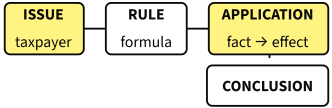


1 • Exam Map			ASSESSMENT SUMMARY
			Case 20%Project 20%Final 60%
TASK	WEIGHT	FORMAT	
Mid-Semester Individual Case Study	20%	Individual tax case based on early topics	
HandiTax Group Project	20%	Group preparation of an individual client tax return	
Final Examination	60%	Invigilated examination covering the full tax framework	

“The exam is an open-book invigilated exam.” (Assessment Overview, AYB203 Semester 2 2026) · “The exam is completely open-book with no restriction placed on any books or notes used in the exam.” (AYB203 Summary of Assessment)



Source route redrawn for print: identify, govern, operate, conclude.

1b • Universal Ledger

COURSE METHOD

LINE	WRITE BEFORE CALCULATING
Taxpayer	Who is assessed or liable?
Period	Which income year or tax period?
Regime	Income tax, CGT, GST or FBT?
Character	Income, outgoing, gain, credit, benefit?
Base	Which supported amount enters?
Control	Which changed fact could reverse it?

EXAM USE *Classify before calculating.*
Repair the first failed line; propagate only its consequences.

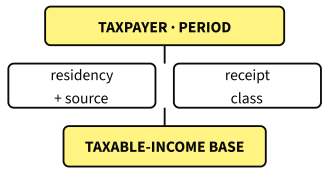
1c • Full-Framework Triage

TOPIC MAP

FACT PATTERN OPENS WITH...	FIRST ISSUE	CONTROL BEFORE CONCLUSION
Salary, interest, gift or source facts	Residency/source + assessable-income character	Taxpayer, period, jurisdiction
Repeated sales or year-end goods	Business character + stock	No single indicator decides
Outgoing, replacement or prepayment	Nexus + character + timing	Immediate / over time / excluded
Disposal or dwelling use	CGT event + cost base	Ownership/use before concession

2 • Tax Base Gate

CH 1



Residency/source and receipt character are separate gates to the tax base.

ISSUE	RULE/MODEL	APPLY
Taxpayer	Fix identity, period and jurisdiction.	Do not import another person's status.
Residency/source	Controls which receipts may enter the Australian tax base and which schedule or entitlement may apply.	Name both before arithmetic.
Receipt	Cash received is not enough.	Classify each amount separately.
Conclusion	Compute only from the established base.	State the fact that could change it.

RESIDENT MARGINAL SEGMENT SUPPLIED IN THE GUIDE
 $T = 4,288 + 0.30(Y - 45,000)$
Use only after eligibility and taxable income Y are fixed.

GIFT / SALARY / INTEREST ROUTE

For the guide's resident individual, test salary and bank interest as income under the course framework. A genuine private gift is **not added merely because cash was received**. Identify the taxpayer and income year; classify; then compute.

BOUNDARY *A reliable answer fixes taxpayer; period, jurisdiction and character of every receipt.*

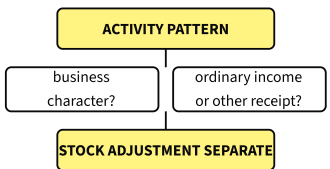
2b • Receipt Audit

CH 1 CONTROLS

ENTRY	WHAT MUST AGREE?
Taxable income	Supported base after classification; not a floating label.
Assessable income	Amount brought into the income-tax calculation under ordinary or statutory rules.
Residency/source	Jurisdictional reach, schedule or entitlement claimed.
Income classification	Why this receipt enters, remains outside, or needs another route.
Rate line	Same taxpayer, period and base as the preceding analysis.

3 • Income + Business

CH 2



Business character controls the receipt route; closing stock remains a separate line.

SIGNAL	QUESTION	WEIGHT
Repetition	Is activity regular rather than isolated?	Supports, not decisive.
Organisation	Are records and operations structured?	Supports commercial character.
Purpose	Is there commercial purpose?	Read with context.
Context	What is actually being done?	Stops single-factor answers.
Stock	What remains unsold at year end?	Do not confuse goods with cash receipts.

