

Understanding your AMIT Member Annual (AMMA) Statement

Australian individual tax return guide | July 2018

This information is to help you understand your Copia 2018 AMMA statement and assist you in completing your 2018 tax return.

What you will need

To complete your 2018 tax return, you will need copies of the following:

- Understanding your AMMA statement for 2018
- Your Copia 2018 AMMA statement

You may also wish to refer to the following Australian Taxation Office (ATO) publications:

- Tax return for individuals (supplementary section) 2018,
- Individual tax return instructions supplement 2018, and
- Guide to foreign income tax offset rules 2018.

To obtain any of the above or other useful ATO publications, contact the ATO's Publications Distribution Service on **1300 720 092** or visit the ATO website **www.ato.gov.au**.

How to use this guide

This tax guide is designed to help you understand your Copia 2018 AMMA statement and complete your 2018 tax return if you are an Australian resident individual for tax purposes and are liable to pay income tax for the financial year ending 30 June 2018.

If you are a non-resident individual, a part-year resident, a corporate investor, a superannuation fund or a trustee, consult your tax adviser about the taxation treatment of your investment.

This tax guide and your tax statement do not consider your personal circumstances, nor do they constitute tax advice and should not be relied upon as a substitute for professional tax advice. Copia is not able to provide you with tax, or financial, advice and we recommend you seek an independent professional consultation about the taxation treatment of your investment when completing your 2018 tax return.

If you have any queries regarding your investment, your tax statement or this guide, please call Client Services on **1800 442 129 (free call)** during business hours or email **clientservices@copiapartners.com.au**.

About your tax statement

- Your Copia 2018 AMMA statement includes all distribution income from the investment funds managed by the following partnering fund managers relating to the financial year ending 30 June 2018:
 - OC Funds Management
 - Vertium Asset Management
 - Chester Asset Management
 - Copia Cash Management Fund
- You are required to include these amounts in your 2018 tax return, even if distribution payments are received after 30 June 2018.
- If you hold your investments in joint names, your Copia 2018 AMMA statement will include 100% of all distributions paid to the joint account and does not split the income between joint account holders. You will need to apportion the amounts shown on your statement accordingly.
- Your Copia 2018 AMMA statement may report capital gains although you have not withdrawn any units. This is because distribution income received may include realised net capital gains associated with the sale of investments by a fund.
- Your Copia 2018 AMMA statement does not include any taxable capital gains or losses that may be the result of you withdrawing units from a fund. If you have withdrawn, transferred or switched units during the 2018 financial year, you will need to separately calculate capital gains or losses associated with these transactions from your investment records and include it in your 2018 tax return.
- If you have investments other than those with Copia or its partners, you will need to combine the taxable components from your other investments with the taxable components from your Copia 2018 AMMA statement prior to completing your 2018 tax return.
- This guide provides information on all amounts that may appear on your Copia 2018 AMMA statement. Some of the information that follows may not be relevant to your investment and may not appear on your Copia 2018 AMMA statement.

Completing your 2018 tax return

This section will assist you in completing the Tax return for individuals (supplementary section) 2018 and highlights the different components of income, as well as net capital gains or losses, you may have received from distribution payments. This guide will also refer to the following three items that you may be required to complete using your Copia 2018 AMMA statement:

Item 13 – Partnerships and trusts

This item relates to distribution income received through a trust (including a managed fund) situated in Australia and your share of entitlement to credits.

Note: you do not show all categories of income from a partnership or trust at this item. Amounts of net capital gains and foreign source income are to be entered in other items on your tax return as outlined below.

Item 18 – Capital gains

This item relates to any capital gains, or losses, you may have incurred if a capital gains tax (CGT) event happened in the 2018 financial year.

Note: we have assumed that you have not carried forward any capital losses. If you have done so, please consult your professional tax adviser or refer to the ATO's Personal investors guide to capital gains tax 2018.

Item 20 – Foreign source income and foreign assets or property

This item relates to any income received if your investments distributed foreign interest, dividends or any other foreign sourced income for the 2018 financial year.

Part A | Investor details

Part A comprises of your investor details such as the investment account name and your address.

Part B | Summary of 2018 tax return items

Part B summarises your taxable income into the income categories that correspond to the Tax return for individuals (supplementary section) 2018. Also, Part B of your Copia 2018 AMMA statement provides additional information to complete Item 18 – Capital Gains on the Tax return for individuals (supplementary section) 2018.

To complete the investment income categories of your 2018 tax return, you or your tax adviser will need to combine Part B of your Copia 2018 AMMA statement with any income you have received from other sources.

