

A guide to your Tax report 24-25

How to read and use your tax report

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We've designed the tax report to help you efficiently and accurately complete your Tax return. There are **eight** sections in your tax report (nine sections apply for non-residents):

Tax summary – This section provides references to ATO tax return labels for individuals, companies, SMSFs and trust tax returns. The deductible expenses in Section 1 include initial advice and contribution fees. For SMSFs, the planning and advice fee and the deferred entry fee are not included in the deductible expenses in Section 1. Please refer to note 5 in the Important notes section of this guide for more information on the deductibility of expenses.

Income details – a summary of total income received or attributed for the financial year (for your information).

Deductions – deductible expenses related to your investment. Please refer to note 5 in the Important notes section of this guide for more information on the deductibility of expenses.

Income distributions/attributable by investments – lists a full breakdown of all distributions received and attributed during the period including type of income, franking credits, and other relevant important information.

Income – Asset wide details of cash income received for the financial year.

Realised capital gains/(losses) – details of capital gains/(losses) realised in the financial year, broken down by asset.

Capital gains tax (CGT) – summarised details of capital gains and losses, to be used to complete the CGT schedule, if required.

Gains/losses on disposal of Traditional securities – details of gains/(losses) on traditional securities disposed of during the year, broken down by asset.

Below section only applies to individuals who are foreign residents (non-resident) for tax purposes:

Income distribution and withholding tax – summarised withholding tax schedule for non-resident clients to be used in determining your tax credits, if applicable. If you are a non-resident, the following components affect the amount of withholding tax deducted from your distribution:

Australian income - dividends unfranked Conduit Foreign Income - This relates to any part of unfranked dividends paid by an Australian corporate tax entity that it declares to be Conduit Foreign Income (CFI). Non-resident taxpayers are not required to pay Australian tax on unfranked CFI dividends.

NCMI - Certain trusts may distribute or attribute 'non-concessional Managed Investment Trust income' (NCMI). A higher rate of withholding tax can apply to NCMI, which may include certain income from stapled structures, residential housing and agricultural rent and capital gains, and indirect trading trust income.

TAP and NTAP - Capital gains TAP (Taxable Australian Property) are capital gains on which non-resident taxpayers are subject to CGT in Australia. Withholding tax is deducted from such gains. Capital gains NTAP (Non-Taxable Australian Property) represent gains on assets in which non-residents are not subject to CGT.

Important notes

1. The Tax return for individuals is divided into two parts: the Tax return for individuals and Tax return for individuals (supplementary section). If you have other capital gain amounts to be included in your tax return, we recommend you also obtain a copy of the ATO booklets 'Guide to capital gains tax' and 'Personal investors guide to capital gains tax' to assist you in completing your income tax return.
2. If you have income or deductions from other sources, you must add them to the amounts in your tax report before transferring the figures to your tax return.
3. The information in your tax report applies only to ordinary investments i.e. funds not invested in superannuation and pension funds.
4. Franking credits attached to dividends that may appear on your statement should be checked with your tax agent to confirm if you satisfy the 45 day holding rule and/or other criteria to claim a tax offset in respect of them.
5. Fees that relate to the provision of ongoing advice are generally tax deductible. Fees that relate to the provision of upfront or initial advice are generally not tax deductible. The ongoing management fee and client advice fees are generally tax deductible. The deductibility of Client advice fee initial and Client advice fee contributions ('upfront fees') depend on your individual circumstances and whether these fees relate to initial up-front advice or ongoing advice. By default, these upfront fees have been reported as deductible fees at section 3a and in section 1 of your tax statement. Should these fees not relate to the provision of ongoing advice, the amount reported at section 3a and section 1 will not be correct. You will need to adjust the amount reported at section 3a and in section 1 by the extent to which these upfront fees do not relate to the provision of ongoing advice.
6. Please note in some instances the Client advice fee can be referred to as the Adviser review fee.
7. Insurance premiums are generally deductible as follows:
 - a. Salary Continuance premiums for individual investors
 - b. Death & TPD premiums for superannuation funds.
8. Capital gains / losses are calculated on the basis of First in first out parcel allocation method. This means that the asset parcel sold is matched to the parcel which was first bought for the same asset. The realised capital gains section does not consider any net prior year carry forward losses.
9. The deduction for LIC capital gain amount can only be claimed if you were an Australian resident at the time of receiving the LIC dividend.

