librarians can be found at:

http://www.library.unsw.edu.au/about/corporate/outreach.html

Online learning in this course

This course will use an online learning platform called ‘UNSW Blackboard’, where lecturers post messages and deliver documents to their class, and students can complete quizzes, submit assignments and participate in discussions. This platform is an important link between you and your lecturer, and you should make a habit of accessing Blackboard as part of your study regime.

All Atax courses will have an associated course website on UNSW Blackboard, which can be accessed only by students enrolled in that particular course. The contents of each site will vary, but at a minimum will provide you with information about the course, course content, assignment submission, email, relevant links to online resources and the opportunity to network with fellow students. In addition, Conferences will be recorded and made available via Blackboard.

Your printed course materials may refer you to Blackboard to access materials, download assignment templates or engage in discussions. Your lecturer will also advise you of the extent to which they will be using Blackboard during the Semester.
Blackboard support

A complete library of how-to guides and video demonstrations on how to log into Blackboard learning management system, download and submit assignment templates, forward email and take part in online discussions is available. The site can be accessed via the TELT Gateway at [www.telt.unsw.edu.au](http://www.telt.unsw.edu.au). The direct address is:

[http://support.telt.unsw.edu.au/blackboard](http://support.telt.unsw.edu.au/blackboard)

Accessing PDF files on Blackboard

Documents provided on Blackboard are in either Microsoft Word or Portable Document Format (PDF). You will need Adobe Acrobat Reader to view and print PDF files. You can download Adobe Acrobat Reader free of charge from the following web address:


Blackboard technical support

If you encounter a technical problem while using Blackboard, please contact the UNSW IT Service Desk via the following channels:

Email: [ITServiceCentre@unsw.edu.au](mailto:ITServiceCentre@unsw.edu.au)

Telephone: +61 (2) 9385 1333

Phone and email support is available Monday to Friday 8am – 8pm, Saturday and Sunday 11am – 2pm.

Other support

Additional support for students is available from the UNSW Learning Centre, which provides a range of services to UNSW students. The Learning Centre website also features very helpful online resources which may assist you to refine and improve your study skills. You can access these resources and find out more about the services available at [www.lc.unsw.edu.au](http://www.lc.unsw.edu.au).

As well as the Learning Centre, the faculty’s Education Development Unit (EDU) provides academic writing, study skills and maths support specifically for ASB students. Services include workshops, online and printed resources, and individual consultations. For further information, see:

[http://www.asb.unsw.edu.au/learningandteaching/studentservices/Pages/default.aspx](http://www.asb.unsw.edu.au/learningandteaching/studentservices/Pages/default.aspx)
The EDU Office is in Room GO7, Ground Floor, ASB Building (opposite the Student Centre). Contact details are as follows:

Phone: +61 (2) 9385 5584
Email: edu@unsw.edu.au

The ‘Academic Support’ section of the Atax Student Guide details further services available to assist you to achieve success in the Atax learning environment.

Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the course convenor prior to, or at the commencement of, their course, or with the Equity Officer (Disability) in the UNSW Equity and Diversity Unit (telephone: +61 (2) 9385 4734; email: seadu@unsw.edu.au). Issues to be discussed may include access to materials, signers or note-takers, the provision of services and additional exam and assessment arrangements. Early notification is essential to enable any necessary adjustments to be made. For further information, you may also wish to look at the Student Equity and Disabilities Unit homepage at http://www.studentequity.unsw.edu.au/

**Plagiarism**

The following discussion of plagiarism is adapted from the UNSW website at https://my.unsw.edu.au/student/atoz/Plagiarism.html.

Plagiarism is using the words or ideas of others and presenting them as your own. Plagiarism is a type of intellectual theft. It can take many forms, from deliberate cheating to accidentally copying from a source without acknowledgement.

Examples of plagiarism include:

- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied—this includes copying materials, ideas or concepts from a book, article, report or other written document (whether published or unpublished), computer program or software, website, internet, other electronic resource, or another person’s assignment, or the student’s own assignment from a previous course, without appropriate acknowledgement

- quotation without the use of quotation marks

- paraphrasing another person’s work with very minor change keeping the meaning, form and/or progression of ideas of the original
citing sources which have not been read, without acknowledging the ‘secondary’ source from which knowledge of them has been obtained

• piecing together sections of the work of others into a new whole

• presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people (eg, another student or tutor)

• claiming credit for a proportion of work contributed to a group assessment item that is greater than that actually contributed

• using another person’s ideas or words in an oral presentation without crediting the source.

Note also that submitting your own assessment item that has already been submitted for academic credit at UNSW or elsewhere may also be considered plagiarism.

The basic principles are that you should not attempt to pass off the work of another person as your own, and it should be possible for a reader to locate information and ideas you have used by going to the original source material. Acknowledgement should be sufficiently accurate to enable the source to be located quickly and easily.

