

A GUIDE TO YOUR 2017 TAX RETURN INFORMATION

Attribution Managed Investment Trust Annual Tax Statement

Who should use this guide?

This guide will assist you in completing your 2017 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 2017 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 Return for Individuals (Supplementary Section) 2017. 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 2017.

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 been attributed during the period 1 July 2016 to 30 June 2017. This may not coincide with the actual cash distribution you have received during the same period.

To assist you in completing your 2017 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 individuals tax return instructions 2017 and the individuals tax return instructions supplement 2017. If you have capital gain amounts, you may need to obtain a copy of the publication Personal Investors Guide to Capital Gains Tax 2017 from the ATO.
- The question references in this guide relate to the Tax Return for Individuals (Supplementary Section) 2017.
- 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 B. Summary of Tax Return for Individuals (Supplementary Section) 2017 items

Part B of your tax return information explains items 13, 18, 19 and 20 in the Tax Return for Individuals (Supplementary Section) 2017 which may need to be completed by an investor in a managed fund. For investors with straightforward circumstances the information in Part B 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. Net capital gains, franked distributions and foreign income are not included in this amount.

C Item 13 – Franked distribution from trusts

This item shows your share of franked distributions (together with any share of franking credits). The franking credit attached to the distribution is also at label Q Item 13.

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 B 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 2017 and Personal investors guide to capital gains tax 2017.

E Item 20 – Assessable foreign source income

M Item 20 – Other net foreign source income

As an Australian resident taxpayer you are liable for Australian income tax on assessable income earned from overseas investments. These items will generally be the same. If you have any deductions relating to foreign income, then you should refer to the instructions in the ATO publication Individuals Tax Return Instructions Supplement 2017.

O Item 20 – Foreign income tax offset

Foreign income tax offsets represent foreign tax paid by the trust or its subsidiaries in respect of the foreign source income included in the distribution to you.

You may be entitled to a foreign income tax offset to the value disclosed in your Attribution MIT member annual (AMMA) statement. Your actual foreign income tax offset entitlement depends on your individual circumstances, taking into account all of your foreign income and expenses.

For assistance in determining your foreign tax offset entitlement, please refer to the ATO publication Guide to foreign income tax offset rules 2017.

Part C: Components attributed

A brief outline of the meaning and likely tax treatment of certain components appearing on the AMMA for the Fund is set out below.

Australian income

These details provide a break up of label U item 13 Non-primary production income and label C item 13 Franked distributions from trusts. The tax paid amount displays the amount of franking credit that may be claimed by you at label Q item 13 Share of franking credit. The information may also be necessary for those investors who use the Application for refund of franking credits for individuals 2017.

Capital gains

Capital gains discount

This item shows the part of the capital gains attributed to you that are eligible for the 50% CGT discount.

Capital gains – other method

This item shows the part of the capital gains attributed to you where the capital gain was not eligible for the 50% CGT discount.

Net capital gain

This item shows the sum of capital gains (discount and other methods) that has been attributed to you.

AMIT CGT gross up amount

This item shows the additional amount treated as capital gains of members under ss 276-85(3) and (4) of the ITAA 1997, and is included in the AMIT cost base increase amount. This amount is non-assessable.

Total capital gain

This item represents the actual amount of capital gains attributed and includes the non-assessable amount in the attribution column for capital gains.

Foreign income

Other net foreign source income

This item includes income derived from foreign sources including dividend, interest, royalties, any other foreign source investment income and foreign tax withheld.

The foreign income tax offset amount displays the amount available that may be available to be claimed by you. Further information can also be found in the Guide to foreign income tax offset rules 2017.

Other non-assessable amounts

- **AMIT CGT gross up amount** – shown in the capital gains section to allow reconciliation of capital gains. The amount shown here is the non-assessable amount.
- **Other non-assessable amount** - includes the tax-free amounts and tax-deferred amounts (including returns of capital) already reflected in the AMIT cost base net amount.

Cash distribution details

- **TFN amounts withheld** – shows the amount withheld from your distributions in accordance with sections 12-140 and 12-145 of Schedule 1 to the Taxation Administrations Act 1953

Cost base details

- **AMIT cost base net amount – excess***
You must adjust downwards the cost base or reduced cost base of your membership interests in the AMIT by the AMIT cost base net amount – excess.
- **AMIT cost base net amount – shortfall***
You must adjust upwards the cost base or reduced cost base of your membership interests in the AMIT by the AMIT cost base net amount – shortfall.

*We have provided an example below that illustrates how the cost base adjustments are made under both scenarios on the following facts:

John held 500 units in the AMIT fund on capital account. The cost base for the units at the start of the year (1 July 2016) was \$750 or \$1.50 per unit. John held the 500 units for the full year.

Scenario 1 – where there is an AMIT cost base net amount – excess

- a) John receives a 2017 AMMA with an AMIT cost base net amount – excess of \$20 or 4 cents per unit (i.e. \$0.04). John will need to reduce the cost base of his units in the AMIT by \$20 in total or \$0.04 per unit. This will result in an ending cost base of \$730 or \$1.46 per unit.

Scenario 2 – where there is an AMIT cost base net amount – shortfall

- b) John receives a 2017 AMMA with an AMIT cost base net amount- shortfall of \$25 or 5 cents per unit (i.e. \$0.05). John will need to increase the cost base of his units in the AMIT by \$25 in total or \$0.05 per unit. This will result in an ending cost base of \$775 or \$1.55 per unit.

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 advice. 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 advisor and/or tax adviser before acting on the basis of any information contained in this guide.

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