

Who should use this guide?

This guide will assist you in completing your 2009 tax return. The information in this guide is only for:

- Australian resident individual taxpayers; and
- Investments that qualify as a capital investment for tax purposes.

Australian taxation laws are complex. The application of these laws depends upon an investor's individual circumstances. The taxation information in this guide is of a general nature only. If you have any doubt or require further information about the taxation position of your investment we recommend you talk to your accountant or tax adviser.

If your investment is held in the name of a company, trust, superannuation fund or partnership, you will need to adapt the tax information contained in your 2009 tax return information to meet your tax status. We recommend you contact your accountant or tax adviser for assistance.

The purpose of this guide

This guide will help you to complete your *Tax Pack 2009 Supplement*.

This guide contains general information only and it does not substitute any Australian Taxation Office (ATO) instructions.

You should refer to your tax statement when completing your tax return. Where you have capital gain amounts on your tax statement, you may need to refer to the ATO publication *Personal Investors Guide to Capital Gains Tax 2009*.

We have indicated the amounts on your tax statement that need to be included in your tax return. Each component of your distribution is explained in this guide.

Your tax return and your tax statement

In your tax return, you must declare income that you have become presently entitled to during the period 1 July 2008 to 30 June 2009. This may not coincide with the actual cash distribution you have received during the same period.

To assist you in completing your 2009 tax return, the following points should be noted:

- All amounts are expressed in Australian currency.
- To complete your individual tax return, you should obtain copies of the *Tax Pack 2009* and the *Tax Pack 2009 Supplement*. If you have capital gains amounts, you may need to obtain a copy of the publication *Personal Investors Guide to Capital Gains Tax 2009* from the ATO.
- The question references in this guide relate to the *Tax Pack 2009 Supplement*.
- If you have received income from other investments, you will need to combine the information from those investments with the information we have provided.

Part A. Summary of Tax return for individuals (supplementary section) 2009 items

Part A of your tax return information explains items 13, 18, 19 and 20 in the *Tax return for individuals (supplementary section) 2009* which may need to be completed by an investor in a managed fund. For investors with straightforward circumstances the information in Part A should be sufficient to complete your tax return.

U Item 13 – Non-primary production income

This item shows your share of Australian sourced non-primary production income and includes your share of franking credits. Net capital gains and foreign income are not included in this amount.

Y Item 13 – Other deductions relating to distributions

This item shows the total of deductible expenses you incurred during the income year. Deductions allowable to the trustees that are taken into account in the net income calculation under section 95 of the *Income Tax Assessment Act 1936* (ITAA 1936) are not shown at this item. Ordinarily, deductible expenses would be netted off against the relevant class of income in the trust estate.

Q Item 13 – Franking credits

This item shows your share of the franking credits from franked dividends. Franking credits are credits for Australian tax that has been paid by a company on its earnings. You can claim the franking credits if you are a qualified person.

R Item 13 – Credit for TFN amounts withheld

This item shows your share of any credit for TFN amounts withheld from interest, dividends, and unit trust distributions paid or payable, in accordance with sections 12-140 and 12-145 of Schedule 1 to the *Taxation Administration Act 1953* (TAA).

H Item 18 – Total current year capital gains

A Item 18 – Net capital gain

The components of these items are set out in Part C. You will need to gross up your cash distribution by the amount of any tax paid on capital gains (e.g. foreign tax on foreign net capital gains). If you have no current year capital losses or prior year net capital losses, the net capital gain amount can be transferred to your return. However, if you have current year capital losses or prior year net capital losses you will not simply be able to transfer the net capital gain amount from Part A to your tax return as such losses can generally be offset against and reduce capital gains. For assistance in completing the capital gains tax related questions please refer to the ATO publications *Guide to capital gains tax 2009* and *Personal investors guide to capital gains tax 2009*.

Item 19 – Foreign entities

K Item 19 and C Item 19 show your share of controlled foreign company (CFC) income and foreign investment fund (FIF) income respectively. If you have a share of CFC income you will have an indirect interest in a CFC and need to answer 'Yes' to I Item 19. If you have a share of FIF income you will have an indirect interest in a FIF and need to answer 'Yes' to J Item 19.

CFC income and FIF income included in your assessable income may:

- Reduce the amount of distributable income included in your assessable income in future years; and
- Reduce or increase your gain or loss on a disposal of your investment in the future.

For further information regarding the implications of these amounts, please refer to the following ATO publications:

- *Foreign income return form guide 2009*;
- *Foreign investment fund guide 2009*.

Item 19 – Foreign source income

As an Australian resident taxpayer you are liable to Australian income tax on any assessable income earned from overseas investments. If you have any deductions relating to foreign income, then you should refer to the instructions in the ATO publication *Tax Pack 2009 supplement*.

O Item 20 – Foreign income tax offset

From 1 July 2008, foreign tax credits have been replaced with foreign income tax offset. Any excess foreign tax credits from previous years must be converted to an amount called 'pre-commencement excess foreign tax credits'.

For assistance in determining your foreign tax offset entitlement, please refer to the ATO publication *Guide to foreign income tax offset rules*.

Part B. Capital gains tax information

Capital gains

Part B provides tax figures for the break up of H Item 18 Total current year capital gains shown in Part A. These tax figures are also necessary if you have capital losses to offset and for completion of the *Capital gains tax (CGT) schedule*.

