



IOOF

Guide to your AMIT Member
Annual (AMMA) Statement

About this Guide

If you have received an AMIT Member Annual (AMMA) Statement in respect of your investment in one of our Trusts, this Guide may assist you and your tax adviser to complete your tax return for the year ended 30 June 2019.

The information in this Guide applies to you if:

- You were an individual Australian resident taxpayer during the year ended 30 June 2019, and
- You hold these investments for long term investment purposes, such that they are treated on capital account for Australian taxation purposes.

This Guide is not intended for use by those:

- With investments held in the name of a company, trust, superannuation fund or partnership;
- Who hold their investments on revenue account; or
- Who are non-residents for Australian taxation purposes.

Important information

This Guide has been prepared by IOOF Investment Management Limited ABN 53 006 695 021, AFS Licence No. 230524 (IIML) and contains **basic general taxation information**. IIML is not a **registered tax agent** and this information does not constitute tax advice, nor is it a substitute for instructions from the Australian Taxation Office (ATO). You should consider the appropriateness of this information, having regard to your individual circumstances. Australian taxation laws are complex and we recommend you seek taxation advice from a registered tax agent, or registered tax (financial) adviser, before making any decision based on the information contained in this Guide. The information in this Guide is given in good faith and has been prepared based on information that is believed to be accurate and reliable at the time of publication but no warranty of completeness or accuracy is given.

The purpose of this Guide

The primary purpose of this Guide is to help individual taxpayers to record the information from their AMMA in to their *Individual Tax Return 2019*, including the *Tax return for individuals (supplementary section) 2019*. Although this Guide has not been prepared for non-individual taxpayers, a section on capital gains tax (CGT) discount rates has been provided at the end of this Guide to help those taxpayers complete their respective tax returns.

You should have received an AMMA statement for each of our Trust(s) that you have invested during the financial year ended on 30 June 2019. The AMMA statement provides all attribution, distribution and cost-base adjustment information relating to your investment during the financial year. It also details capital gains or losses realised on the sale of your holdings where relevant.

You should refer to your AMMA statement when completing your tax return. If you have capital gain amounts on your AMMA statement, you may need to refer to the ATO publication *Personal Investors Guide to Capital Gains Tax 2019* for further guidance.

On your AMMA statement, we have indicated the amounts that you should include in your tax return. Each component of your attribution is explained in this Guide.

Your tax return and your AMMA statement

In your tax return, you must declare income that has been attributed to you during the financial year ended 30 June 2019. 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 franked dividends and/or foreign income tax offsets in respect to foreign tax paid on foreign income and foreign capital gains.

Expenses that relate to earning your income may be tax deductible and may be claimed on your tax return.

Guide to completing your tax return:

- All amounts are expressed in Australian currency.
- To begin completing your individual tax return, you will need to obtain copies of the following ATO forms and publications:
 - *Tax return for individuals 2019*,
 - *Individual tax return instructions 2019*,
 - *Tax return for individuals (supplementary section) 2019*,
 - *Individual tax return instructions supplement 2019*, and
 - *Guide to foreign income tax offset rules 2019*.
- The labels displayed in this Guide are taken from the *Tax return for individuals (supplementary section) 2019*.
- If the amounts the Trust(s) attributed included capital gains or franking credits, you should also refer to these ATO publications:
 - *Guide to capital gains tax 2019* or the abridged version *Personal investors guide to capital gains tax 2019* and
 - *You and your shares 2019*.

If you have received income from other investments during the financial year, you will need to combine the information from those investments with the information we have provided in this Guide.

Regulatory reporting – Foreign Residents

Please note:

- if you are a US citizen or resident, we are required to report your income to the Internal Revenue Service (IRS), the revenue service of the United States of America; and
- if you are a foreign resident (other than a US citizen or resident), we are required to report your income to your country's tax authorities via the ATO.

Your AMMA statement is divided into three parts:

Part A – Tax return information (supplementary section)

This section of your AMMA statement provides a summary of the amounts that are attributed and taken into account in completing the *Tax return for individuals (supplementary section) 2019*. For investors with straightforward circumstances, this information should be sufficient to complete your tax return.

1. Label 13A – Share of credit for foreign resident withholding amounts (excluding capital gains)

This amount includes amounts withheld from some payments to specific recipients due to the operation of the foreign resident withholding regime. The credits may be in respect of Australian income you have received as a foreign resident, or attribution managed investment trust (AMIT) withholding. Like other tax credits, the credits for foreign resident withholding amounts may be offset against your Australian tax liability from your taxable income.

2. Label 13C – Franked distributions from trusts

This amount is your share of franked dividends and franking credits (the franking credit 'gross up') attributed from your investment in AMIT.

3. Label 13U – Share of net income from trusts, less capital gains, foreign income and franked distributions

This amount includes interest, unfranked dividends, and other Australian income attributed from your investment in AMIT. It excludes capital gains, foreign income and franked distributions from trusts.

