

A GUIDE TO YOUR 2020 TAX RETURN INFORMATION
Attribution Managed Investment Trust Members Annual Statement (AMMA)
Standard Distribution Statement (SDS)

Who should use this guide?

This guide will assist you in completing your 2020 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 2020 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) 2020. 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 2020.

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 2019 to 30 June 2020**. This may not coincide with the actual cash distribution you have received during the same period.

To assist you in completing your 2020 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 individual tax return instructions 2020 and the individual tax return instructions supplement 2020. If you have capital gain amounts, you may need to obtain a copy of the publication Guide to capital gains tax 2020 or Personal Investors Guide to Capital Gains Tax 2020 (NAT4152) from the ATO.
- The question references in this guide relate to the Tax Return for Individuals (Supplementary Section) 2020.
- 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) 2020 items

Part B of your tax return information explains items 13, 18, and 20 in the Tax Return for Individuals (Supplementary Section) 2020 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 - Share of net income from trusts, less capital gains, foreign income and franked distributions

This item shows your share of Australian sourced non-primary production income. This amount is the sum of interest, unfranked dividends, and other Australian income received or attributed from your investment in the AMIT.

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) received or attributed from your investment in the managed fund or AMIT. 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 which generally requires you to hold the investment for at least 45 days. You should seek professional advice if you have disposed of investments shortly after receiving a distribution with franking credits. Do not include any franking credits from direct share investments at this label.

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, from your share of distributions where you have not provided your TFN, or claimed an exemption to provide the TFN, for your investment in the managed fund or the AMIT (in accordance with sections 12-140 and 12-145 of Schedule 1 to the Taxation Administration Act 1953 (TAA)).

This is the withholding tax amount that has been deducted. Tax is deducted at the highest marginal tax rate.

A Item 13 – Credit for foreign resident amounts withheld

This item shows your share of any credit for amounts withheld from interest, dividends and unit trust distributions paid or payable, from your share of distributions where you are a foreign resident for tax purposes.

A Item 18 – Net capital gain

This amount is the net capital gain relating to both distributed capital gains, and realised capital gains from the disposal of your membership interests in the managed fund or in the AMIT, after applying current year and/or prior year capital losses and the relevant CGT discount. The components of these items are set out in Part C.

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 2020 and Personal investors guide to capital gains tax 2020.

G Item 18 – Capital gains or losses

If you made no capital gains or losses during the year (including any other capital gains you have from other sources) write X in the 'NO' box at 18 G of your 2020 tax return for individuals (supplementary section).

If you only have capital gains and losses from shares, units in a unit trust or managed investment fund, please refer to the ATO's 'Personal investors guide to Capital Gains Tax 2019-2020' (NAT 4152) for more details.

If you have capital gains and losses from other sources, please refer to the ATO's 'Guide to Capital Gains Tax 2019-2020' (NAT 4151) (CGT guide) for more details.

H Item 18 – Total current year capital gains

Write the total current year capital gains at this label. This amount includes the following:

- The capital gains tax discounted amount grossed up by multiplying the amount by 2
- The capital gains – other than discount method amount.
- Foreign net capital gains (if applicable).

E Item 20 – Assessable foreign source income

As an Australian resident taxpayer you are liable for Australian income tax on assessable income earned from overseas investments.

Write the amount of your assessable foreign income at 20 E of your 2020 tax return for individuals (supplementary section). This item includes income distributed to you from direct or indirect overseas investments. It is the sum of assessable foreign dividends, foreign interest and any other assessable foreign income (including foreign tax offsets on income not already shown) for which you are liable to pay Australian income tax as an Australian resident. However, it will exclude amounts of foreign net capital gains (which are to be included at Labels 18H and 18A).

If you have foreign income or losses from other sources, you will need to take these into account when completing this label.

Assessable foreign income required to be reported on the income tax return is the cash amount of any foreign income received plus any associated Foreign Income Tax Offsets (amount of foreign tax withheld) to which you are entitled.

M Item 20 – Other net foreign source income

Write the amount of other net foreign income at 20 M of your 2020 tax return for individuals (supplementary section). This item takes into account all foreign deductible expenses incurred in earning foreign sourced income. The sum of the foreign deductions is to be subtracted from your assessable foreign source income (label 20E) to arrive at the amount of net foreign source income. If you did not incur any foreign income deductions relating to foreign income, the amount disclosed at label 20M will be the same as label 20E.

If you have any deductions relating to foreign income, please refer to the instructions in the ATO publication Individuals Tax Return Instructions Supplement 2020.

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 SDS tax statement or AMMA statement. Your actual foreign income tax offset entitlement depends on your individual circumstances, taking into account all of your foreign income and expenses.

If in your statement summary, there's a foreign income tax offset amount and this amount together with the total amount of foreign tax you paid for the 2020 income year from other sources didn't exceed \$1,000, then write the amount at 20 O of your 2020 tax return for individuals (supplementary section).

If the total amount of foreign income tax you paid for the 2020 income year from all sources as well as on your statement exceeded \$1,000, you should follow the Guide to foreign income tax offset rules' (NAT 72923) to work out the amount of foreign income tax offset you're entitled to claim. Once you've worked it out, write this amount at 20 O of your 2020 tax return for individuals (supplementary section).

K Item T7 – Early stage venture capital limited partnership: current year tax offset (ESVCLP)

Complete Item T7 K if you are a limited partner of an ESVCLP or an investor through a partnership or a trust. The amount of offset you may be able to claim is 10% of the lesser of:

- Total contribution to the ESVCLP during the income year (certain exclusions apply), and
- your share (based on your interest in the entire capital of the ESVCLP at the end of the income year) of the sum of eligible venture capital investments made by the ESVCLP during the income year and within two months after the end of the income year.