The University has adopted an educative approach to plagiarism and has developed a range of resources to support students. If you are unsure whether, or how, to make acknowledgement, consult your lecturer or visit The Learning Centre at UNSW or at the following address:

http://www.lc.unsw.edu.au/

For more information, please refer to UNSW’s Plagiarism & Academic Integrity website at the following address:

http://www.lc.unsw.edu.au/plagiarism/index.html

Academic Misconduct carries penalties. If a student is found guilty of academic misconduct, the penalties include warnings, remedial educative action, being failed in an assignment or excluded from the University for two years.
Assessment for Bachelor students

All assignments must be submitted electronically through Blackboard. Please refer to Appendix A for guidelines on assignment preparation and rules for electronic submission of assignments (as well as information on deadlines and penalties for late submission).

Assessment for Bachelor students undertaking this course will be on the basis of:

(a) Assignments 40%
(b) Final examination 60%

In order to pass this course, a student enrolled at Bachelor level must obtain:

- 50 per cent or more of the total marks available in the course and
- at least 40 per cent of the marks available for the final examination in the course.

Assignments

Assignment submission dates

There are 2 assignments:

**Assignment 1**
- Due date: Monday, 15 April 2013
- Weighting: 20%
- Word limit: 1600 words (plus or minus 10%)

**Assignment 2**
- Due date: Monday, 20 May 2013
- Weighting: 20%
- Word limit: 1600 words (plus or minus 10%)

Assignment topics are included on the following pages.

You may be asked to submit your assignment through Turnitin, which will allow you to check your work for inadvertent plagiarism. You will do this via Blackboard. Note that the version lodged at the due date will be taken as your final submission in the course.

For information on Turnitin functions and how to interpret originality reports please refer to the following online resource:

http://www.turnitin.com/static/training/student.php
Final examination

The final examination will be open book, of 2 hours duration plus 10 minutes reading time, and will cover the whole Semester’s content. Note that you will not be permitted to write during the reading time.

Examinations are held from Saturday, 14 June 2013 to Tuesday, 1 July 2013 for Semester 1, 2013. Students are expected to be available for exams for the whole of the exam period.

The final examination timetable is published prior to the examination period via the Atax Weekly Bulletin and on the School’s website at:

http://www.asb.unsw.edu.au/schools/taxationandbusinesslaw/studentresources/taxationprogramresources/Pages/bulletin.aspx

This is not a negotiable schedule. Atax publishes it as a matter of courtesy, and to ensure that any clashes of Atax examinations are brought to our attention.
Assignment 1

Due date: To be submitted via Blackboard by Monday, 15 April 2013 (Midnight, EST)

Weighting: 20%

Length: 1600 words (plus or minus 10%)

Note: This assignment topic is for Bachelor students only. The assignment topics for Graduate Certificate, Graduate Diploma or Masters in Taxation Studies students can be found in a separate section of the Course Outline (refer to Table of Contents on Outline Page 3).

Topic:

Analyse the decision of the High Court in Steele v DFCT (1999) CLR 459; [1999] HCA 7 (High Court of Australia). The case is available on Austlii or the Taxation Library database which is available through the UNSW Library internet site.

Your analysis should include discussion of the following:

1. The facts of the case
2. The parties involved in the case
3. The history of the case
4. The arguments put forward by each party
5. The issue(s) to be decided
6. The decision(s) of the Court
7. The reasoning of the Court in reaching its decision
8. Any significant consequences of the decision

Your assignment must be your own analysis of this case.
**Evaluation criteria**

**An important note on word limits**

Assignments are exercises in filtering material and communicating it succinctly. Quantity is not to be confused with quality. Atax lecturers will uniformly apply this principle in their assessment of assignments.

Most word processing packages indicate word lengths, or otherwise some manual check must be done in the drafting process. Indicate the actual number of words of your assignment in the space indicated on your assignment cover sheet.

The following criteria will be used to grade assignments:

- ability to cut through the undergrowth and penetrate to key issues (i.e., the ability to identify the relevant facts in the case)
- identification of key facts and the integration of those facts in the logical development of argument—Does your discussion of the key facts link to the reasons the Court decided the case in the way it did? What of any dissenting judgments?
- demonstration of an understanding of the key issues of the case
- identification of to what extent this case clarified, amplified or changed the law—how did it do this?
- demonstration of a critical mind at work and, in the case of better answers, of value added to key issues over and above that of the source materials
- clarity of communication—this includes development of a clear and orderly structure and the highlighting of core arguments (including, where appropriate, headings)
- sentences in clear and, where possible, plain English—this includes correct grammar, spelling and punctuation
- correct referencing and bibliographic style in accordance with a recognised and appropriate citation and style guide (when uploading, check your footnotes have been correctly submitted).

You are encouraged to read beyond the study materials and references to do the assignment.
Assignment 2

Due date: To be submitted via Blackboard by Monday, 20 May 2013 (Midnight, EST)

Weighting: 20%

Length: 1600 words (plus or minus 10%)

Note: This assignment topic is for Bachelor students only. The assignment topics for Graduate Certificate, Graduate Diploma or Masters in Taxation Studies students can be found in a separate section of the Course Outline (refer to Table of Contents on Outline Page 3).