Guide case: regular handmade-goods sales + records + unsold year-end items. First infer business character from the activity pattern; then treat sales as business receipts if supported; then handle closing stock separately.

RATE ONLY AFTER CLASSIFICATION
 $T = \tau Y$
 τ applies only after taxable base Y is established.

CHANGED FACT	FIRST REPAIR
Remove regularity and organisation.	Business inference weakens.
Same receipt remains.	Reclassify before using business-income or stock consequences.

TRAP *One feature never settles business character. State indicators before saying “business”.*

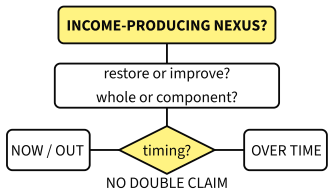
3b • Classification Matrix

CH 2 MAP

AMOUNT / FACT	QUESTION TO ANSWER	KEEP SEPARATE
Personal exertion receipt	What activity produced it?	Do not assume business character.
Gift	Is it genuinely private on the supplied facts?	Cash form alone proves nothing.
Business receipt	Do repetition, organisation, purpose and context support business?	One indicator is insufficient.
Property income	What income-producing relationship is supplied?	Character before rate.

4 • Deduction Route

CH 3



Nexus, character and timing are separate decisions; never claim the same cost twice.

GATE	APPLY TO THE FACTS
Nexus	Connect the outgoing to assessable income or business activity; then test exclusions.
Character	Compare before/after; restoration versus improvement; whole asset versus subsidiary part.
Timing	Decide immediate, over time or excluded only after character.
Verification	Prevent an immediate claim and decline-in-value claim for the same expenditure.

STRAIGHT-LINE DECLINE SUPPLIED IN THE GUIDE
 $D = (C - R) \div n$
 C = cost; R = residual value; n = periods.

Guide case: one worn component of rental equipment is replaced; a materially better system is also installed. Establish the income-producing nexus. Separate restoration from improvement. Allocate only the qualifying amount; do not hide failed character inside depreciation.

IF CHANGED TO...	EFFECT
Restores original function without improvement	Repair argument strengthens.
Still no sufficient nexus	No immediate claim merely because the work restores.
Capital character	Consider decline over time; do not double count.

EXAM HEADINGS *Character · nexus · timing.*
A business purpose does not make every cost immediately deductible.

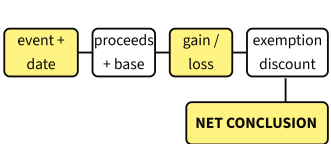
4b • Outgoing States

CH 3 MAP

POSSIBLE RESULT	WHAT SUPPORTS IT?	WHAT DEFEATS A SHORTCUT?
Deductible now	Required nexus, no controlling exclusion, immediate character.	Business purpose alone.
Deductible over time	Qualifying depreciating-asset treatment and supported cost/residual life inputs.	Calling every replacement depreciation.
Excluded	Nexus fails or an exclusion controls after restoration/improvement and whole/component character are tested.	Choosing “now” or “over time” before entitlement is resolved.

5 • CGT in Order

CH 4



Do not jump to a concession: event, evidence and preliminary result come first.

ORDER	REQUIRED WORKING
1 Event	Identify the event, asset and date.
2 Evidence	Establish supported proceeds and cost base.
3 Preliminary	Calculate gain or loss.
4 Controls	Test exemption, discount and loss application in sequence.
5 Conclusion	State the result and the ownership/use fact that could alter it.

CAPITAL GAIN BEFORE CONCESSIONS
 $G = P - CB$
 P = capital proceeds; CB = supported cost base.

DWELLING TIMELINE

For a dwelling rented during part of ownership: identify the disposal event and timing; CONSTRUCT the cost base from supported amounts; compute the preliminary gain; only then test main-residence rules and any available discount. **Rental use is not ignored.**

CHANGED FACT	WHAT CHANGES?
Home throughout ownership	Main-residence analysis changes.
Event and ownership unchanged	Still state them before the exemption conclusion.

