ADVANCE
ASSET MANAGEMENT

A GUIDE TO YOUR ADVANCE CAPITAL GAINS TAX STATEMENT

2017–2018

Advance Capital Gains Tax Statement

This guide provides an explanation of your Advance Capital Gains Tax Statement.

Although we're able to provide you with information about your investment, please be aware, we're unable to give tax advice. This guide provides general information only and should not be regarded as tax advice.

There may be circumstances (refer to page 7) where your Advance CGT Statement is inappropriate or you may not be subject to CGT.

If you require further information to help you complete your tax return or information about your personal tax position, we suggest you speak to your accountant or tax adviser.

Please keep your Advance Capital Gains Tax Statement and this guide for income tax purposes.

How to read your statement

You only need to refer to the section of your statement that corresponds to the type of taxpayer you are (Individual, Trust, Company or Complying Superannuation Fund).

For information on any of the terms used throughout this guide, please refer to the definitions on page 6.

Advance Capital Gains Tax (CGT) Statement sample

Advance Capital Gains Tax Statement
1 July 2017 – 30 June 2018

MR JOHN SAMPLE
investor number
C00000000
page 1 of 2

MR JOHN SAMPLE
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MOUNT PLEASANT NSW 0000

Details of capital gains and losses for			Individuals			Trusts			Companies	Complying Superannuation Funds		
Date of Disposal	Number of units	Amount received ($)	Capital Loss[1] ($)	Capital gain indexed and other[2] ($)	Capital gain eligible for discount[3] ($)	Capital Loss[1] ($)	Capital gain indexed and other[2] ($)	Capital gain eligible for discount[3] ($)	Capital gain/loss	Capital Loss[1] ($)	Capital gain indexed and other[2] ($)	Capital gain eligible for discount[3] ($)
Fund Name												
Distributions												
Discount method x 2					34.88			34.88	34.88			34.88
Indexation method				18.01			18.01		18.01		18.01	
Other				0.00			0.00		0.00		0.00	
Disposals												
22/03/2018	2,646.36	4,670.83		0.00	185.16	-193.40			-101.13		0.00	84.25
22/03/2018	23.06	40.70		4.96	7.75		1.52	4.31	2.32		4.08	6.87
22/03/2018	38.89	68.64		13.60	16.49		7.80	10.69	9.15		12.12	15.01
22/03/2018	23.82	42.04		3.65	5.16		0.10	1.61	0.93		2.74	4.25
22/03/2018	43.52	76.81		4.80	6.96		0.00	0.46	0.00		3.14	5.30
22/03/2018	21.48	37.91	-3.81			-7.02			-6.26			
22/03/2018	179.45	316.73	-28.26			-55.04			-48.78			
22/03/2018	27.69	48.87			25.05			25.05	25.05			25.05
22/03/2018	609.11	1,075.08			18.82			18.82	18.82			18.82

> Capital gains you received by way of distributions are split into one of three capital gains components. All amounts in this section must be included when calculating your capital gain.

> Where a number (including zero) appears in both columns for a disposal, you should only include one of the amounts when calculating your overall capital gain or loss. You can choose the amount that's most tax effective given your circumstances (i.e. that results in the lowest net capital gain). You don't have to use the same approach for all disposals. Any capital gains eligible for discount that you choose to include that remain after offsetting all your current year and net prior year capital losses can be reduced by the CGT discount (50% for Individuals and Trusts and 33 1/3% for Complying Superannuation Funds).

For companies, only a single capital gain/loss column is shown as the discount method of calculating capital gains is not available. For Non-Complying Superannuation Funds, please refer to the section of the statement for Individuals.

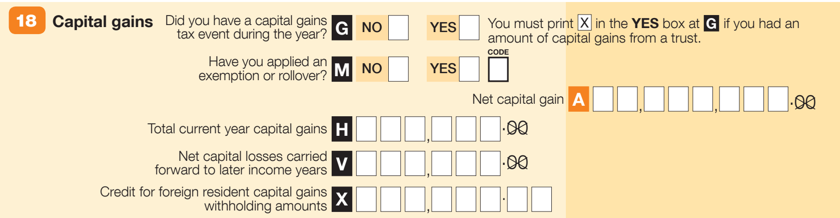
1. Capital loss from disposal which may be used to offset a capital gain.
2. Capital gain indexed and other. For distributions this is the non-discounted capital gain component. For disposals this is the capital gain from the disposal of units held for less than 12 months (other capital gains) or where the capital gain on units acquired before 21 September 1999 have been calculated using the cost base indexed to 30 September 1999 (indexed capital gains).
3. Capital gain eligible for discount. For distributions, this is 2 × the discounted capital gain component. For disposals, this is the capital gain from the disposal of units held for at least 12 months and before any reduction by the CGT discount (discount capital gain).

How to complete your tax return for individual tax payers

You'll need the Individual tax return Instructions supplement 2018 (ITR Instructions supplement 2018) and a copy of the Australian Taxation Office's (ATO) 'Guide to capital gains tax 2017–2018' (NAT 4151) (CGT guide).
You can only view the ITR instructions supplement 2018 online at https://www.ato.gov.au/Individuals/Tax-return/2018/Supplementary-tax-return/.
The CGT guide is only available from the ATO website.

