

Australian individual tax return guide

GUIDE TO YOUR WEALTHFOCUS INVESTMENT ADVANTAGE CAPITAL GAINS TAX STATEMENT

July 2018

To help you complete your tax return for the 2017/2018 financial year

Perpetual elected into the Attribution Managed Investment Trust (AMIT) regime for Perpetual WealthFocus Investment Advantage for 2017/2018 and subsequent financial years.

All income attributed to you relates to the distributions paid to you in respect of the financial year ended 30 June 2018. No income has been accumulated in any investment option, as permitted under the AMIT regime, and no distributions have been automatically reinvested (unless you have instructed us to reinvest).



HOW TO USE THIS GUIDE

When using the information in your Capital Gains Tax Statement and this guide, please note:

- Your Capital Gains Tax Statement and this guide assumes you are an Australian resident taxpayer, that your investment in the Fund is held on capital account and that you did not receive a cash refund of financial adviser commission.
- If your Capital Gains Tax Statement is for a joint account, it includes 100% of the capital gains or losses of the joint account, and does not split them between the joint account holders.
- Your Capital Gains Tax Statement provides information on realised capital gains or losses as a result of your withdrawal(s) and any capital gains resulting from the receipt of tax deferred distribution components from your WealthFocus Investment Advantage investment.
- Your Capital Gains Tax Statement does not provide information on any capital gain components from income that has been attributed to you. These are shown in your AMIT Member Annual Statement.
- If you acquired your unit prior to 1 July 1999 you can use the 'indexation method' to calculate your indexed cost base and hence your indexed capital gain. This may result in a different capital gain(s) to that shown on your Capital Gains Tax Statement.

OBTAIN YOUR OWN TAX ADVICE

The information in this guide is not tax advice. It only relates to your investment in Perpetual WealthFocus Investment Advantage and is not a complete guide to completing your tax return.

We recommend you seek professional help when completing your tax return. If you have questions about your tax return please consult your tax adviser or the Australian Taxation Office (ATO). We are not able to provide you with tax advice. If you have any questions about your investment, your Capital Gains Tax Statement or this guide, please call or email us using the contact details on the back page.

WEALTHFOCUS INVESTMENT ADVANTAGE

STRUCTURE

When you made your initial investment in one or more investment options, you were issued with one unit in Perpetual WealthFocus Investment Advantage.

The cost base of your unit is equal to the amount of your original investment, plus any additional amounts invested. A partial withdrawal reduces the cost base of your unit. Non-assessable amounts distributed to you may also reduce the cost base of your unit.

If your investment in WealthFocus Investment Advantage resulted from the transfer of your investment(s) in WealthFocus Investment Funds, we have treated the value of your WealthFocus Investment Funds transferred as at 15 May 2012 as the initial cost base of your WealthFocus Investment Advantage unit.

BENEFITS

WealthFocus Investment Advantage has three capital gains tax benefits:

- Switching – there are no capital gains on switches therefore switches will not be shown on your Capital Gains Tax Statement.
- Partial withdrawals – while your Capital Gains Tax Statement will show all partial withdrawals made during the financial year, there are no capital gains until your cost base is reduced to zero.
- Acquisition date – the capital gains tax discount applies to all capital gains made from 12 months after the date of your initial investment.

Perpetual 

ABOUT YOUR CAPITAL GAINS TAX STATEMENT

- Capital gains or losses will be shown in the 'Discount Method' column if you have held your unit for at least 12 months.
- Capital gains or losses will be shown in the 'Less than 12 months' column if you have not held your unit for at least 12 months.
- Full withdrawals will generally result in a capital gain or loss.
- Partial withdrawals will only result in a capital gain once the cost base of your unit has been reduced to nil.
- If your Capital Gains Tax Statement shows a capital gain with a 'Withdrawal date' of 30/06 and you did not make a withdrawal on that date, then this is a capital gain resulting from the receipt of a tax deferred component from distributions paid to you in respect of the 2017/2018 financial year once the cost base of your unit has been reduced to nil.