TRAP *An exemption cannot precede event, asset, ownership period and relevant use.*

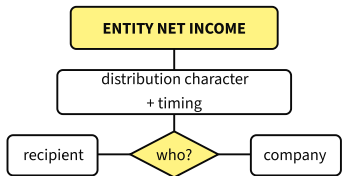
5b • CGT Evidence Ledger

CH 4 CONTROLS

LEDGER LINE	RECORD	WHY IT BITES
Event	Disposal event and date.	Sets the route and timing.
Asset	Which dwelling or other asset?	Stops facts crossing assets.
Proceeds P	Supported capital proceeds.	First term in G.
Cost base CB	Only supported amounts.	Second term in G.
Ownership	Start, end and any changed-use point.	Controls later rule testing.
Use	Home and rental periods from facts.	Prevents rental use being ignored.

6 • Entity Layers

CH 5



Calculate at the proper layer, then identify the taxpayer and rate separately.

LAYER	QUESTION
Entity	What amount is calculated at entity level?
Character	What is the nature and timing of a share or distribution?
Taxpayer	Partner, beneficiary or company: who is assessed?
Rate	Which rate lawfully belongs to that taxpayer and base?

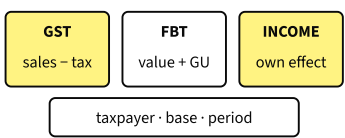
QUALIFYING BASE-RATE ENTITY FORMULA IN THE GUIDE
 $T = 0.25Y$

Do not apply 25% until entity eligibility and base Y are established.

Guide contrast: partnership income and an amount retained by a company cannot collapse into one rate line. Write **who calculates · who is assessed · which rate applies** on three lines. A company rate does not attach to partnership net income merely by proximity.

7 • GST / FBT Split

CH 6



Three ledgers prevent a percentage or taxpayer crossing into the wrong regime.

GST NET AMOUNT	
$GSNet = GST_{sales} - GST_{input}$	
REGIME	DO NOT OMIT
GST	Registration, taxable supplies, creditable acquisitions, supported input-tax amounts.
FBT	Benefit, taxable value, applicable category and gross-up.
Income tax	Identify any consequence separately.

BOUNDARY *Never transfer a percentage across regimes without checking registration, valuation, credit entitlement and taxpayer identity.*

FINAL CROSS-CHECK *Keep GST; FBT and income-tax bases separate. Beside each line name its taxpayer and period; combine results only after each regime's registration, valuation, credit entitlement and rate are verified.*

D0 · IRAC / ILAC Frame

ANSWER METHOD

PART	WRITE
I	Exact issue; taxpayer, period, regime.
R/L	Course rule/model; define variables.
A	Named fact → effect; visible working.
C	Answer + the control that could change it.

7-MARK GUIDE PATTERN	MARKS
Define classification	2
Apply central operation	3
Qualify with control	2

Allocate effort to marks; application has the largest share. **Do not spend the whole answer defining terms.**

D1 · Resident Receipts

CH 1 WORKED

salary + interest

income?

genuine private gift

CLASSIFY EACH RECEIPT

changed: foreign resident + AU salary

IRAC LINE	MODEL ANSWER MOVE
Issue	Which amounts enter the assessable-income working before any rate?
Rule/model	Fix taxpayer, income year, residency/source and receipt character.
Apply: salary	Test as income under the course framework.
Apply: interest	Test separately as income under the course framework.
Apply: gift	A genuine private gift is not included merely because cash was received.
Conclusion	Build the base from classified amounts; only then use the applicable rate.

WORKING CARRIED TO RESULT
Y = classified assessable amounts after the course's permitted adjustments
 $T = 4,288 + 0.30(Y - 45,000)$, only if this supplied marginal segment is the applicable one.

TRANSFER DRILL
Changed fact: taxpayer becomes a foreign resident with Australian-source employment income. **First repair:** revisit residency and source. **Preserve:** do not discard unrelated receipt facts. **Result:** do not reuse the original base, threshold or entitlement assumptions without eligibility checks.

D2 · Goods Activity

CH 2 WORKED

REGULAR SALES + RECORDS

commercial pattern in context?

REROUTE

yes?

SALE/STOCK

SINGLE CUE ≠ ENOUGH

The answer turns on the full activity pattern, not receipt, repetition or records alone.