Part C. Distribution components

This section allows a reconciliation of the net cash amount distributed to you and provides information relevant to cost base adjustments and foreign loss quarantining. It also provides some information that is relevant to non-residents, companies and superannuation funds which have a direct interest, or an indirect interest via partnerships and/or trusts, in the net cash distribution.

Australian income

These details provide a break up of U item 13 Non-primary production income and the information necessary for you to use the *Application for refund of franking credits for individuals 2009*.

'Dividends – Unfranked amount CFI' shows your share of unfranked dividends that have been declared to be conduit foreign income (CFI) in accordance with sections 802-15 and 802-17 of the *Income Tax Assessment Act 1997*(ITAA 1997).

'Dividends – Unfranked amount non CFI' shows your share of unfranked dividends that have not been declared to be CFI.

Discounted capital gains

This item relates to capital gains that are eligible for the CGT discount and shows the part of the discounted capital gains that are included in your share of the net income. The entire amount of the gain has been distributed to you.

Complying superannuation funds will need to double the discounted capital amount and then apply the one third discount rate. Companies will need to double the discounted gain.

'Discounted capital gains TARP' shows the part of the discounted capital gains that does not meet the requirements of section 855-40 of the ITAA 1997.

'Discount capital gains non TARP' shows the part of the discounted capital gains that does meet the requirements of section 855-40 of the ITAA 1997.

CGT concession amount

This item comprises the non-assessable CGT discount amount paid to you and the amount of any capital losses (including unapplied net capital losses carried from previous years) applied to reduce capital gains made, which is reflected in the amount paid to you. It does not need to be included in your tax return and does not require an adjustment under section 104-70 of the *Income Tax Assessment Act 1997* to either the cost base or reduced cost base of your investment.

Capital Gains – indexation method

This item shows the part of the capital gains calculated under the indexation method that is included in your share of the net income.

'Capital gains – indexation method TARP' shows the part of the capital gains calculated under the indexation method that does not meet the requirements of section 855-40 of the ITAA 1997.

'Capital gains – indexation method non TARP' shows the part of the capital gains calculated under the indexation method that does meet the requirements of section 855-40 of the ITAA 1997.

Capital Gains – Other method

This item shows the part of the capital gains not calculated under the indexation or discount methods that is included in your share of the net income.

Capital Gains – Other method (continued)

'Capital gains – other method' shows the part of the capital gains not calculated under the indexation or discount methods that does not meet the requirements of section 855-40 of the ITAA 1997.

'Capital gains – other method' shows the part of the capital gains not calculated under the indexation or discount methods that does not meet the requirements of section 855-40 of the ITAA 1997.

Distributed capital gains

This item show the actual cash amount of capital gains distributed and includes the non-assessable CGT concession amount. It is the sum of the cash distributions of capital gains paid to you. It is not taken into account in working out your net capital gain, but it allows you to reconcile the net cash distribution amount paid to you.

Net capital gain

This item is the shows the net capital gain under the three methods included in your share of the net income.

Other Non-assessable amounts

'Tax-exempted amounts' are amounts referred to in subsection 104-71(1) of the Income Tax Assessment Act 1997. These amounts do not need to be included in your tax return and do not require an adjustment to either the cost base or reduced cost base of your investment.

'Tax-free amounts' are amounts referred to in subsection 104-71(3) of the ITAA 1997. These amounts do not need to be included in your tax return and do not require an adjustment to the cost base of your investment. However, the reduced cost base of your investment is required to be reduced by these amounts.

'Tax-deferred amounts' are amounts referred to in sub-section 104-70(1) of the ITAA 1997. These amounts do not need to be included in your tax return. However, both the cost base and reduced cost base of your investment is required to be reduced by the amounts.

For further information regarding the treatment of these amounts please refer to the ATO publication *Personal Investors Guide to Capital Gains Tax 2009*.

Other deductions from distribution

'TFN amounts withheld' shows the amount withheld from your distribution in accordance with sections 12-140 and 12-145 of Schedule 1 to the *Taxation Administration Act 1953*.

'Other expenses' shows the expenses incurred by you which have been met out of your distribution. The deductible expenses component of this amount is included 'Part A, Other deductions relating to distributions'.

'Non resident withholding tax – final' shows the amounts withheld from your distribution in accordance with Subdivision 12-F, Part 2-5, of Schedule 1 to the TAA.

'Non-resident withholding tax – interim' shows the amount withheld from your distributions in accordance with Subdivision 12-H, Part 2-5, of Schedule 1 to the TAA. Non-resident individuals should include this amount at A Item 13.

Fund payment

A Fund Payment amount is relevant for non-resident investors only. Although an amount may be disclosed, if you are an Australian resident for tax purposes, this amount should not impact you.

Important

The taxation matters covered in this guide are of a general nature only and it does not constitute or convey advice. Readers should not act solely on the terms of the material contained in this guide. The information does not take into account your individual financial circumstances. Also, changes in law may occur quickly. We therefore strongly recommend that you assess whether the information is appropriate to you and consider seeking advice from your financial adviser and/or tax adviser before acting on the basis of any information contained in this guide.