Topic:
Felicity is an academic and teaches English Literature at a major university in Western Australia. She provides you with the information below in relation to the year ended 30 June 2013:

- Felicity received a gross salary from the University of $100,000.
- Felicity spent $6000 on a three week trip to England during the financial year ended 30 June 2013. The money covered airfares, accommodation and incidentals. Felicity took the trip to enhance her knowledge of the ‘Bronte sisters’—three famous English writers of the 19th century. She had read their books and many papers and articles about them, but wanted to see firsthand where they lived in England. She felt that she needed to do this as her Head of School had advised that she would be teaching a course on the Brontes for the first time in the coming semester.
- When Felicity returned from England, she approached the Head of School asking her to pay for her trip as it related to her teaching. After some discussion, the Head agreed to make a contribution to Felicity’s costs. She gave Felicity a cheque from the university in the amount of $900. This is not included in the salary above.
- Felicity estimates the cost of her travel from home to work during the year is $2500. This includes train and bus fares as Felicity lives on the outskirts of Perth. Felicity has receipts for these expenses.
- Felicity donated $250 to the Salvation Army on 1 February 2013. She has a receipt.
- Felicity received a laptop computer from the University on 1 January 2013. This is hers to keep as part of her employment package. The laptop cost the University $1500.
Felicity works regularly from home, as she finds it easier to concentrate on her research there than at the university. She has an office set up in a spare bedroom and this room is only used by her for her work. The room is $1/10$th the size of her house. The total interest on her mortgage for the year was $5000. Her total rates were $2000. She also estimates that she spent $200 for the income year in lighting and heating this room while she worked in it. She estimated this based on her usage of the room compared to her total account for electricity for the year.

During the financial year, Felicity sold some shares that she had purchased in 2005. The shares cost her $1000 and she sold them for $6000. She regularly received dividends on the shares, but not in the 2013 financial year. She paid brokers’ fees on the sale of the shares totalling $800. She also purchased a block of land on which she intends to build a home. She intends to sell her existing home as soon as she can move into the new one.

**Required**

Advise Felicity of her taxable income for the year ended 30 June 2013. In doing this, please discuss all possible assessable income, capital gains and allowable deductions for the year. Give reasons for your assertions and provide relevant legal references to back them up.

Also advise Felicity of the income tax implications of buying the block of land and building a home on it.
Evaluation criteria

An important note on word limits

Assignments are exercises in filtering material and communicating it succinctly. Quantity is not to be confused with quality. Atax lecturers will uniformly apply this principle in their assessment of assignments.

Most word processing packages indicate word lengths, or otherwise some manual check must be done in the drafting process. Indicate the actual number of words of your assignment in the space indicated on your assignment cover sheet.

The following criteria will be used to grade assignments:

- ability to cut through the undergrowth and penetrate to key issues
- identification of key facts and the integration of those facts in the logical development of argument
- in the case of problem assignments, this means tying argument back to the problem and severely pruning less relevant material
- demonstration of a critical mind at work and, in the case of better answers, of value added to key issues over and above that of the source materials
- clarity of communication—this includes development of a clear and orderly structure and the highlighting of core arguments (including, where appropriate, headings)
- sentences in clear and, where possible, plain English—this includes correct grammar, spelling and punctuation
- accurate numerical answers
- correct referencing and bibliographic style in accordance with a recognised and appropriate citation and style guide (when uploading, check your footnotes have been correctly submitted).

You are encouraged to read beyond the study materials and references to do the assignment.
Assessment for Graduate Certificate, Graduate Diploma or Masters in Taxation Studies students

All assignments must be submitted electronically through Blackboard. Please refer to Appendix A for guidelines on assignment preparation and rules for electronic submission of assignments (as well as information on deadlines and penalties for late submission).

Assessment for Graduate Certificate, Graduate Diploma or Masters in Taxation Studies students undertaking this course will be on the basis of:

(a) Assignments 40%
(b) Final examination 60%

In order to pass this course, a student enrolled in the Graduate Certificate, Graduate Diploma or Masters in Taxation Studies must obtain:

- 50 per cent or more of the total marks available in the course
- and
- at least 40 per cent of the marks available for the final examination in the course.

Assignments

Assignment submission dates

There are 2 assignments:

Assignment 1
Due date: Monday, 15 April 2013
Weighting: 20%
Word limit: 1600 words (plus or minus 10%)

Assignment 2
Due date: Monday, 20 May 2013
Weighting: 20%
Word limit: 1600 words (plus or minus 10%)

Assignment topics are included on the following pages.

You may be asked to submit your assignment through Turnitin, which will allow you to check your work for inadvertent plagiarism. You will do this via Blackboard. Note that the version lodged at the due date will be taken as your final submission in the course.

For information on Turnitin functions and how to interpret originality reports please refer to the following online resource:

http://www.turnitin.com/static/training/student.php
Final examination

The final examination will be open book, of 2 hours duration plus 10 minutes reading time, and will cover the whole Semester’s content. Note that you will not be permitted to write during the reading time.

Examinations are held from Saturday, 14 June 2013 to Tuesday, 1 July 2013 for Semester 1, 2013. Students are expected to be available for exams for the whole of the exam period.