COMPLETING YOUR TAX RETURN

This guide is designed to help you if you are required to complete the 2018 Tax Return for Individuals (tax return) and the 2018 Tax Returns for Individuals (supplementary section).

You should refer to the Individual tax return instructions 2018 (2018 instruction booklet) which is available from the ATO – download it from the ATO website

<https://www.ato.gov.au/uploadedFiles/Content/IND/downloads/Individual-tax-return-instructions-2018.pdf> or call 1300 720 092 and the online instructions for the 2018 supplementary section

<https://www.ato.gov.au/Individuals/Tax-return/2018/Supplementary-tax-return/>

Additional information is included in the Personal Investors guide to capital gains tax 2018, download it from ATO website <https://www.ato.gov.au/uploadedFiles/Content/IND/Downloads/Personal-investors-guide-to-cgt-2018.pdf> or call 1300 720 092.

Follow the steps below to complete item 18 of your 2018 supplementary section.

1. DID YOU HAVE A CAPITAL GAINS TAX EVENT DURING THE YEAR?

If your Capital Gains Tax Statement shows a capital gain or loss, or if you have a capital gain or loss from any other source, print X in the YES box at label 18G.

2. CALCULATE 'TOTAL CURRENT YEAR CAPITAL GAINS'

- i. Add together all capital gains 'Discount method' and all capital gains 'Less than 12 months' from your Capital Gains Tax Statement.
- ii. Add to this any capital gains that have been attributed to you and shown on your AMIT Member Annual Statement(s).

Note that if a discounted capital gain is shown on your AMIT Member Annual Statement, you will need to multiply the amount by 2.
- iii. Add to this any capital gains from other sources.
- iv. Write the 'Total current year capital gains' at label 18H.

3. CALCULATE NET CAPITAL GAIN OR LOSS

- i. Add any current year capital losses shown on your Capital Gains Tax Statement to any other current year capital losses you have made from other sources.
- ii. Subtract your current year capital losses from your 'Total current year capital gains' (calculated above).

You can choose which capital gains are reduced by the losses. Generally, it is better to reduce the capital gains 'Less than 12 months' first.
- iii. Subtract any net capital losses carried forward from prior years against your remaining current year capital gains. Again, it is generally better to reduce the capital gains 'Less than 12 months' first.

- iv. If you still have any 'Discount method' capital gains remaining these can be reduced by the CGT discount (50% for individuals and Trusts and 33 $\frac{1}{3}$ % for Complying Superannuation Funds). Record the net capital gain at label 18A.
- v. If you have a loss, record the net capital losses available to be carried forward to later income years at label 18V.

THE CAPITAL GAINS TAX SCHEDULE

The ATO's Capital Gains Tax schedule may need to be completed if you are lodging your tax return electronically.

WHEN TO DISREGARD YOUR CAPITAL GAINS TAX STATEMENT

Please disregard your Capital Gains Tax Statement if the capital gain or loss relates to a transfer or if you acquired this investment as a result of a transfer:

- from a deceased investor or their legal representative
- under a court order relating to the breakdown of marriage
- to a lender when the investment is being used as security, and/or
- from a lender when the investment was used as security.

COST BASE ADJUSTMENTS

Tax free and tax deferred amounts included in distributions paid to you in respect of the 2016/2017 and earlier financial years have been taken into account when calculating the cost base and reduced cost of your unit at 1 July 2017.

Under the AMIT regime, we may now be required to make an upwards or a downwards adjustment to the cost base and reduced cost base of your unit.

In respect of the 2017/2018 financial year, no upwards adjustments have been made to any Perpetual WealthFocus Investment Advantage unit. A downwards adjustment will only be made where you have received a tax-deferred amount which is shown on your AMIT Member Annual Statement.

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Investor Services 1800 022 033
Email investments@perpetual.com.au
www.perpetual.com.au

