

# Guide to the 2018 Attribution Managed Investment Trust (“AMIT”) Member Annual Statement

## About this guide

This guide has been prepared to assist you to complete your income tax return (return) for the year ended 30 June 2018. It provides general information only and should not be relied on, and does not constitute taxation advice (or any other advice). We recommend you seek professional assistance from your tax advisor or the Australian Taxation Office (ATO) when completing your tax return.

This guide should only be used if:

- You are an individual investor (i.e. not a company, trust, superannuation fund or other vehicle) and you were an Australian resident for income tax purposes for the entire year ended 30 June 2018; and
- You hold units in Charter Hall managed property funds (Funds or Trusts) on capital account and the Capital Gains Tax (CGT) provisions apply to you (i.e. you hold the securities on capital account / for investment purposes rather than for the purpose of resale).

Your tax statement does not include any capital gains or capital losses that may have resulted from your disposal of units in a Trust. If you have transferred or disposed of units during the financial year, you will need to separately calculate the gain or loss on the transaction based on your investment records and include it separately in your income tax return.

[Option 1: The Trust has elected to be an Attribution Managed Investment Trust (“AMIT”) for the year ended 30 June 2018].

[Option 2: The Trust previously made an irrevocable election to be an AMIT for the year ended 30 June 2017].

This should not change the share of the Trust’s taxable income on which you pay tax but may change the way in which you adjust the cost base of your units in the Trust.

## About your tax statement

Your 2018 Charter Hall AMIT Member Annual Statement includes the amount and character attributed to each respective unit holder in relation to the year ended 30 June 2018. Under Australian income tax law, unit holders in a Trust that is an AMIT include in their taxable income assessable amounts attributed to them by the Trust. Such amounts may be different to the amount of cash received by the unitholder.

If you have units in more than one Charter Hall managed trust, you may receive a separate AMIT Member Annual Statement (for a trust that is an AMIT) and an Annual Tax Statement (for a trust that is not an AMIT) for each investment. While completing your income tax return include the total of each item from all the AMIT Member Annual Statements and Annual Tax Statements that you have received that are relevant to the 30 June 2018 year.

Amounts attributed by the Trust may include Australian income (such as interest), capital gains, foreign sourced income and other non-assessable amounts. Each component is explained below.



## Australian / Non-Primary Production Income

Amounts attributed of a character relating to “Australian / Non – Primary Production Income” comprises of income such as rental income and interest. The total of this component is included at **item 13U** of the income tax return.

If your AMIT member annual statement includes any amounts shown as ‘Other deductions relating to non-primary production distributions’, include this amount at **item 13Y** of your income tax return.

## Capital Gains

This component comprises capital gains or capital losses realised by the Trusts on its investments.

If your Charter Hall annual tax statement includes capital gains you should mark the YES (Y) box **at item 18G** of the income tax return. If you have generated capital gains or losses from other sources you may have to add those amounts to the amounts shown on your Charter Hall annual tax statement.

The capital gains may be comprised of:

### *Discounted Capital Gains*

Amounts attributed of a character relating to “discounted capital gains” represents assessable net capital gains that have been subject to a 50% CGT discount. This discount is available on the basis that the investments have been held by the Trust for more than 12 months.

### *AMIT CGT gross up amount*

This component generally represents the additional amount treated as a capital gain (due to the 50% CGT discount) applied by the Trust and should broadly be double the discount capital gain attributed. Note: The AMIT CGT gross up amount should not be included in your assessable income, however the AMIT CGT gross up amount should increase the cost base of your units in the Trust (ie. it is treated as a component of the “AMIT cost base increase amount” – see “AMIT Cost Base Net Amount” below for further details).

Amounts to include on your income tax return:

- Include at **item 18H** of your income tax return the amount shown as the ‘Total current year capital gain’.
- Include at **item 18A** of your income tax return the total of your ‘discounted capital gains’ and other capital gains. Note: if you have current year capital losses or unapplied prior year net capital losses that can be applied against your share of capital gains, following ATO publications: “Guide to capital gains tax 2018 (NAT 4151)” or “Personal investors guide to capital gains tax 2018 (NAT 4152)” provides instructions as to how this amount is calculated. The calculations can be difficult, and it may be prudent to seek professional assistance in this regard.

### *Other capital gains distribution*

Other capital gains distribution is shown in the Cash distribution column to represent the total amount of cash distributed in relation to all capital gains, other than amounts already shown in the Cash distribution columns under Capital Gains.

## Foreign Income

This component comprises income generated from sources outside Australia.

Include at **item 20E** the amounts shown as ‘Assessable foreign source income’.

Some of the foreign income may include rent. Include at **item 20R** the amounts shown as ‘Net foreign rent’.

Include at **item 20M** amounts shown as ‘Other net foreign source income’.

As some of this income may have been subjected to tax in the foreign jurisdiction in which the income was generated, you may be entitled to receive an offset) for the foreign tax paid

(Foreign Income Tax Offset (FITO)). If the total FITO received by you during the year of income (from all sources) is less than \$1,000, you should be able to claim the entire amount of FITO received. If the amount of FITO received is greater than \$1,000 you can do one of the following:

- Claim a tax offset of \$1,000; or
- Calculate the amount of FITO to which you are entitled. The ATO publication 'Guide to foreign income tax offset rules 2018' provides instructions as to how this amount is calculated. The calculations can be difficult, and it may be prudent to seek professional assistance in this regard.

Include at **item 200** the amount of FITO you are entitled to.

### **Other non-attributable amounts**

This amount may reflect cash distributions in excess of assessable/taxable amounts attributed by the Trust. This difference usually arises as a result of items such as tax depreciation and capital allowance deductions, etc. This may also reflect amounts paid as a result of a return of capital made by the Charter Hall managed trust.

### **Tax File Number (TFN) amounts withheld**

If you have not provided your TFN to us, we may be required to withhold tax from your distributions at the highest marginal tax rate plus the Medicare Levy and Temporary Budget Repair Levy, if applicable. The tax withheld can be used to offset the tax payable on your income.

Include at **item 13R** the amount shown as 'Share of credit for tax file number amounts withheld from interest, dividends and unit trust distributions'.

### **AMIT Cost Base Net Amount**

Under the AMIT regime, a member's cost base is adjusted by the "AMIT cost base net amount." The "AMIT cost base net amount" represents the net change on the cost base of your units for the income year.

Under the provisions of the tax legislation the cost base is adjusted at the end of each income year by the "AMIT cost base net amount". As a unitholder, you must:

- increase the cost base of your units in the Trust by your share of the Trust's taxable income (before the application of the CGT discount) "the AMIT cost base increase amount"; and
- decrease the cost base of your units by the amount distributed to you plus any tax offsets attributed to you "the AMIT cost base reduction amount"

An AMIT cost base net amount – excess arises where the AMIT cost base reduction amount exceeds the AMIT cost base increase amount. You must adjust the cost base and reduced cost base of your interest in the Trust downwards by the AMIT cost base net amount – excess.

An AMIT cost base net amount – shortfall arises where the AMIT cost base reduction amount falls short of the AMIT cost base increase amount. You must adjust the cost base and reduced cost base of your interest in the Trust upwards by the AMIT cost base net amount – shortfall.

If the "AMIT cost base net amount - excess" exceeds the cost base of the units, then the unitholder makes a capital gain equal to the amount difference.