GUIDE FACT	APPLICATION
Sells handmade goods regularly	Regularity supports business character.
Keeps records	Organisation supports the inference.
Commercial purpose/context	Must be examined with other indicators.
Unsold items at year end	Handle through the separate stock line.
Cash sales	Classify as business receipts only if the activity conclusion is supported.

WORKING CARRIED TO RESULT
Classified business base = receipts adjusted through the separate stock treatment
 $T = \tau Y$ only after Y is fixed.
Conclusion: the combined activity pattern supports business character; sales follow that route; year-end goods are not cash receipts and must not disappear from the analysis.

REMOVE	CONSEQUENCE
Regularity	Business inference weakens.
Commercial organisation	Reclassify before any business-income consequence.
Nothing else	Preserve the existence of the receipt and goods; change only the first affected inference.

TRAP "Received money, therefore business income" skips the exact issue.

D2b · Model Paragraph

CH 2 APPLICATION

Issue: whether the handmade-goods activity has business character and how year-end goods affect the taxable result. **Rule/model:** repetition, organisation, commercial purpose and context must be considered together; one feature is not decisive. **Application:** regular sales and record keeping support an organised activity, subject to purpose and context. **Stock:** unsold items remain a separate adjustment and are not collapsed into cash receipts. **Conclusion:** if the combined indicators support business, route sales and stock accordingly before $T = \tau Y$.

D3 · Repair + Upgrade

CH 3 WORKED

WORN COMPONENT + BETTER SYSTEM

restore original function or materially improve?

REPAIR

which?

CAPITAL

nexus still required

A changed function changes character first; timing follows and cannot cure a failed nexus.

IRAC LINE	APPLICATION
Issue	Which outgoing is deductible now, over time or excluded?
Rule/model	Nexus → exclusions → restoration/improvement → whole/component → timing.
Worn component	Compare original function and what was restored.
Better system	Material improvement points away from mere restoration.
Control	Never claim the same expenditure immediately and through decline in value.

WORKING CARRIED TO RESULT
Annual decline $D = (C - R) \div n$
Total allocated over n periods = $nD = C - R$.

Conclusion: split the expenditures; identify nexus; classify restoration separately from the materially better system; state timing only after character. If the changed replacement merely restores original function, the repair argument strengthens, **but nexus and exclusions remain live.**

D4 · Rented Dwelling

CH 4 WORKED

home use

rental use

acquire

use changes

dispose

Draw ownership and use before discussing the main-residence control.

WORKING CARRIED TO RESULT
Preliminary $G = P - CB$ → then test main-residence rules, discount and loss application.

DWELLING ANSWER LINE	WHAT TO SHOW
Event/date	Disposal and the relevant timing fact.
Evidence	Supported P and CB; no invented amounts.
Preliminary	$G = P - CB$, identified as gain or loss.
Use timeline	Home period and rental period remain visible.
Control	Main-residence rules, then any discount/loss treatment.

D5 · Entity Separation

CH 5 WORKED

ENTITY CALCULATION

identify share / distribution

PARTNER

assessed?

COMPANY

rate follows taxpayer + base

The changed entity changes the assessment path; the distribution label alone is never enough.

GUIDE FACT	APPLICATION
Business earns through partnership	Calculate the relevant entity amount, then identify each person's assessed share.
Another amount retained in company	Keep the company base and taxpayer distinct.
Rate question	Apply only to the legally appropriate taxpayer and base.
Do not do	Apply a company rate to partnership net income.

WORKING CARRIED TO RESULT
Qualifying base-rate company: $T_{company} = 0.25Y_{company}$
Partnership/recipient amount: keep on its separate assessment path.

CHANGED-CASE: TRUST
Replace the partnership with a trust making a beneficiary presently entitled. The assessment path changes: identify beneficiary, entitlement and character before deciding whose return includes the amount. Preserve unrelated income facts.

THREE MANDATORY LINES	QUESTION ANSWERED
Who calculates?	Entity-level amount.
Who is assessed?	Partner, beneficiary or company.
Which rate applies?	Only after taxpayer and base.

