

Tax Report Guide 2018

Investment Fund



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This guide is designed to help you understand your 2018 Investment Fund Tax Report and to assist you in completing your 2018 Tax Return.

The guide outlines the tax assumptions and policies that we have used to prepare your Tax Report. Taxation is a complex area and the information in this guide is not intended to be a comprehensive summary of all tax issues. We recommend that you seek professional taxation advice when completing your tax return.

This guide is not intended for use by those with investments held in the name of a company, trust, superannuation fund or partnership, by those who hold their investments on revenue account or by those who are non-residents for tax purposes.

The Attribution Managed Investment Trust regime is a new tax system for eligible managed investment trusts that elect to be an 'attribution managed investment trust' (AMIT). The AMIT regime seeks to improve the operation of the taxation law for managed investment trusts by increasing certainty, allowing greater flexibility and reducing compliance costs.

StatePlus, as Responsible Entity, has elected to opt into the AMIT regime for all of the StatePlus Investment Funds (Class A & B) open for investment with effect from 1 July 2017 in respect of the income year ending 30 June 2018. The AMIT regime requires that additional tax information be provided on your Tax Report. The Tax Report serves as your AMIT Member Annual (AMMA) statement in accordance with section 276H of the ITAA1997.

Part 1 – Tax return summary

Gross interest

This item includes interest that has been paid or credited to your account from your investment in an Australian unit trust.

Share of non-primary production income

This item includes interest, unfranked dividends and other income that has been paid or credited to your account from your investment in Australian unit trusts, such as StatePlus' Investment Fund. It excludes capital gains, foreign income and franked distributions which are shown separately.

Franked distributions from trusts

This item includes franked dividends, grossed up for any franking credits that have been paid or credited to your account from your investment in Australian unit trusts.

Share of franking credit from franked dividends

The franking credits shown in the Tax Report are available subject to the 45 day holding period rule. In general, if you held your units in funds for at least 45 consecutive days (excluding the date of acquisition and date of disposal) immediately prior to each income distribution made to you, you can utilise all the franking credits shown in this report.

If your total franking credits for the year are less than \$5,000, the 45 day holding period rule may not apply.

If the franking credits you receive exceed the tax you have to pay, the excess franking credits may be refunded to you. These will be refunded when you receive your income tax assessment following the lodgement of your tax return.

Share of credit for tax file number amounts withheld

If you did not disclose your Tax File Number, income tax must be deducted at source (i.e. by us) from assessable income distributions and paid to the Australian Taxation Office under the PAYG withholding arrangements. Amounts are deducted at the top marginal rate plus applicable levies (e.g. Medicare Levy) 47% from each income distribution for 2018. A credit for the amount deducted from each unit holder can be claimed against tax payable on assessment.

Net capital gain

This item is the net capital gain distributed to you. The items making up this amount are detailed in Part B of your tax report. Capital gains or losses derived from other sources may also need to be taken into account when completing this label. If capital losses are to be applied to a discount capital gain, ensure you offset these losses against the gross capital gains first before applying any applicable CGT discount.

You may wish to refer to the ATO publications 'Personal Investors Guide to capital gains tax 2018' or 'Guide to capital gains tax 2018' (webpage only) for further information.

Total current year capital gains

This item is the total amount of capital gains before any capital gains tax (CGT) discount has been applied. This amount includes amounts distributed from Australian unit trusts and also includes foreign capital gains (if applicable).

Assessable foreign source income

This item is income from your overseas investments (excluding foreign capital gains). It comprises assessable foreign dividends, foreign interest and all other assessable foreign income (including foreign tax withheld on income not already shown on your tax return) for which you are liable to pay Australian income tax.

Other net foreign source income

This item takes into account deductible expenses to the extent they reasonably relate to earning foreign sourced income.

Foreign income tax offset

This item is your share of foreign income tax offset (including cents). The foreign income tax offset represents the amount of foreign income tax withheld in another country on income received from foreign investments. If your total foreign income tax offset from all sources is \$1,000 or less then you can claim this amount in full. Where your foreign income tax offsets exceeds \$1,000, there is a limit imposed on the amount you can utilise. Please refer to the ATO publication Guide to foreign income tax offset rules for further information.

Part 2 – Income details

This section of your tax report gives you a detailed breakdown of your distribution income components and capital gain/loss relating to distributions.

Other non-assessable amounts

- Tax exempt income

This item is your share of the net exempt income. These amounts should not result in the a cost base adjustment

- Non-assessable non-exempt income

This item is your share of the net non-assessable non-exempt income. These amounts should result in a cost base adjustment.

- Other non-attributable amounts

This item is your share of the cash distributions and other entitlements that exceed the attribution amount. These amounts should result in a cost base adjustment.

AMIT cost base – shortfall (net increase)

These amounts increase the cost base/adjusted cost base of your units in the fund.

AMIT cost base – excess (net decrease)

These amounts decrease the cost base/adjusted cost base of your units in the fund.

Part 6 – Realised capital gains/(losses)

This section is applicable if you sold any units during the year. We calculate these figures as a service to our members. If you wish to calculate your own capital gains the below is a guide.

Capital Gains or Capital Losses

You may receive capital gains from trust distributions or gains(loss) from disposal of units. The following is a summary of the different methods of calculating capital gains(loss):

- Other method – the capital gain/(loss) is calculated by subtracting from the sale proceeds of a CGT asset its original cost (as adjusted for tax deferred amounts) upon disposal.
- Indexed – the capital gain / (loss) is calculated by subtracting from the sale proceeds of a CGT asset its original cost (as adjusted for tax deferred amounts) and increases in the CPI from the date of purchase to 30 September 1999 upon disposal. The indexation method only applies to the disposal of assets acquired before 21 September 1999.
- Discounted – the capital gain is able to be reduced by 50% for Australian resident individuals. The discount method is only available for the disposal of CGT assets owned for at least 12 months. No discount is applied to capital losses.

In calculating capital gains on the disposal of assets acquired before 21 September 1999 and owned for at least 12 months, individuals have a choice between using the indexation method or the discount method.

Once you have selected a method for calculating capital gains for each withdrawal, you need to add these amounts along with the total current year capital gains from trust distributions and any other capital gains you have made during the year.

Capital losses arising from the disposal of units are offset against any nominal/gross value (i.e. not the discounted value) of any capital gains made, including capital gains distributed from Australian unit trusts during the year.

Under the rules, you can choose to offset your capital losses against the different types of capital gains mentioned above, which can lead to different outcomes if you choose your own method. This amount needs to be disclosed at label 18H in the Tax return for individuals 2018 (supplementary section).

Part 7 – Capital gains tax (CGT)

This section represents your share of capital gains that were realised by the trust and were distributions attributed to you, in addition to any capital gains that were a result of the sale of your units in Part 6. The following types may have been distributed to you:

Capital gains: discounted (grossed up amount)

This item is the gains on the disposal of investments that have been held for at least 12 months. The full amount of the gain is shown (i.e. before applying any discount).

Capital gains: other method

This item is the gains made on the disposal of investments disposed of within 12 months of acquisition. No adjustment is available for indexation or the CGT discount.