



What is Adjusted Taxable Income and why do you need to know?

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If you apply for certain tax offsets, concessions or government benefits, you may be asked to provide your "adjusted taxable income" (ATI).

ATI impacts many offsets and entitlements, including:

- Eligibility for some tax offsets
- Centrelink and Child Support Agency assessments
- Family Tax Benefit (A and B)
- Child Care Benefit
- Parental Leave pay
- Dad and Partner pay thresholds
- Low Income Supplement and Low Income Family Supplement
- Commonwealth Seniors Health Card
- Private health insurance rebate
- Medicare Levy Surcharge

How is adjusted taxable income worked out?

ATI starts with ordinary taxable income – the amount you earn above the taxing threshold of \$18,200, minus deductions.

Various adjustments are then applied. These might include:

- Reportable employer superannuation contributions
- Deductible personal superannuation contributions
- Adjusted fringe benefits total
- Certain tax-free government pensions or benefits
- Target foreign income
- Net financial investment loss
- Net rental property loss
- Child support payments made to another person

While most of the above are added to taxable income, for some government payments or services child support you pay will be deducted from your ATI.

Get a detailed breakdown of ATI calculation from the Australian Taxation Office (ATO).
[\[https://www.ato.gov.au/individuals/tax-return/2018/tax-return/adjusted-taxable-income-\(ati\)-for-you-and-your-dependants-2018/\]](https://www.ato.gov.au/individuals/tax-return/2018/tax-return/adjusted-taxable-income-(ati)-for-you-and-your-dependants-2018/)

How to manage ATI to maximise eligibility for offsets and concessions


You might want manage your levels of ATI to retain or achieve eligibility for relevant offsets and concessions.

As ATI can be affected by the many adjustments above, there are many strategies that can be used. For example, salary sacrificing to superannuation or accessing FBT-free benefits, including work-related items like tools of trade, mobile phone, laptop computer and more.

Depending on the entitlement or offset and your personal situation, calculating your ATI can be tricky and time consuming. Your family make-up, spouse's income, employment and other variables may dictate the best strategy for you. But, for many

people, eligibility for offsets and entitlements is important and should be considered when making financial decisions.

Need a hand? A Synectic adviser can help you manage your ATI.

 **Contact an Adviser**
[<https://www.synecticgroup.com.au/contact-us/>]


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