Non-primary production income (label 13U)

This item includes unfranked dividends, interest and other income. It excludes net capital gains, franked dividends, franking credits and foreign income.

Franked distributions from trust (label 13C)

This item includes franked dividends and franking credits received.

Franking credits (label 13Q)

This item includes the amounts of franking credits attached to the income resulting from franked dividends, disclosed at 13C.

TFN withholding credit (label 13R)

This item includes withholding tax that has been deducted from your distribution income, or income paid on redemption, in the instance that you have not provided your Australian Tax File Number (TFN), Australian Business Number (ABN) or claimed an exemption, in relation to your investment with Copia or its partners. Tax is deducted at the top marginal rate.

Total current year capital gains (label 18H)

This item is the total amount of capital gains, before any capital gains tax (CGT) discount has been applied. That is discount capital gains received from Australian unit trusts, and/or realised from the sale of your holdings, during the financial year which have been grossed up by the relevant CGT discount rate or are prior to the discount rate being applied. This amount also includes any foreign net capital gains (if applicable).

Net capital gains (label 18A)

This item is the net capital gain relating to both distributed capital gains, and realised capital gains from the disposal of your holdings, after any capital losses and/or applicable CGT discount have been applied. The items making up this amount are detailed in Part C of your AMMA statement.

Capital gains and losses derived from other sources will also need to be taken into account when completing this question. If current year and/or prior year capital losses are to be applied to a discount capital gain, ensure you offset these losses against the gross capital gains first before applying the CGT discount. The discount rate that has been applied to your discount gains can be found in the section 'Additional information', with reference to your entity type on your AMMA statement.

Please refer to the ATO publications 'Guide to capital gains tax 2018' and 'Personal investors guide to capital gains tax 2018' for further information.

Assessable foreign source income (label 20E)

This item includes assessable foreign income; which, in relation to your Copia 2018 AMMA statement are dividends from a foreign source, before any deductions are allowed. However, it will exclude amounts of foreign net capital gains (which should be included at Labels 18H and 18A).

Other net foreign source income (label 20M)

If you have foreign income deductions, you should follow the ATO Individual tax return instructions 2018. If you have foreign income deductions, the amount you insert at 20M is the amount at 20E less your foreign income deductions and if you have no foreign income deductions, then the amount at 20M will be the same as 20E.

If you have received foreign income or losses from other sources, the amounts above need to be adjusted to include the additional income and loss.

Foreign income tax offset (label 20O)

This item denotes tax that has been withheld from foreign income you have received. The amounts provided for Question 20 above, are grossed up to include foreign income tax offset amounts. You should also show the foreign income tax offset separately at this item and if your total foreign tax income offset from all sources for the year is \$1,000 or less, you can claim this amount in full.

Capital gains tax information

The capital gains additional information outlined in Part B, as well as the capital gains portion of Part C, provide details relating to the various capital gains components distributed to you in the 2018 financial year. This information will assist you should you be required to complete the ATO's Capital gains tax (CGT) schedule 2018 or should you have any capital losses for the 2018 financial year or any net capital losses from prior years that you may be able to offset against any capital gains received.

You may wish to refer to the ATO's Personal investors guide to capital gains tax 2018, which is available from the ATO's website www.ato.gov.au/Individuals/Tax-return/2018.

Note: Part B will only show amounts on your Copia 2018 AMMA statement if you have received a capital gain distribution component.

Part C | Components of attribution

Part C of your Copia 2018 AMMA statement provides a detailed breakdown of the components of your attribution and the capital gain/loss from the sale of your units. The additional information in Part C of the Copia 2018 AMMA statement may be required to complete your tax return.

Australian income

Australian income details the distribution of non-primary production income that has been paid, credited or attributed to your account from your investment in Australian unit trusts.

Non-primary production income consists of franked and unfranked dividends, interest and other income. The franked dividend component details your eligibility to franking credits which may be refundable to you.

Capital gains**Discounted capital gains**

These are capital gains that are eligible for the CGT discount. The amount of the gain that has been distributed to you, is shown at the column 'cash distribution'. Both the taxable portion of the discounted capital gain and the non-taxable portion of the discounted capital gain, referred to as the AMIT CGT gross up amount, are shown at the column 'attribution'.

We suggest that you seek independent professional taxation advice in regards to the application of the capital gains tax regime to your own individual circumstances.

Other capital gains

These gains have either been calculated using the indexation method or relate to assets held for less than 12 months before the relevant CGT event occurred. The entire amount of the gain is taxable.

TAP and non-TAP capital gains

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

The split of capital gains between TAP and non-TAP is only relevant for non-resident investors. Non-resident investors pay Australian tax on TAP capital gains arising from TAP assets. If you are a foreign resident investor, you may be entitled to an exemption from CGT on capital gains derived from assets that are classed as non-TAP.