The final examination timetable is published prior to the examination period via the Atax Weekly Bulletin and on the School’s website at: http://www.asb.unsw.edu.au/schools/taxationandbusinesslaw/studentresources/taxationprogramresources/Pages/bulletin.aspx

This is not a negotiable schedule. Atax publishes it as a matter of courtesy, and to ensure that any clashes of Atax examinations are brought to our attention.
Assignment 1

Due Date: To be submitted via Blackboard by Monday, 15 April 2013 (Midnight, EST)
Weighting: 20%
Length: 1600 words (plus or minus 10%)
Note: This assignment topic is for Graduate Certificate, Graduate Diploma or Masters in Taxation Studies students only. The assessment requirements Bachelor of Taxation students can be found in a separate section of the Course Outline (refer to Table of Contents on Outline Page 3).

Topic:

Analyse the decision of the Full Federal Court in Federal Commissioner of Taxation v Stone [2005] HCA 21 (High Court of Australia). The case is available on Austlii or the Taxation Library database which is available through the UNSW Library internet site.

Your analysis should include discussion of the following:
1. The facts of the case
2. The parties involved in the case
3. The history of the case
4. The arguments put forward by each party
5. The issue(s) to be decided
6. The decision(s) of the Court
7. The reasoning of the Court in reaching its decision
8. Any significant consequences of the decision

Your assignment must be your own analysis of this case.
Evaluation criteria

An important note on word limits

Assignments are exercises in filtering material and communicating it succinctly. Quantity is not to be confused with quality. Atax lecturers will uniformly apply this principle in their assessment of assignments.

Most word processing packages indicate word lengths, or otherwise some manual check must be done in the drafting process. Indicate the actual number of words of your assignment in the space indicated on your assignment cover sheet.

The following criteria will be used to grade assignments:

- ability to cut through the undergrowth and penetrate to key issues (i.e., the ability to identify the relevant facts in the case)
- identification of key facts and the integration of those facts in the logical development of argument—Does your discussion of the key facts link to the reasons the Court decided the case in the way it did? What of any dissenting judgments?
- demonstration of an understanding of the key issues of the case
- identification of to what extent this case clarified, amplified or changed the law—how did it do this?
- demonstration of a critical mind at work and, in the case of better answers, of value added to key issues over and above that of the source materials
- clarity of communication—this includes development of a clear and orderly structure and the highlighting of core arguments (including, where appropriate, headings)
- sentences in clear and, where possible, plain English—this includes correct grammar, spelling and punctuation
- correct referencing and bibliographic style in accordance with a recognised and appropriate citation and style guide (when uploading, check your footnotes have been correctly submitted).

You are encouraged to read beyond the study materials and references to do the assignment.
Assignment 2

Due Date: To be submitted via Blackboard by Monday, 20 May 2013 (Midnight, EST)

Weighting: 20%

Length: 1600 words (plus or minus 10%)

Note: This assignment topic is for Graduate Certificate, Graduate Diploma or Masters in Taxation Studies students only. The assessment requirements Bachelor of Taxation students can be found in a separate section of the Course Outline (refer to Table of Contents on Outline Page 3).

Topic:

Andrew practises as a solicitor in sole practice in Glebe, New South Wales. He also has a keen interest in antique cars and over the years has built up quite a portfolio of shares for investment purposes.

During the year ended 30 June 2012, he entered into the following transactions:

1. He purchased an antique Jaguar motor vehicle for $25,000.
2. He made a capital loss of $15,000 on the sale of certain shares.
3. He sold an original oil painting. He had purchased it for $2000 in 2000 and sold it for $1500.

During the year ended 30 June 2013, he entered into the following transactions:

- He sold the antique car for $30,000.
- He sold shares in BHP which he had purchased on 1 January 2000. He purchased them for $5000. During his years of ownership, he received dividends from the shares totalling $3000. He borrowed to buy the shares and the total interest he paid during his period of ownership was $1500. He sold the BHP shares on 1 January 2013 for $20,000.

Andrew also received dividends from the BHP shares totalling $1000. The dividends were unfranked.
Required:
Calculate the net capital gain or loss made by Andrew for the 2013 income year. Show all relevant calculations and indicate the likely way in which the capital losses will be applied in calculating the net capital gain, if any, for the year.

Make sure that you refer to all relevant legislation and case law in your answer.

Evaluation criteria
An important note on word limits
Assignments are exercises in filtering material and communicating it succinctly. Quantity is not to be confused with quality. Atax lecturers will uniformly apply this principle in their assessment of assignments.

Most word processing packages indicate word lengths, or otherwise some manual check must be done in the drafting process. Indicate the actual number of words of your assignment in the space indicated on your assignment cover sheet.

The following criteria will be used to grade assignments:

• ability to cut through the undergrowth and penetrate to key issues
• identification of key facts and the integration of those facts in the logical development of argument
• in the case of problem assignments, this means tying argument back to the problem and severely pruning less relevant material
• demonstration of a critical mind at work and, in the case of better answers, of value added to key issues over and above that of the source materials
• clarity of communication—this includes development of a clear and orderly structure and the highlighting of core arguments (including, where appropriate, headings)
• sentences in clear and, where possible, plain English—this includes correct grammar, spelling and punctuation
• accurate numerical answers
• correct referencing and bibliographic style in accordance with a recognised and appropriate citation and style guide (when uploading, check your footnotes have been correctly submitted).

