

Who should use this guide?

This guide will assist you in completing your 2006 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 tax statement 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 2006 *Tax Pack Supplementary*.

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 gains amounts on your tax statement, you may need to refer to the ATO publication *Personal Investors Guide to Capital Gains Tax 2006*.

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 2005 to 30 June 2006. This may not coincide with the actual cash distribution you have received during the same period.

To assist you in completing your 2006 tax return, the following points should be noted:

- All amounts are expressed in Australian currency.
- To complete your individual tax return, you will need to obtain copies of the *Tax Pack 2006* and the *Tax Pack 2006 Supplement*. If you have capital gains amounts, you may need to obtain a copy of the publication *Personal Investors Guide to Capital Gains Tax 2006* from the ATO.
- The question references in this guide relate to the *Tax Pack 2006 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 investors with straightforward circumstances, this information should be sufficient to enable you to complete the supplementary section of your tax return. 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 further breakdown of the distribution components is shown in Part C of your tax statement.

Non primary production income – Label 12U

This amount represents interest, other income and the grossed up amount of distributions. It excludes net capital gains and foreign source income, these are shown separately on your tax statement.

Franking credits – Label 12Q

Franking credits are credits for Australian tax that has been paid by a company on its earnings.

Tax File Number (TFN) amounts withheld Label 12R

This represents tax withheld by the Fund if you did not supply your TFN or Australian Business Number (where appropriate) to the Fund.

Total current year capital gains – Label 17H

This is the total of 'other capital gains' plus the grossed up amount of 'discounted capital gains'. For a breakdown of this amount please refer to the section headed additional capital gains information on your tax statement.

Net capital gain – Label 17A

A capital gain can arise from the sale of assets within the fund or when you redeem either all or part of your investment. The net capital gains from the sale of assets within the fund are included as part of your distribution. The net capital gain distributed to you is the amount remaining after the Fund has applied any capital losses and the capital gains tax discount.

You should also refer to later sections of this guide for further information regarding capital gains.

To assist in completing the relevant capital gains tax questions please refer to the ATO publication *Personal Investors Guide to Capital Gains Tax 2006*.

Foreign source income – Label 19E and 19M

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 *Tax Pack 2006 supplement*.

Part B – Foreign Tax Credit Information

Part B contains the specific information required to determine your foreign tax credit entitlement in accordance with the 1936 Act.

Foreign tax credits

The foreign tax credit 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 *How to claim a foreign tax credit* in order to calculate the total amount of foreign tax credits you are entitled to claim.

Part C – Distribution components

This section of your tax statement gives you a detailed breakdown of your distribution components. This additional information may be required if you have capital losses, need to complete a capital gains tax schedule, have foreign loss quarantining or wish to claim a refund of imputation credits.

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 imputation credits.

Discounted capital gains

These are capital gains that are eligible for the 50% capital gains tax discount. 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.

CGT Concession

This amount is the non-assessable capital gains tax discount. It does not need to be included in your tax return and does not require an adjustment to either the cost base or reduced cost base of your investment.

Capital Gains – Other method

These capital gains relate to assets held for less than 12 months. The full amount is taxable.

Other non assessable amount

This is made up of tax free, tax deferred and tax exempt amounts that have been distributed to you. These amounts do not need to be included in your tax return, however, the tax free and tax deferred components may affect either the cost base or 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 2006*.

Important

This guide is not advice. Readers should not act solely on the terms of the material contained in this guide. The taxation matters covered in this guide are of a general nature only and does not constitute or convey advice. Also, changes in law may occur quickly. We therefore strongly recommend that formal advice be sought before acting on the basis of any information contained in this guide.

This document is not intended to represent investment or professional advice. The information does not take into account your individual financial circumstances. You should assess whether the information is appropriate to you and consider talking to your financial adviser and/or tax adviser.