Please note that the law has been amended to remove or reduce the CGT discount on capital gains made, after 8 May 2012, by non-resident individuals. Please refer to the ATO publication 'Guide to capital gains tax 2018' for further information.

We suggest that you seek independent professional taxation advice in regards to the application of the capital gains tax regime to your own individual circumstances.

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 as these amounts are disclosed at 18H.

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

Other non-assessable amounts

This consists of other non-attributable amounts, net exempt income and non-assessable non-exempt income that have been distributed to you.

The other non-attributable amount is broadly made-up of tax free, tax deferred and return of capital, and the amount is reflected in the calculation of the AMIT cost base net increase or AMIT cost base net decrease (as applicable).

These non-assessable amounts will affect either the cost base (or reduced cost base) of your investment and this is reflected in the calculation of the AMIT cost base adjustments net amount.

For further information regarding the treatment of these amounts, please refer to the ATO publication 'Guide to capital gains tax 2018'.

AMIT cost base adjustments net amount

AMIT cost base – net increase

This is where the sum of gross cash distribution and tax offsets is **less** than the total amount disclosed in the attribution column.

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

AMIT cost base – net decrease

This is where the sum of gross cash distribution and tax offsets is **more** than the total amount disclosed in the attribution column.

You should **decrease** the cost base and reduced cost base of your units by the amount of AMIT cost base shortfall. 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.

Additional information

Capital gains tax

Capital Gains Tax (CGT) is a tax on the growth in the value of your investments, which is payable when you trigger a CGT event such as sale of units (including switching investment options). You may also receive a distribution of capital gains from the investment option you invest in (even if you reinvest your distribution payments).

A capital loss occurs from a CGT event when the capital proceeds you receive is less than the reduced cost base (what you paid for it).

For further information, please refer to the ATO's Personal investors guide to capital gains tax 2018.

We also suggest that you seek independent professional taxation advice in regards to the application of the capital gains tax regime to your own individual circumstances.

Methods of calculating capital gains or losses

There are three ways of calculating capital gains or losses:

Indexation method: this method allows an increase in the cost base by applying an indexation factor that is based on the Consumer Price Index (CPI) up to September 1999. This method is applied to assets held for 12 months or more and acquired before 11.45am on 21 September 1999.

Discount method: if you held your assets for more than 12 months, this method allows you to reduce your capital gain (after subtracting any capital losses) by applying a 50% discount.

Other method: when the indexation and discount methods do not apply and your assets were bought and sold within 12 months. Capital gains and losses are calculated by subtracting the cost base from the capital proceeds.

Capital gains tax discount rates

The table below lists the discount rates used to calculate your discounted capital gains according to the entity type listed on your Copia 2018 AMMA statement.

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

Frequently asked questions

Important information: the following information is provided as a general guide only and we recommend you seek independent professional taxation advice regarding your personal situation.

Can I claim a tax deduction for management fees and contributions fees?

Management fees have already been deducted from distributed income and reflected in the unit prices. Management fees are treated as a deductible expense included in the calculation of taxable income in the tax statement. Contribution fees are not tax deductible.

Can I claim a tax deduction for planner servicing fees?

Under some circumstances you may be able to claim planner servicing fees paid as a tax deduction. The amount you can claim will depend upon your circumstances and the nature of the services provided by your planner. We recommend that you seek independent professional tax advice.

If I have not sold any units, why do I have capital gains?

Part of each distribution payment you receive may contain a capital gains component (even if you reinvest your distribution payments). If you have not sold any units you may still need to pay CGT.

What do I do, if my investment is held in more than one name?

If the investment is held in two or more names, you will need to apportion amounts of all income, tax credits, capital gain, etc. Each investor will need to declare these amounts in their individual tax return.

Further information

For more information, you can contact our dedicated Client Services team on **1800 442 129** (*free call*) or by emailing clientservices@copiapartners.com.au.

Important information: This document, prepared by Copia Investment Partners Ltd (AFSL 229316, ABN 22 092 872 056) (Copia), is for general information purposes only and is not intended to provide advice. This information does not take into account your individual financial or taxation objectives, financial situation or particular needs. Copia, its officers, employees and agents believe the information contained in this document and the associated reports is correct at the time of publishing. Taxation considerations are general, based on present taxation laws and may be subject to change. We do not offer professional taxation advice as our normal business and therefore do not take any responsibility for the accuracy of any information contained in this guide or the associated reports. Except where contrary to law, Copia excludes all liability for this information. If you have any questions in relation to your income tax position, you should seek independent professional taxation advice.

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