Any deductible expenses you may have incurred in relation to this income are entered at 13Y.

4. Label 13Q – Share of franking credit from franked dividends

This amount includes your share of franking credits attached to the franked distributions disclosed at 13C and relevant to determining your entitlement to a tax offset. Franking credits are credits for Australian tax that has been paid by a company on its earnings. Your entitlement to claim franking credits to reduce your Australian tax liability will be conditional upon you satisfying the "holding period rule".

For further information on the holding period rule you should consult the ATO publication *You and your shares 2019*.

5. Label 13R – Share of credit for tax file number (TFN) amounts withheld from interest, dividends and unit trust distributions

This amount is the withholding tax that has been deducted from your distribution where you have not provided your TFN or claimed an exemption in relation to your investment. Tax is deducted at the top marginal tax rate.

6. Label 13Y – Other deductions relating to distributions

This amount is the sum of deductible expenses that were deducted from your investment during the financial year. The amount has been applied to reduce the number of units you hold in the Trust, instead of reducing the amount of cash distributions from your investment in the Trust. Any resulting gain or loss on those units has been included in realised gains/losses from the disposal of your holdings.

7. Label 18H – Total current year capital gains

This amount is the sum of all capital gains received from Australian unit trusts and capital gains arising from the sale of your membership interests without applying the capital gains tax (CGT) discount. This amount also includes any foreign net capital gains and any foreign tax on foreign net capital gains (if applicable). For a more detailed explanation on capital gains, please refer to the Capital Gains Tax section of this Guide.

8. Label 18A – 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, after applying current year and/or prior year capital losses and the relevant CGT discount. The items making up this amount are detailed in Part B of your AMMA statement.

Capital gains and losses derived from other investments will also need to be taken into account in working out the amount disclosed at 18A. The amount disclosed at 18A will need to be adjusted to include these additional gains or losses. If there are current year and/or prior year capital losses, you are required to offset these capital losses against gross (i.e. undiscounted) capital gains prior to calculating the discounted capital gains amount. The discount rate that has been applied to your discounted capital gains can be found in the section 'Information for investors', with reference to your entity type on your AMMA statement.

Please refer to the ATO publications *Guide to capital gains tax 2019* and *Personal investors guide to capital gains tax 2019* for further information.

9. Label 19K – Foreign entities, CFC income

This amount is the income and gains of foreign companies to which you hold a direct or indirect controlling interest. For more information on Controlled Foreign Company (CFC) measures, please refer to the ATO publication *Foreign income return form guide 2019*.

10. Label 20E – Assessable foreign source income

This amount includes assessable foreign dividends, foreign interest and any other assessable foreign income (including foreign tax offsets on income not already shown) attributed from the Trust's direct or indirect overseas investments. However, the amount excludes foreign net capital gains (which would be included at 18H and 18A).

If you derived assessable foreign income or losses from other sources, you may need to adjust the above amounts to take into account this additional income and loss.

Please refer to the ATO publication *Individual tax return instructions supplement 2019* for further detailed instructions.

11. Label 20M – Other net foreign source income

This amount is your assessable foreign source income at 20E less your foreign income deductible expenses.

If you have no foreign income deductible expenses, then the amount at 20M will be the same as 20E.

Please refer to the ATO publication *Individual tax return instructions supplement 2019* for further detailed instructions.

12. Label 20O – Foreign income tax offset

This amount is your share of foreign income tax offset attached to the assessable foreign source income. The foreign income tax offset (FITO) represents the amount of foreign tax paid on foreign source income and foreign capital gains received from foreign investments. The amount of assessable foreign source income provided at 20E are grossed up to include FITO. You are required to also show the FITO separately at this item.

If your FITO from all sources for the financial year is no more than \$1,000 you may claim this amount in full. Otherwise, if you are claiming more than \$1,000 you should refer to the ATO publication *Guide to foreign income tax offset rules 2019* to work out your FITO entitlement. In such situations, your actual FITO entitlement will depend on your individual circumstances, taking into account all of your foreign income and expenses.

13. Label 20F – Australian franking credits from a New Zealand franking company

This amount is the Australian franking credits distributed by New Zealand resident companies that had chosen to join the Australian imputation system and distribute assessable franked dividends. The franked dividend from the New Zealand franking company that paid the Australian franking credits is disclosed at 20E.

To check your eligibility to claim the Australian franking credits from New Zealand companies please refer to the ATO publication *You and your shares 2019*.

14. Label 24V – Other income

This amount is the management fee rebate credited to your investment during the financial year. The amount has been applied to increase the number of units you hold in the Trust, instead of increasing the amount of cash distributions from your investment in the Trust.