A glossary of terms is available for your reference on **page 3** of this guide.

This document is only intended as a guide to help you complete your income tax return. While we have tried to ensure that the information contained in this guide is accurate, we strongly recommend that you consult your financial adviser or accountant regarding the information contained in this guide or your tax reports.

Glossary

Assessable foreign source income – your share of income from dividends, interest, rental or other income derived from overseas investments

Conduit foreign income (CFI) – An Australian resident for tax purposes is required to include CFI as unfranked dividend income. The classification of the dividend as CFI is particularly relevant to non-resident investors who may be entitled to withholding tax exemption upon receipt of the income.

Distribution from trust less net capital gains and foreign income – Income from Managed investment trusts has been included in assessable income on a present entitlement basis. Income from Attribution managed investment trusts (AMIT's) has been included on an attribution basis and may include amounts that are not paid in cash. Question 13 Item U of the Tax return for individuals (supplementary section) is made up of the following items:

- unfranked dividends from trust
- other Australian income, and
- interest income

Dividends – Question 11 of the Tax return for individuals is made up of the following items from any directly held shares:

- unfranked amount
- franked amount
- franking credit, and
- tax file number amounts withheld from dividends
- dividend income has been included in the assessable income on 'payment date' basis.

ESVCLP tax offset – a non-refundable carry-forward offset of up to 10% of the contribution made by a limited partner to an early stage venture capital limited partnership (ESVCLP).

Early stage investor tax offset – a tax offset for investing in an early stage innovation company

Foreign income – other – Comprises your share of income derived by your investment from an overseas source.

Foreign income tax offset – a foreign income tax offset in relation to foreign tax paid may be claimable. Briefly, the maximum foreign income tax offset available for passive foreign income and other foreign income is the Australian tax payable on that foreign income category. Please refer to Question 20, Item O of the Tax return for individuals (supplementary section) and ATO publication 'Guide to foreign income tax offset rules' for more details.

Franked distribution from trust – Question 13, Item C of the Tax return for individuals (supplementary section) is made up of the following items:

- franked dividends from trust
- franking credits from trust.

Franking credits – these credits accrue from franked dividends generated by your investments. They are generally allowed as an offset against tax payable. Franking credits in excess of tax payable are generally refundable to individuals.

Gross interest – income earned from your cash account and term deposits, if applicable. The interest income from cash account and term deposits has been included as assessable income based on the date of receipt.

LIC attributable gains – The amount of dividend paid by a Listed investment company (LIC) attributable to a LIC capital gain. An Australian resident individual can claim a deduction of 50% of the LIC attributable gain.

Non assessable amounts – These amounts are non-assessable for Australian tax purposes.

NANE – Non assessable non-exempt amounts. You do not need to pay tax on these amounts. They don't affect your tax losses, however they may be taken into account when calculating your liability for the Medicare levy surcharge and the adjustable taxable income of your dependants. They do not reduce the cost base of your investment.

Government surcharge – A government-imposed superannuation surcharge applicable prior to 1 July 2005. You may still receive a surcharge assessment after 1 July 2005 for contributions made and/or employer termination payments rolled over in previous years.

Other Australian income – your share of income other than 'franked', 'unfranked' and 'interest income' derived by the funds you invest in from Australian sources. If applicable, this includes fund manager rebates and other rebates you received for the financial year.

Other net foreign source income – Question 20 Item M of the Tax return for individuals (supplementary section) – assessable foreign source income less deductible expenses and any previous year's foreign losses.

Share of credit for TFN/ABN amounts withheld – if there is an amount in this section, it means you may not have quoted your tax file number (TFN) or Australian business number (ABN) and have had tax withheld on some or all your income during the period. This tax can generally be claimed back through your tax return – please refer to your tax adviser.

Tax deferred income – commonly relates to plant and equipment depreciation allowances and amounts associated with building allowances distributed by trusts that are not AMITs. These amounts are not assessable but will reduce the cost base of your investment, and therefore may affect your future capital gains tax liability.