You are encouraged to read beyond the study materials and references to do the assignment.
## Suggested study schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Beginning</th>
<th>Module</th>
<th>Topic</th>
<th>Events and submissions</th>
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<td>4 March</td>
<td>1</td>
<td>The Australian legal system: A lawyer’s reasoning</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>11 March</td>
<td>1</td>
<td>The Australian legal system: A lawyer’s reasoning</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>18 March</td>
<td>2</td>
<td>Income tax: Assessable income</td>
<td>Webinar 1</td>
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<tr>
<td>4</td>
<td>25 March</td>
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<td>Income tax: Assessable income</td>
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<tr>
<td>5</td>
<td>8 April</td>
<td>2</td>
<td>Income tax: Assessable income</td>
<td></td>
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<tr>
<td>6</td>
<td>15 April</td>
<td>3</td>
<td>Income tax: Allowable deductions</td>
<td>Assignment 1 due Webinar 2</td>
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<tr>
<td>7</td>
<td>22 April</td>
<td>3</td>
<td>Income tax: Allowable deductions</td>
<td></td>
</tr>
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<td>8</td>
<td>29 April</td>
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<td>Capital gains tax</td>
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<tr>
<td>9</td>
<td>6 May</td>
<td>4</td>
<td>Capital gains tax</td>
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<td>Fringe benefits tax</td>
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<td>Australia’s superannuation system</td>
<td>Assignment 2 due</td>
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<tr>
<td>13</td>
<td>3 June</td>
<td>7</td>
<td>Goods and services tax</td>
<td></td>
</tr>
</tbody>
</table>

**Mid-semester break from Saturday, 29 March to Sunday, 7 April 2013**

**Examination period from Saturday, 14 June to Tuesday, 1 July 2013**
Assignment preparation and submission

Assignment preparation guidelines

The following guidelines are offered as a general indication of what is expected in terms of the presentation of both assignments and research papers in Atax courses. With the exception of the rules regarding ‘Acknowledgement of sources’ (see over), which are standard for any work submitted for assessment at UNSW, individual lecturers may amend any of these guidelines for particular assessment tasks. Each assessment task may also have particular requirements not covered here. Where information here is in conflict with information provided by the course lecturer, you should follow the advice of your lecturer.

Abstract

An abstract is used to summarise the subject of a research paper. Abstracts are only required for research papers and should contain 100 to 200 words. Do not write an abstract for a problem-type assignment.

Margins

The margins of electronic assignment templates are pre-set to the following standard:
Left margin — 3.5 cm
Right margin — 3.5 cm
Top margin — 2.5 cm
Bottom margin — 2.5 cm

These margins are used to allow room for comments. Please do not alter these margin settings.

Headings/Table of contents

Headings should be typed in bold. Only capitalise the first letter of the heading. Do not capitalise the entire heading. If you have written a long essay with many parts, a table of contents should be used. Otherwise, do not include one.

Style of presentation

Your assignment should be typed into the relevant section of your electronic assignment template, using an 11 or 12 point font. Single line spacing should normally be used, unless your lecturer tells you otherwise. You should number each page of the assignment. The style for layout set out below should be applied.

Spaces after words

Leave a space after each word, except where a punctuation mark is used. Where a punctuation mark is used, the mark follows immediately after the word. Leave one space after any punctuation mark.
Paragraphs

Leave a line after each paragraph. Do not indent the first line of the paragraph.

Footnotes and citation system

You should use footnotes as your referencing tool. Use end notes only if your computer cannot produce footnotes. Use the rules set out in a recognised citation and style guide. Footnotes are not normally included in the word limit, unless you include substantial commentary or discussion in the footnotes. Do not abuse footnotes by including too much material in them in the hope of extending the word limit.

A note of caution: we have discovered that some word processing packages lose the footnotes when the assignment is electronically lodged. Ensure at the time of lodgement that your footnotes have been retained. This is not a problem that we have encountered with Microsoft Word®.

Bibliography

Details of works cited in the text are provided in a bibliography. The bibliography is placed at the end of the document on a new page under the heading ‘Bibliography’. The bibliography is not included in the word limit.

All publications (books, articles, theses etc) are included in the bibliography. Legal cases and legislation are not included in the bibliography. If a list of cases is considered necessary due to the large number used, it should be in alphabetical order under a separate heading ‘Legal cases’. A similar separate list, headed ‘Legislation’, is used if needed for legislation.

Your bibliography must be presented in the following format:
1. Items in the bibliography are listed alphabetically by author or source.
2. The citation style of the item should be in accordance with a recognised and appropriate citation and style guide, except that specific page references are not included.

Acknowledgment of sources

You must acknowledge the source of ideas and expressions used in submitted work. To provide adequate documentation is absolutely essential in academic work as the academic system depends on clear reference to sources. The markers must be able to consult sources with ease. Failure to acknowledge sources may constitute plagiarism, which is subject to a charge of academic misconduct.

UNSW sometimes uses software to check the authenticity of submitted assignments.