TRAP A distribution label does not identify the taxpayer; derivation time or rate.

D6 · GST + Benefit

CH 6 WORKED

GST

output→input

FBT

value→gross

INCOME

own effect

never net unrelated taxes

A registered business still needs a distinct taxpayer, base and period for each regime.

WORKING CARRIED TO RESULT
 $GST_{net} = GST_{sales} - GST_{input}$
FBT: taxable value + applicable gross-up → separate FBT layer.

D7 · Integrated Advice

CH 6 WORKED

taxpayer + period

base + rate

evidence + boundary

LEDGERS → EXPLAIN

remove registration → revisit GST

The integrated conclusion is an explanation across ledgers, not a single blended total.

IRAC LINE	REGISTERED-BUSINESS GUIDE CASE
GST issue	Taxable supplies and creditable acquisitions.
GST apply	Calculate GST payable and supported input input-tax amounts in the GST layer.
FBT issue	Fringe benefit provided by the business.
FBT apply	Value and gross-up within the applicable category.
Income tax	Identify any consequence separately.
Conclusion	Name taxpayer and period on every line; explain interactions without importing a foreign rule.

CHANGED-CASE CONTROL
Remove GST registration. Credit and liability assumptions must be revisited; the original GST net amount cannot simply be retained. The FBT and income-tax ledgers do not automatically vanish.

REGIME	BASE	CONTROL
GST	Sales less supported input-tax amounts	Registration + credit entitlement
FBT	Taxable value / grossed-up amount	Benefit category + valuation
Income tax	Its own taxable-income base	Taxpayer + character + timing

CLOSING LINE *One percentage cannot migrate into another regime.*

PROFESSIONAL ADVICE			
CHECK	GST	FBT	INCOME TAX
Taxpayer	Registered business from facts	Employer-side benefit analysis	Identify separately
Base	Sales less eligible input amounts	Taxable value / gross-up	Taxable-income base
Period	State relevant tax period	State relevant period	State income year
Evidence	Supply/acquisition facts	Benefit/category facts	Receipt/outgoing facts

Professional close: state each ledger's result, identify interactions without netting unrelated taxes, and name assumptions that need confirmation. The guide's verification method compares prose, equations, tables and diagrams: taxpayer, direction, denominator, date, sign and unit must agree.

FAILURE	FIRST REPAIR
GST amount retained after registration removed	Reopen registration and entitlement gates.

D8 · Fast Recall Grid

ALL CHAPTERS

INCOME

residency · source

BUSINESS

pattern · stock

DEDUCTIONS

nexus · character

CGT

event · cost base

ENTITIES

level · taxpayer

GST / FBT

base · taxpayer

Six retrieval triplets: write the triplet before opening the detailed rule.

TOPIC	FORMULA / ROUTE	DO NOT
Resident segment	$T = 4,288 + 0.30(Y - 45,000)$	Use before checking applicability.
Classified tax	$T = \tau Y$	Let rate choose character.
Decline	$D = (C - R) \div n$	Double count expenditure.
CGT	$G = P - CB$	Apply exemption before event/base.
Company	$T = 0.25Y$	Move company rate to another entity.
GST	$GST_{sales} - GST_{input}$	Assume registration or input-tax amounts.

FAQ + STUDY CONTROLS	
TRAP	CORRECTION
Cash = assessable/business income	Classify receipt and activity.
Business purpose = immediate deduction	Separate nexus, character, timing.
Main residence = automatic exemption	Event → ownership/use → calculation → control.
Entity label = taxpayer	Separate calculation and assessment layers.
Same percentage across taxes	Rebuild each base, taxpayer and period.
Changed fact resets everything	Repair first affected inference only.

- D10 · Final Audit

30 SECONDS
- Taxpayer, period and regime named?
 - Every amount classified?
 - Rule or formula applied to a named fact?
 - Calculation visible to its symbolic result?
 - Character and timing kept separate?
 - Changed-fact boundary stated?
 - Conclusion answers the issue?

FINAL HABIT *Classification → operation → interpretation → verification.*

STUDY STRATEGY	
RECORD	USE ON THE NEXT CASE
Trigger	Which fact or wording caused the error?