If you're not the sole holder of an account, you should only show your share of capital gains and losses.

Calculate total current year capital gains (18 H)


18 Capital gains
Did you have a capital gains tax event during the year? G NO YES
You must print X in the YES box at G if you had an amount of capital gains from a trust.
Have you applied an exemption or rollover? M NO YES CODE
Net capital gain A .00
Total current year capital gains H .00
Net capital losses carried forward to later income years V .00
Credit for foreign resident capital gains withholding amounts X

Follow the steps below to complete item 18 of your 2018 tax return for individuals (supplementary section).

Step 1

Print X in the 'YES' box at 18 G and print X in the 'NO' box at 18 M.

If you applied an exemption or rollover in relation to any other investments to disregard or defer a capital gain or capital loss, write X in the 'YES' box at M item 18 Capital gains on your tax return (supplementary section). We recommend you confirm your CGT position with your tax adviser.

Step 2

Add together the capital gain amounts from your Advance CGT Statement.

For distributions and attributions, you must include all capital gain amounts. For each disposal where there's an amount in both the 'Capital gain indexed and other' and 'Capital gain eligible for discount' columns, you should only include one of these amounts.

Step 3

Add to this any capital gain amounts from other sources (see step 3 of Part B of the CGT guide).

Step 4

Write the total current year capital gain at 18 H (See step 4 of Part B of the CGT guide).

Calculate net capital gain (18 A)

1. Apply current year capital losses

Step 1

Add any current year capital losses shown on your Advance CGT Statement to any other current year capital losses you've made from other sources (see step 5 of Part B of the CGT guide).

Step 2

Apply your current year capital losses against your total current year capital gains (see step 6 of Part B of the CGT Guide). You can choose which capital gains are reduced by current year capital losses. As a general rule, it's better to apply capital losses against capital gains in the following order: capital gains other, capital gains indexation method and then capital gains discount method.

2. Apply prior year net capital losses

Apply any net capital losses from previous years against your remaining current year capital gains (see step 7 of Part B of the CGT guide). Once again, as a general rule, it's better to apply capital losses against capital gains in the following order: capital gains other, capital gains indexation method and then capital gains discount method.

3. Apply the CGT discount

Any capital gains eligible for discount selected from your Advance CGT Statement and from any other sources that remain after offsetting your capital gains by your current and prior year carried forward capital losses, can be reduced by the 50% CGT discount for individuals (see step 8 of Part B of the CGT guide).

4. Net capital gain

Step 1

Any capital gain remaining after offsetting capital losses and applying the CGT discount is your net capital gain (see step 10 of Part B of the CGT guide).

Step 2

Write the net capital gain at 18 A.

Step 3

If the capital losses have reduced your capital gain to zero, write '0' at 18 A.

Calculate net capital losses carried forward to later income years (18 V)

Step 1

Any current year and prior year net capital losses remaining after reducing your current year capital gains are your net capital losses to be carried forward (see steps 10 and 11 of Part B of the CGT guide).

Step 2

Write this amount, if any, at 18 V.

The Capital Gains Tax schedule 2018

Investors with capital gains or losses of more than $10,000 and who lodge their income tax return electronically (not including through Australia Post) may be required to complete a Capital Gains Tax schedule 2018 (NAT 3423).

Frequently asked questions

How have you calculated my capital gain and loss amounts from disposals?

For each parcel of units, we've compared the proceeds on disposal with the cost base of your investment, reduced by non-assessable distribution or attribution components where applicable. These non-assessable distribution or attribution components consist of tax-deferred amounts, tax-free amounts, return of capital amounts and certain CGT – concession amounts.

For AMITs, these non-assessable components consist of other non-attributable amounts, non-assessable non-exempt amounts and AMIT CGT gross up amounts.

Please note:
CGT concession amounts paid to you after 1 July 2001 and up until and including payments for the year ended 30 June 2017 don't reduce the cost base of your investment.

What assumptions were made?

While most resident investors (including joint holders) should be able to use this guide to complete their tax return, this guide may not be appropriate if some of the following assumptions are incorrect.

> We've used the first in, first out (FIFO) method. That is, the first parcel of units you bought is considered to be the first parcel of units you disposed of. If you choose another method, you shouldn't use the Advance CGT Statement either this year or in future years to calculate the capital gain or loss from any disposals.

> We've assumed you haven't applied capital losses against distributions in the 'Capital gain eligible for discount' column in either the 2000 or 2001 tax year. If you have, you shouldn't use your Advance CGT Statement either this year or in future years to calculate the capital gains and losses from the disposal of units in the fund that the distribution relates to. This is because the reduction factor in the cost base may be incorrect.

What happens if my investment is in more than one name?

If your investment is held in two or more names, all income, tax credits, capital gains etc should be shared between all investors.

For example, if there are two investors with equal shares in one investment, each investor would only have to declare half the income, tax credits, capital gains, etc.

When will I have a capital gain or loss?