The following are the more common forms of plagiarism (from the obvious to more subtle)*:

- **quoting from a source ‘word for word’ without using quotation marks or proper acknowledgement**—this may include:
  - copying an essay from another student
  - copying a journal article or a section of a book
  - copying sentences or paragraphs from someone else (essay, article, book, lectures etc)
- **using significant ideas from another author without acknowledgment**—putting someone else’s ideas into your own words and not acknowledging the source of the ideas
- **heavy reliance on the written expressions of someone else without proper acknowledgement**—quoting from a source ‘word for word’ without using quotation marks but with proper acknowledgement, giving the impression that the expression of the idea is actually yours
- **excessive reliance on other people’s material**—overuse of quoted material, properly acknowledged, results in your sources speaking for you, meaning your own contribution is minimal.

(* The above examples are adapted from UNSW Learning Centre information sheet ‘Avoiding plagiarism’).
Assignment submissions and deadlines

This course uses UNSW Blackboard for the electronic delivery and submission of assignments. To complete an assignment for this course, you are required to download an electronic assignment template from Blackboard, complete it (ie, type your details into the electronic cover sheet, and then type your assignment answer into the appropriate section of the template), and then submit it for marking via Blackboard.

Please note that you are only entitled to submit an assignment once. Additional and subsequent submissions will not be accepted.

The electronic delivery and submission process gives Atax students more time and flexibility when completing their assignments. A number of illustrated, step-by-step guides have been produced to assist students through the process, and are available for download from the TELT Gateway at http://support.telt.unsw.edu.au/blackboard.

Completing the cover sheet within the electronic template

The Assignment Cover Sheet (included in the first section of your electronic assignment template) asks you to type in your personal details such as your name, postal address, email and telephone number.

The Cover Sheet must be completed. No electronic assignment will be accepted by Atax as ‘submitted’ until the assignment file contains a completed Assignment Cover Sheet.

Re-name and save your assignment documents

For identification purposes you are required to re-name your Atax assignment templates using the Surname_GivenName_Course Code format. For example, if Henry Lawson were to download ATAX0001 Assignment 1, he would re-name his assignment template file:

‘Lawson_Henry_ATAX0001Assignment1.doc’

This policy also applies to additional assignment documents, such as Excel spreadsheets. If you are submitting an Excel document, please ensure that you use the naming convention as stated above, and also include your name and student number on each section of the Excel file.

NOTE: When using Excel, please ensure that the column width is adequately formatted to reveal contents when printed on a standard A4 sheet of paper.

It is advisable to retain both an electronic and hard copy of every assignment. No mark can be given or concession awarded should an assignment be lost and no evidence of completion can be provided by the student.
Due date and time

Each assignment should be submitted via Blackboard by midnight EST (or EDT, Eastern Daylight Time, where applicable) on the specified due date (eg, if the due date is Monday 15th April 2013, your assignment is due by midnight on Monday night). You are advised to check your access to Blackboard in week 1 of Semester, to submit your assignment early if possible, and to allow at least 15 minutes for the Blackboard submission process.

Due dates are chosen to facilitate the pacing of the student and lecturer workloads. The overall aim is to promote efficient learning and prompt feedback to the student. Lecturers will make every effort to return assignments (which are submitted on time) within three weeks with appropriate comments and feedback.

Problems with Blackboard assignment submission

If you encounter technical difficulties while attempting to access Blackboard, and are therefore unable to submit your assignment, please contact the IT Service Desk by email to ITServiceCentre@unsw.edu.au or by telephone on +61 (2) 9385 1333. Your lecturer will not be able to assist with assignment submission issues, and cannot accept assignments emailed direct to him/her.

Assignment return

Unless alternative arrangements are made by your lecturer, all assignments will be returned in hard copy format to the mailing address recorded on myUNSW. If you have changed your postal address recently, type your new address on the assignment template cover sheet. You must also update your address on myUNSW (https://www.my.unsw.edu.au).

Late submission penalties

An assignment is not considered to be late if it has been submitted via Blackboard on or before the due time and date. Posted, faxed or e-mailed assignments will NOT be marked and should not be sent.

If you submit an assignment after the due date, please be aware that the following penalties will be applied.

- Where assignments are up to one week (ie 1–5 working days) late: 10% of the maximum marks available for the assessment item will be deducted.
- Where assignments are more than one week late and up to two weeks (ie 6–10 working days) late: 20% of the maximum marks available for the assessment item will be deducted.
- Where assignments are more than two weeks (ie 11 or more working days) late: the assignment can be perused, but no marks will be awarded. Assignments will be recorded only as having been submitted.

Please note that the penalties are applied to the maximum marks available for the assignment, not the actual mark awarded. For example, a student is due to submit an assignment by Monday, 15 April 2013. The assignment is in fact submitted on Monday, 29 April 2013 (10 working days late). The penalty for lateness will be 20% of the maximum marks for the assessment. If the student’s mark before the imposition of the penalty was a credit mark of 65%, after taking the penalty into account this mark will fall to 45%—a failure.
Penalty remission

If illness or other verified circumstances beyond your control have a significant effect on your ability to submit an assignment by the due date, the normal penalty may be remitted. All medically related requests must be made using the Penalty Remission form (downloadable from http://www.atax.unsw.edu.au/students/forms/). Doctor’s reasons must be sufficiently detailed and specifically address the effect of the medical condition on your ability to complete assignments.

