



SandhurstTrustees

Guide to your Tax Statement

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This guide will assist you in completing your 2016 tax return.

The information in this guide is only for:

- **Australian resident individual taxpayers; and**
- **Investments that are treated as on capital account 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 you should talk to your accountant or tax adviser.

If your investment is held in the name of a company, trust, superannuation fund or partnership, you may need to adapt the capital gains tax information contained in your tax statement to meet your tax status (refer to the "capital gains" section in your guide for further information). We recommend you contact your accountant or tax adviser for assistance.

Non-resident unit holders should seek professional taxation advice in relation to their investment.

The purpose of this guide

This guide will help you complete your 2016 *Individual Tax Return (supplementary section)*.

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

You should have received a tax statement for each Fund you have invested in. These tax statements are a record of the cash that has been distributed to you and the amount of the distribution that is assessable for tax purposes.

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 2016*.

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 your share of the trust taxable income distributed in respect of the period 1 July 2015 to 30 June 2016. This may not coincide with the actual cash distribution you have received during the same period.

In addition, special rules apply in relation to franking credits attached to Australian dividends or foreign tax paid on foreign income.

The following information should help you in completing your 2016 tax return:

- All amounts are expressed in Australian currency.
- To complete your individual tax return, you will need to obtain copies of the *TaxPack 2016* and the *TaxPack 2016 supplement*. If you have capital gain amounts, you may need to obtain a copy of the publication *Personal investors guide to capital gains tax 2016* from the ATO.
- The tax return label references in this guide relate to the *TaxPack 2016 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 – Tax return information

This section of your tax statement highlights the major components of your distribution. For most investors, this information should be sufficient to enable you to complete the supplementary section of your tax return. The tax return label references in Part A relate to the 2016 tax return for individuals (supplementary section). The amounts shown in Part A should be included in your tax return against the tax return labels as shown on your tax statement.

A breakdown of the distribution components is shown in Part C of your tax statement.

1. Label 13U – Non-primary production income

This item includes interest, other income and unfranked distributions including Conduit Foreign Income (CFI), which for an Australian resident investor is distributed as an unfranked dividend. It excludes franked distributions net capital gains and foreign income which are shown separately on your tax statement.

2. Label 13C – Franked distributions

This item includes franked distributions and the share of franking credits (the franking credit 'gross-up'). The franked distribution amount excludes any unfranked component that forms part of the franked distribution. Please note unfranked distributions are also shown at item 13U.

3. Label 13Q – Franking credits

Franking credits are credits for Australian tax paid by a company on its taxable income. Franking credits are attached to the trust distribution that you receive which are referable to franked dividends. Your entitlement to claim franking credits as a tax offset against your Australian tax liability is subject to you satisfying the 'holding period rule' and 'related payments rule'. For further information you should consult the *TaxPack 2016 supplement* and the ATO publication *You and your shares 2016*.

4. Label 13R – Credit for Tax File Number (TFN) amounts withheld

This represents tax withheld from income received by the Fund and also tax withheld from distributions paid to you by the Fund if you did not supply your TFN or Australian Business Number (where it is appropriate to do so as an alternative) or exemption details.

5. Label 18H – Total current year capital gains

This represents the total amount of capital gains before any capital gains tax (CGT) discount has been applied. A breakdown of the items making up this amount is shown in Part B of your tax statement.

6. Label 18A – Net capital gain

The net capital gain assessable to you is the amount remaining after the Fund has applied any capital losses and the capital gains tax discount (if applicable). A breakdown of the items making up this amount is shown in Part C of your tax statement.

If you have derived capital gains or losses from other sources, or via a redemption of all or part of your investment during the financial year, these will also need to be taken into account when completing this label. Please refer to the ATO publication *Personal investors guide to capital gains tax 2016*.

7. Label 20E and 20M – Assessable foreign source income

As an Australian resident taxpayer you may be liable to Australian income tax on any assessable income derived from overseas investments. You may also be entitled to tax deductions in relation to expenses incurred in earning assessable income from overseas investments. For further information, you should refer to the *TaxPack 2016 supplement*.

8. Label 20 O – Foreign income tax offsets

You can claim the amount of the foreign tax offset where it is \$1,000 or less. If the foreign tax offset exceeds \$1,000, the foreign income tax offset you are entitled to claim cannot exceed the amount of Australian tax that would be payable on that foreign income. You will need to refer to the ATO publication *Guide to foreign income tax offset rules* in order to calculate the total amount of foreign income tax offsets you are entitled to claim.

9. Label 20F – Australian franking credits from New Zealand companies

Franking credits arising from tax paid in Australia by a New Zealand company must be disclosed at label 20F.

These dividends are included as part of your foreign sourced income (see above). To check your eligibility to claim these Australian franking credits please refer to the ATO publication *You and your shares 2016*.

Part B – Capital gains tax information

These items provide tax amounts for the break-up of label 18H (Total current year capital gains) shown in Part A. They are also relevant if you have capital losses from other sources to offset the gross capital gains and for completion of the ATO's CGT Schedule. Please refer to the ATO publication *Personal investors guide to capital gains tax 2016*.

Part C – Distribution components

This section of your tax statement gives you a detailed breakdown of your distribution components. This information in Part C of your tax statement may be required for you to complete other parts of your income tax return.

10. Australian income

This is represented by franked and unfranked dividends, interest income and other income. The distribution information split is required if you are entitled to claim a refund of franking credits.

11. Foreign income

Income you receive from an overseas source must be included in your tax return.

Foreign capital gains have been included in Net capital gains.

12. Capital gains

Discounted capital gains

These are capital gains to which the Fund has applied the 50% capital gains tax discount. The entire amount of the gain has been distributed to you. The taxable portion is shown under the taxable amount column. The non-taxable portion is included in the CGT concession amount.

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 capital gain as no discount is available.

CGT concession amount

This amount comprises the non-assessable CGT discount amount paid to you after taking into account any capital losses applied by the Fund against discount gains. The CGT rules generally allow investors to reduce their capital gain by 50% for individuals and trusts, and one-third for complying superannuation funds. No CGT discounts are available for companies and non-complying superannuation funds. The CGT Concession Amount is generally not disclosed in your tax return.

Capital gains – Indexation method

These capital gains have been calculated using the indexation method. The full amount of these capital gains is taxable.

Capital gains – Other method

These capital gains are gains to which the CGT discount method or the CGT indexation method does not apply. The full amount of these gains is taxable.

Distributed capital gains

This amount represents the actual cash amount of capital gains distributed and includes the non-assessable CGT concession amount. It is the sum of the Cash distribution column for capital gains.

Net capital gains

This amount represents the sum of the taxable amount column of capital gains and represents the net capital gain under various methods included in the unitholder's share of taxable income.

13. Other non-assessable amounts

This is made up of tax free, tax deferred and tax exempted amounts that have been distributed to you. These amounts do not need to be included in your tax return. However, the tax deferred component will affect the cost base and reduced cost base of your investment. The tax free component will affect the reduced cost base of your investment. For further information regarding the treatment of these amounts you should refer to the ATO publication Personal investors guide to capital gains tax 2016.

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