A capital loss will occur when the reduced cost base is greater than the proceeds you received when you disposed of your investment.

Neither a capital gain nor a capital loss will occur when the proceeds received on disposal are greater than the reduced cost base but less than the adjusted cost base.

A '0' will be shown on your Advance CGT Statement in these cases.

A capital gain not eligible for discount will occur if the units were held for less than 12 months and the proceeds on disposal are greater than the adjusted cost base. This will be included on your Advance CGT Statement in the 'Capital gain indexed and other' column.

A capital gain eligible for discount will occur if the units were held for at least 12 months and the proceeds from disposal are greater than the adjusted cost base.

Definition of terms

‘Adjusted’ cost base

Cost base – (non-assessable components excluding tax free components – reduction factor).

For AMIT’s, it will be Cost base – (AMIT Non-assessable components – reduction factor).

Where you acquired your investment before 21 September 1999, and the indexation method is chosen, the ‘Adjusted’ cost base also includes indexation to 30 September 1999.

CGT-concession amounts

This component, when received before 1 July 2001 or in respect of the 30 June 2018 year or after reduces the cost base when calculating a capital gain or loss.

Cost base

Generally the amount you paid, including any fee you paid in relation to the acquisition of your investment.

Discount percentage

50% for individuals and Trusts, 33⅓% for Complying Superannuation Funds and nil for companies. Non-residents are not eligible for the discount.

Non-assessable components

Includes tax-free, tax-deferred, tax exempt, return of capital and certain CGT-concession components shown on your Advance Tax Statement.

For AMITs, these non-assessable distribution or attribution components consist of other non-attributable amounts, non-assessable non-exempt amounts and AMIT CGT gross up amounts.

Reduced cost base

Cost base – (non-assessable components – reduction factor).

For AMITs, it will be Cost base – (AMIT Non-assessable components – reduction factor).

Reduction factor

When the cost base is reduced by a CGT-concession amount, some or all of this reduction may be offset by a ‘reduction factor’. As we’ve assumed no capital losses have been offset against distributions in the ‘Capital gain eligible for discount column’, the reduction factor has been calculated as the lower of:

> discounted capital gain component – (2 × discounted capital gain component × discount percentage)

> the relevant non-assessable distribution components – (2 × discounted capital gain component × discount percentage).

If capital losses have been offset against distributions of ‘Capital gain eligible for discount’ which were received prior to 30 June 2001, the reduction factor we’ve calculated won’t be appropriate.

Return of capital amounts

This component reduces the cost base when calculating a capital gain or a capital loss.

Tax-deferred amounts

This component reduces the cost base when calculating a capital gain or a capital loss.

Tax-exempt amounts

This component doesn’t reduce the cost base when calculating a capital gain or loss.

Tax-free amounts

This component reduces the cost base when calculating a capital loss.

Check your circumstances

There may be circumstances (see below) where your Advance CGT Statement is inappropriate or you may not be subject to CGT. Therefore, we suggest you speak to your accountant or tax adviser if you need assistance.

Adjustments to your investment
If Advance withdrew any part of your investment to correct your unit balance, your statement may not be appropriate.

Breakdown of marriage
A transfer or acquisition of an investment under a court order relating to the breakdown of marriage or a maintenance agreement may result in your statement not being appropriate.

Deceased estates
Transfers of investments from a deceased investor to their legal personal representative, or from the legal personal representative to a beneficiary, generally shouldn't give rise to a capital gain or loss. However, a capital gain or loss may arise when the investment is sold by the legal personal representative or beneficiary. If you received the investment under the Will of the deceased, you should disregard your Advance CGT Statement. If an Advance CGT Statement has been issued for a deceased estate, the capital gain or loss arising from transfer of investments from the deceased investor to their legal personal representative should be disregarded.

Fee refunds
A fee refund from your financial adviser, for the fees you paid in relation to the acquisition of your investment, may result in your cost base being different.

Gearing
A transfer to and from lenders, where the investment was security for a loan, is not generally considered a disposal or acquisition for CGT purposes.

Investors who won't receive a Advance CGT Statement
These investors should use the relevant information from their quarterly Investor Reports to calculate any capital gains or losses on redemption. If you're using the services of an accountant or tax adviser, these should be provided to them.

Non-resident of Australia for tax purposes
Will only be subject to CGT on disposals in specific circumstances.

Non-tax paying investors
Will generally not be subject to CGT (eg because you're a charity).

Residency change
If you've changed your residency status since acquiring the units, your statement may not be appropriate.

Superannuation investors
Investments held before 1 July 1988 by Complying Superannuation Funds, Approved Deposit Funds and Pooled Superannuation Trusts are subject to special CGT provisions not incorporated in the statement.

Transfer of ownership
If you transferred units to another person or you received transferred units, your statement may not be appropriate.

Transfers where there is no change in beneficial ownership
A transfer of an investment, or an acquisition from a transfer, where there was no change of beneficial ownership, such as when a payout occurs on a margin loan, may result in your statement not being appropriate.

Units acquired as trading stock or hold on revenue account
If you're carrying on a business of investment or hold units on revenue account, your statement may not be appropriate.

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