General points

- The Student Services Office supervises all penalty remission requests. Lecturers are not permitted to grant penalty remissions and you should not approach lecturers for this purpose.
- You should not anticipate that a Penalty Remission will be granted, and should endeavour to submit all assignments as soon as possible.
- You are advised to begin preparing assignments well before the submission date so that normal problems are easily avoided.
- You should also check that you have access to Blackboard, and that your computer is correctly configured to submit assignments, well before the assignment due date.
- If you require academic assistance contact your lecturer or the Academic Support Coordinator during the period that you are preparing assignments.
- You have only 13 weeks in the Semester, during which time all assignments must be completed. You also need to prepare for the final examination in all courses. Therefore, your time management is very important.

Guidelines for lodging a Penalty Remission Request

All requests for Penalty Remissions must be made in writing using the Penalty Remission Application form. Penalty Remissions should be posted (within 24 hours of submitting your assignment) to:

Penalty Remissions
School of Taxation and Business Law (Atax)
Australian School of Business
Level 6 East Lobby, Building E12
The University of New South Wales
UNSW SYDNEY, NSW 2052
AUSTRALIA

It is your responsibility to give full reasons for requesting remission of the penalty, in writing, and to ensure that all necessary documentation are sent with your Penalty Remission application.

YOU MUST ALSO INDICATE YOUR INTENTION TO APPLY FOR PENALTY REMISSION BY COMPLETING THE RELEVANT SECTION ON YOUR ELECTRONIC ASSIGNMENT COVER SHEET.

If you are unsure whether your situation is likely to be a ‘reasonable’ request you should refer to the ‘Grounds for Penalty Remission Being Granted’ policy presented in the Atax Student Guide. You may wish to seek further advice from the Student Services Office in order to obtain an indicative reply (you will then need to provide all relevant documentation to substantiate your formal request).
The following is very important:

If your assignment is up to one week (ie 1–5 working days) late, your penalty remission request must clearly show that you are seeking a one week penalty remission and you must clearly state your reasons and provide all relevant documentation. If your reasons are judged insufficient you will receive no remission of penalty.

If your assignment is more than one week late but less than two weeks (ie 6–10 working days) late, your penalty remission request should indicate whether you are seeking a 10% or a 20% remission. You must clearly show why the penalty remission you are seeking is valid and provide all relevant documentation. If you have requested remission of a 20% penalty and your reasons are judged insufficient, you may receive either a 10% remission or no remission depending on the judged validity of your request. If you requested 10% and your reasons are judged insufficient you will receive no remission of penalty.

Extensions of time in exceptional circumstances

Only in the most exceptional circumstances will you be awarded any marks for an assignment submitted more than two weeks late. If you believe such truly exceptional circumstances apply as to justify submission more than two weeks beyond the due date, please contact the School Administration on +61 (2) 9385 9534 so that your case can be considered by the appropriate Program Convenor as quickly as possible. Appropriate documentation will rapidly need to follow your telephone request. You should be aware that where an extension of time later than two weeks after the submission date is granted, this new date is an absolute deadline. No later submission date will be permitted and the late penalty rules will not apply.
ATAX0001/0100 PRINCIPLES OF AUSTRALIAN TAXATION

Semester 2, 2012 End of Semester Examination

Examination duration: 2 hours, plus 10 minutes reading time.

Number of Answer Books: 2

Reading time conditions: DO NOT write in the answer book during the 10 minutes reading time.

Examination conditions: THIS IS AN OPEN BOOK EXAMINATION. You are permitted to bring relevant printed or written materials into the examination room. (You may use a calculator during the examination. Electronic calculators, including scientific calculators that are authorised by the University for this purpose must have any programmable memory cleared before entering the examination room.)

INSTRUCTIONS:

1. Answer ALL questions.

2. Answers must be written in INK in the answer book(s) provided by Atax.

3. Each question must be answered in a separate answer book.

4. The value of each question is indicated at the beginning of each question.

5. Write your name, Student ID number and the question number(s) attempted on the front of EVERY answer book used.


7. Complete the Student Attendance Slip.

8. You may keep this examination paper.
IN ANSWERING ALL QUESTIONS:

- Your answer must be supported by statutory and other primary sources of law;
- you must state any assumptions that you feel are necessary and explain why they were made; and
- you must show all calculations.

QUESTION 1

Question 1 is worth 60 marks

During the 2012 income year Susan lived in Orange where she was employed as a viticulturist for Rose Hills Wines Pty Ltd and also as a casual academic at the local university campus. In this latter role and during the same period, Susan earned $12,000 for lecturing and exam marking.

The university did not provide office accommodation or any other facilities or materials for the use of casual academic staff. Susan gave two lectures weekly and marked 200 exam papers in each of two 12 week semesters. Susan estimated that she travelled 10 km from her usual place of work to the university campus for each lecture, and a further 20 km home. She has not kept a logbook or her opening or closing odometer readings for this year. Susan used her own car, a 3.0 litre Toyota which she purchased in 2009 for $26,000.