Part B – Components of attribution and capital gain/loss on the sale of holdings

This section of your AMMA statement explains the components for an attribution and the capital gain/loss arising from the sale of your units in the Trust. You may need to consult the additional information in this Part of the AMMA statement in order to complete your tax return.

Please note that distributions from Trusts need to be included in the tax return for the year of attribution, not the year of receipt. This means that distributions for the year ended 30 June 2019 should be included in your 2019 tax return although you may not have physically received the cash distributions.

Australian income

This is the non-primary production income that has been paid, credited or attributed to your account. Basically, it is the sum of the amount at 13U (non-primary production income) and 13C (franked distributions from trust). The information on franked dividend and franking credits may assist you in completing the *Application for refund of franking credits for individuals 2019* (if applicable).

Distributions from property trusts are shown as other income.

Capital gains

Discounted capital gains

These are capital gains that are eligible for the CGT discount and the discount is generally only available where the asset has been held for 12 months or more. The amount of discounted capital gain distributed is shown at the column 'cash distribution', whereas the amount assessable for tax purposes is shown at the column 'attribution'.

The discount rate used to calculate your discounted capital gains can be found in the section 'Information for Investors', with reference to your entity type.

For non-resident individual investors, please note until 8 May 2012, the CGT discount of 50% was available to non-resident individual investors who were subject to capital gains tax on taxable Australian property. For assets acquired after 8 May 2012, this discount is generally not available to non-resident individual investors. Further information is available in the ATO publication *Guide to capital gains tax 2019*.

Indexed capital gains

These gains have been calculated under the frozen indexed cost base method and the entire amount is fully assessable.

Other capital gains

These gains relate to the disposal of assets within 12 months of acquisition. The entire amount of the gain is fully assessable.

TAP and non-TAP capital gains

For Australian resident investors, the classification of capital gains between taxable Australian property (TAP) and non-TAP can be disregarded for the purposes of completing your tax return.

Non-resident investors for Australian tax purposes are only subject to capital gains tax on assets classified as TAP assets. Accordingly, non-resident investors are not subject to withholding tax on capital gains arising from disposals of capital assets classified as non-TAP assets.

We suggest that you seek professional advice from your tax adviser in regards to your capital gains obligations and any other assistance that you may require.

Foreign income

For Australian resident investors, the income you receive from an overseas source must be included in your tax return. Foreign capital gains are not included here, rather these amounts are disclosed at net capital gains (item 18).

If you are a non-resident investor, the foreign income attributed to you may not be assessable in Australia. We suggest you seek professional taxation advice regarding your Australian tax obligations in respect of amounts of foreign income attributed to you.

Other non-assessable amounts

This refers to other non-attributable amounts, net exempt income and non-assessable non-exempt income that have been distributed to you. While these amounts are not be assessable to you in the year ended 30 June 2019, these amounts may require an adjustment to the cost base of the units held in the Trust.

The other non-attributable amount may include tax free amounts, tax deferred amounts and return of capital.

AMIT cost base adjustments net amounts

This represents the difference between cash distributions and other entitlements from an AMIT to the amount of income attributed to you. This difference may be a positive amount or a negative amount, and is separately disclosed as an AMIT cost base adjustment net amount as detailed below:

AMIT cost base net increase (shortfall)

This is when the amount of cash distribution and other entitlements from an AMIT are less than the attribution amount, resulting in a shortfall of other non-assessable amount. In other words, where the sum of gross cash distribution and tax offsets (cash distribution column) is less than the total attribution amount (attribution column).

You should **increase** the cost base and reduced cost base of your units by the amount of AMIT cost base net increase.

AMIT cost base net decrease (excess)

This is when the amount of cash distribution and other entitlements from an AMIT exceed the attribution amount, resulting in an excess of other non-assessable amount. In other words, where the sum of gross cash distribution and tax offsets (cash distribution column) is more than the total attribution amount (attribution column).

You should **decrease** the cost base and reduced cost base of your units by the amount of AMIT cost base net decrease. A capital gain may also arise if the amount of AMIT cost base net decrease is greater than your original cost base in the membership interests.

Capital gains/losses details on the sale of holdings

Part B of your AMMA statement provides additional details of the capital gains or losses realised from the redemption of your investments during the financial year. These amounts have been added together with any distributed capital gains (mentioned above) at 18A and 18H on Part A of your AMMA statement. Should you have capital gains or losses from other sources, or prior year carried forward capital losses, you will need to take these additional capital gains or losses into account in determining your overall CGT position.

Other information for investors

Capital gains tax discount rates

The table below provides the CGT discount rates used to calculate the amount of discounted capital gains according to the entity type listed on your AMMA statement.

Entity	Discount rate %
Company	0.00
Individual	50.00
Partnership ¹	50.00
Superannuation fund	33.33
Trust	50.00

¹ This assumes the partner of the partnership is an individual and therefore is entitled to the 50% CGT discount.