If you are an investor through a partnership or a trust which is itself a limited partner of an ESVCLP, the partnership or trust distribution statement will provide the details of your share of the entitlement to the offset arising from the partnership's or trust's investment.

This tax offset is non-refundable, however you can carry it forward if it is not fully utilised in the current year. Any amount of unused tax offset able to be carried forward should be appropriately recorded as they can be used in future years.

Part C: Components of distribution

A brief outline of the meaning and likely tax treatment of certain components appearing on the AMMA and SDS 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 2020.

Capital gains

Capital gains discount – Taxable Australian property (TAP) and Non-taxable Australian Property (NTAP)

These items show the part of the discounted capital gain (after applying the CGT discount) that is included in the investor's share of net income (SDS) or the amount attributed (AMMA).

Capital Gains 'TAP' are capital gains derived directly or indirectly in relation to real Australian property. Capital Gains 'NTAP' are capital gains from assets that are 'Not Taxable Australian Property'. If you are a resident of Australia for tax purposes this distinction is irrelevant.

If you are **not** a resident of Australia for taxation purposes, this distinction may affect the amount of withholding tax deducted from your distribution.

Capital gains other – Taxable Australian property (TAP) and Non-taxable Australian Property (NTAP)

This amount represents capital gains made on assets held for less than 12 months. Such gains do not qualify for the CGT discount.

Net capital gain

This item shows the sum of capital gains (discount and other methods).

Where you have no current year capital losses or unapplied prior year net capital losses, this figure can be used directly to complete item 18A. Where you have current year capital losses or unapplied prior year net capital losses that can be applied against your share of these capital gains, please refer to the ATO publication Guide to capital gains tax 2020 or Personal investors guide to capital gains tax 2020 (NAT 4152).

AMIT CGT gross up amount (AMMA)

This amount should be equal to the total of the gains amounts (TAP and NTAP). It is reflected in the overall CGT cost base calculations, but not included in your taxable income. It shows the additional amount treated as capital gains of members under ss 276-85(3) and (4) of the ITAA 1997, and may be included in the AMIT cost base increase amount under s104-107E(4) of the ITAA 1997.

CGT concession (SDS)

The CGT concession amount is identified as the amount referred to in subsection 104-71(4) of the ITAA 1997, including the CGT discount amounts paid to the investor. CGT concession is not taxable. Please refer to the ATO publication Guide to capital gains tax 2020 or Personal investors guide to capital gains tax 2020 (NAT 4152) to determine whether the cost base of your units are required to be reduced upon the distribution of these amounts.

Other capital gains distribution (AMMA)

This item, shown in the cash distribution column represents the total amount of cash distributed in relation to all capital gains, other than amounts already shown in the cash distribution columns.

Total capital gain

This item represents the total amount of capital gains attributed (AMMA) or included in the investor's share of the capital gains (SDS), as well as the total amount of cash distributed in relation to all capital gains. Please refer to above for the relevant amounts that make up cash distribution, AMMA amount and SDS amount.

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 2020.

Other non-assessable amounts

- **Net exempt income** – investor’s share of the net exempt income of the trust as per section 36-20 of the ITAA 1997. Net exempt income is usually derived indirectly via investments in other trusts that derive exempt income through infrastructure borrowings or pooled development funds.
- **Non-assessable non-exempt** – investor’s share of the amounts referred to in section 6-23 of the ITAA 1997. This type of income is generally received indirectly via investments in other Trusts, and will rarely arise. AMIT investors are required to adjust the cost base and reduced cost base of their membership interests for this amount.
- **Other non-attributable amount (AMMA)** – cash distributions and other entitlements from an AMIT that exceed the attribution amount, to the extent they are not already shown in other tables. For non-AMIT, these broadly correspond to amounts that are categorised as tax deferred amounts (including Return of Capital) and tax free amount (other than those amount already included in Net exempt income)
- **Tax free amounts (SDS)** – amounts referred to in subsection 104-71(3) of the ITAA 1997. This category represents non-taxable income derived by the fund. This type of income will usually be derived from infrastructure investments. Investors are required to reduce the reduced cost base (but not reduce the cost base) of their membership interest
- **Tax deferred amounts (SDS)** – amounts referred to in subsection 104-70(1) note 2 of the ITAA 1997. This category represents distributions that are not taxable to you. They will have arisen due to returns of capital or differences between accounting and taxable income, e.g. due to different depreciation rates which is common in relation to the assets of Property Trusts. Tax deferred amounts may reduce the cost base of your units and will need to be taken into account for Capital Gains Tax purposes when you redeem your units.

Cost base details (AMMA)

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. Please refer to ATO publication Guide to Capital Gains Tax 2020 or Personal investors guide to capital gains tax 2020 (NAT 4152) for more guidance.

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. Please refer to ATO publication Guide to Capital Gains Tax 2020 or Personal investors guide to capital gains tax 2020 (NAT 4152) for more guidance.

Other deductions from distribution

- **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. If you have not supplied your TFN (or relevant exemption), the Fund will have deducted tax at the top marginal rate plus medicare (and any other applicable levies) from your distribution and paid it to the ATO. This TFN withholding tax will be offset against the tax payable on your income when you lodge your 2019–20 tax return. Should you wish to prevent this withholding amount from being made, please provide the Fund with your TFN.
- **Non-resident amount withheld** – shows credit for amounts of non-resident withholding tax or managed investment trust withholding tax (if applicable to you).

Important

The taxation matters covered in this guide are of a general nature only and it does not constitute tax advice. Readers should not act solely on the terms of the material contained in this guide as the information does not take into account your individual financial circumstances.

Also, changes in the tax laws occur from time to time. 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.