Susan used a spare bedroom at home to prepare her lectures and undertake exam marking. She could have carried out both these activities at her usual place of employment, but chose not to. She set up a desk and computer station in this spare bedroom which also contains a bed and wardrobe for the occasional guest. This room takes up about 10 per cent of the floor area of the house. Susan estimates that 60 per cent of her time spent in the spare bedroom was in connection with her university work. More specifically, Susan estimates that she spent 220 hours in her study on university work. The balance of her time spent in this room was in playing online computer games.

Susan is also a keen musician and plays the bagpipes at local weddings and other functions. She has earned $2,500 during the year and from this activity and estimates that she has travelled 1,200 km in total to and from these functions and spent on average 4 hours a week practising in her lounge room at home.

Susan incurred the following expenses (GST incl) during the year:

- Interest on mortgage $14,000
- Electricity and gas heating $4,400
- Council land and water rates $6,000
- Internet and telephone $360
- House and contents insurance $3,000
- Repairs to driveway as a result of flood damage $3,300
- Desk and shelves for the study $550
She purchased a laptop computer on 1 April 2012 at a cost of $2,500 (effective life of 3 years) through a salary sacrificing arrangement with her employer. Susan also purchased a new set of bagpipes on 1 December 2011 at a cost of $4,400 (GST incl) (effective life of 20 years).

During the year Susan undertook a feasibility study, and drew up a business plan, to determine if she should embark on an import/export business of computer games. She intends to start small and incrementally increase the size of the operation as funds permit. The cost of this study was $5,500 (GST incl). In the current income year, she imported one item from overseas at a cost of $10,000 which was sold for a gross profit of $3,000. Susan does not have an Australian Business Number (ABN) nor is she registered for the purposes of GST.

During the university break Susan flew to Europe to study viticulture. She was away for a total of four weeks and kept a travel diary. While Susan did spend about 25 per cent of her time on private activities as a tourist, her diary does show that she did at least spend some time every day on an activity related to either her employment as a viticulturist. The total costs of the trip were as follows:

- Air fare $3,200
- Travel to vineyards $800
- Accommodation and meals $6,000
- Sightseeing tours $5,000

**Required**

1. Advise Susan on the assessability (or otherwise) of each the above receipts.  
   (30 marks)

2. Advise Susan on the deductibility (or otherwise) of each of the above outgoings.  
   (25 marks)

3. Advise Susan on whether or not she should (or is required to) register for the purposes of the Goods and Services Tax (GST).  
   (5 marks)
QUESTION 2

Question 2 is worth 40 marks

Torpy has been working hard in his trucking business as a sole trader for the last 30 years and is looking forward to retirement. He is 63 years of age and has converted most of his assets (including his two properties) to cash this year so that he can travel around Australia.

He advises that he has made the following transactions for the year ended 30 June 2012:

1. Torpy’s first property is 8,000 m² in size (2 acres) and includes his principal residence and numerous sheds and outbuildings for his trucks and machinery. The residence takes up about half of the property. Torpy bought this property on 1 March 1986 and has always lived in this house other than between 2000 - 2004 when he lived nearby in his (late) parents’ house (they were elderly and needed his care). During this period Torpy allowed his son Ronald (who was an employee in Torpy’s business at the time) to live in his house rent-free. Torpy paid $145,000 (including transactional costs) for the property in 1986. The purchase price was based on $40,000 for the whole parcel of land, $100,000 for the residence, and $5,000 for the sheds and outbuildings. He ceased business and sold the entire property to Ronald on 1 April 2012 for $2 million, with settlement on 1 June 2012. (15 marks)

2. Torpy’s second property is a house on the NSW south coast which was originally purchased to be a holiday home for Torpy and his family. The house was a rundown shack when he purchased it on 1 November 1998 at a cost of $25,000. At no time has Torpy made this property available for rent. In September 2011 Torpy managed to get approval to subdivide the land with $12,000 being incurred in development costs. This year he has built a new dwelling (at a cost of $300,000) on the separate lot created by the subdivision. The costs of construction have been financed by a bank overdraft (used solely for the purpose of the development), the interest expense for the 2012 financial year was $22,000. Torpy then disposed of both properties by private sale. Contracts were exchanged on 1 May 2012 for $400,000 for the original house; and the new dwelling for $900,000. Torpy’s legal costs on the sales were $4,000 in total. Settlement for both properties took place on 14 July 2012. (15 marks)

3. Torpy sold a substantial parcel of shares on 1 June 2012 for $12,000. He had originally purchased this parcel on 1 March 2008 for $22,000. On 1 June 2012 Torpy also sold his speedboat for $5,000. He had originally purchased this boat for $11,000 on 1 December 2009. On 1 May 2012 Torpy sold the antique furniture that he had inherited from his late parents in 2006 (valued at the time at $12,000) for $2,000. On the same date he also sold his vintage motor bike for $15,000 which he had bought in 2000 for $2,000 and had spent $3,000 on its restoration. (10 marks)

Required:

Advise Torpy of the capital gain tax (CGT) consequences of each of the above items. You are not required to consider any other taxes in your answer.

END OF PAPER