Tax-free income – relates to exempt income arising from shares in a pooled development fund, eligible venture capital investments or certain early stage investments in small and innovative businesses distributed by trusts that are not AMITs. These amounts are not assessable but will reduce the reduced cost base of your investment where there is a capital loss. No cost base adjustment is required where there is a capital gain.

Traditional securities – Traditional securities can include bonds, debentures, bills of exchange, promissory notes or loans and deposits with banks and other financial institutions. A gain made on the disposal of a traditional security is included in assessable income. Please refer to Question 24, Item Y of the tax return for individuals.

A loss on disposal or redemption of a traditional security may be an allowable deduction. Refer to Question D15 in the tax return for individuals (supplementary section).

Capital gains – discounted – capital gains derived on investments that have been held by the funds you invest in for at least 12 months. The capital gain has been calculated using the applicable discount rate, depending on your investor type for tax purposes (Individual, Trust, Superannuation fund or Company).

Capital gains – discount method – this term appears in Section 7 'Capital gains tax (CGT)' on your tax report. The amount at Section 7 comprises the amount at 'Capital gains – discounted' on Section 2 'Income details' plus foreign tax withheld on foreign capital gains multiplied by two, plus any capital gains arising from your own direct investment transactions that will be eligible for CGT discount.

Capital gains – indexed – represents capital gains where the indexed cost base method has been applied. This method may be applied to assets held for 12 months or more and acquired before 11.45am on 21 September 1999.

Capital gains – other – represents capital gains when the discount and indexation methods do not apply.

CGT concession amount – the CGT concession amount of any distribution received from trusts that are not AMITs. This amount does not reduce your cost bases in units of trusts that are not AMITs for CGT purposes.

Net capital gain – total year's capital gains, less current year capital losses, less CGT discount.

Reduced cost base – for trusts that are not AMITs, your purchase cost adjusted for any tax deferred income and tax free income you have received, if applicable. For AMITs, your purchase cost adjusted for any AMIT cost base adjustments, if applicable.

Attribution Managed Investment Trust (AMIT)

Some of your Managed funds may elect to become an AMIT. An AMIT will attribute income to you, based on your entitlement. It is possible that the amounts of taxable income attributed are less or more than the actual cash distributions in relation to the same income components. The difference between attribution and cash distribution would be taken into account in calculating the cost base increase / decrease amount of your investment in an AMIT (further discussed below).

AMIT cost base adjustment

Where taxable components and NANE attributed from an AMIT exceed cash distributed and tax offsets from the AMIT, the cost base of your AMIT investment will increase. Where this scenario has occurred, the amount of the increase, if any, will show as a positive figure in this column. Where taxable components and NANE attributed from an AMIT are less than cash distributed and tax offsets from the AMIT, the cost base of your investment will decrease. Where this scenario has occurred, the amount of the decrease, if any, will show as a negative figure in this column. A capital gain will arise where the decrease in AMIT cost base exceeds the existing cost base.

Reconciliation of cash distribution received in section 5 to the attributed income per section 4 for AMIT funds

The managed funds that elect into the AMIT regime attribute tax components to the underlying investors. When distributing these components to investors, the cash distributed may not equal to the attributed tax components of the distribution. The distribution components in the Section 4 of the tax statement are based on the fund tax statement provided by the Fund manager. The below method can be used to reconcile the cash distribution received as per section 5 to the attributed tax components in section 4 for an AMIT fund.

Section 5	Section 4
Total cash received	Franked dividend + Unfranked dividend + Grossed up Capital Gains discount * + Capital Gains Other + Other Australian Income + Foreign income other + Conduit foreign income + Interest income + NANE - AMIT base adjustment

The above equation may not hold true for some AMIT funds for which the gross up for franked distribution or foreign income may be less than the franking credit tax offset / foreign income tax offset (due to expense allocation).

* The 'Capital gains discounted' figure in section 4 is derived from the trust distribution, hence it needs to be multiplied by 2 to gross it up.

Note: These are only intended as brief definitions of the terms used in your tax report and may not correspond to the definitions or the terms contained in income tax legislation. The taxation information provided is based on the continuance of present laws and their interpretation.

Need further assistance?

If you need help any stage, you can:

- Contact the North Service Centre on 1800 667 841, or email at north@amp.com.au
- Contact your dedicated business development representative, they can also help you with product and platform information, or practice management solutions tailored for your business

Important information

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