

# Guide to your IDPS tax statement

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# About this guide

If you have an investment in the Shadforth Portfolio Service – Investment (investor directed portfolio services (IDPS)) you and your tax adviser may use this Guide to help complete your tax return for the year ended 30 June 2019.

The information in this guide applies to you if:

- you were an individual Australian resident taxpayer during the year ended 30 June 2019 and
- you hold these investments for long term investment purposes, such that they are treated on capital account for Australian taxation purpose.

This guide is not intended for use by those:

- with investments held in the name of a company, trust, superannuation fund or partnership;
- who hold their investments on revenue account; or
- who are non-residents for Australian taxation purposes.

## Important information

This Guide has been prepared by IOOF Investment Management Limited ABN 53 006 695 021, AFS Licence No. 230524 (IIML) and contains **basic general taxation information**. IIML is not a **registered tax agent** and this information is not a substitute for tax advice or instructions from the Australian Taxation Office (ATO). You should consider the appropriateness of this information, having regard to your individual circumstances. Australian taxation laws are complex and we recommend you seek taxation advice from a registered tax agent or registered tax (financial) adviser before making any decision based on the information contained in this Guide. The information in this Guide is given in good faith and has been prepared based on information that is believed to be accurate and reliable at the time of publication but no warranty of completeness or accuracy is given.

## The purpose of this Guide

The primary purpose of this Guide is to help individual taxpayers to record the information from their tax statement onto their Individual Tax Return 2019, including the Tax return for individuals (supplementary section) 2019. Although this Guide has not been prepared for non-individual taxpayers, a section on capital gains tax (CGT) discount rates has been provided at the end of this Guide to help those taxpayers complete their respective tax returns.

You should have received a tax statement for each IDPS account you have with us. The tax statement is a record of your present entitlement to income and/or income which has been attributed to you from your investments during the financial year ended 30 June 2019. It also details capital gains or losses realised on the sale of your holdings (where relevant), based on information held by us.

You should refer to your tax statements when completing your tax return. If you have capital gain amounts on your tax statements, you may need to refer to the ATO publication Personal Investors Guide to Capital Gains Tax 2019 for further guidance.

On your tax statement, we have indicated the amounts that should be included in your tax return. Each component from the statement is explained in this Guide.

## Your tax return and your tax statement

In your tax return, you must declare income that you became presently entitled and/or to which you were attributed during the financial year ended 30 June 2019. This may not coincide with the actual cash distribution you have received during the same period.

In addition, special rules apply in relation to franking credits attached to Australian franked dividends and/or foreign income tax offsets in respect to foreign tax paid on foreign income and foreign capital gains.

Expenses that relate to earning your taxable income may be deductible and may be able to be claimed on your tax return. Refer to the relevant ATO guides and instructions for more information or seek advice from a qualified tax agent.

## Guide to completing your tax return:

- All amounts are expressed in Australian currency.
- To begin completing your individual tax return, you should obtain copies of the following ATO forms and publications:
  - Tax return for individuals 2019
  - Tax return for individuals (supplementary section) 2019
  - Individual tax return instructions 2019
  - Individual tax return instructions supplement 2019
  - Guide to foreign income tax offset rules 2019
  - Guide to capital gains tax 2019 or the shorter version  
Personal investors guide to capital gains tax 2019
  - You and your shares 2019
  - Foreign income return form guide 2019

If you have received income from other investments during the financial year you will need to combine the information from those investments with the information we have provided in each tax statement.

## Regulatory reporting

Please note:

- if you are, or appear to be, a US citizen or resident, or resident of any country other than Australia, we are required to report your income to the ATO. The ATO may share this information with the Internal Revenue Service (IRS) of the United States (US) of America (for US residents), or tax authorities of other countries (for other foreign residents)

Your tax statement is divided into three parts:

## Section 1 – Summary of tax return

This section of your tax statement provides a summary of assessable income (including tax offsets) that should be reported in the Tax return for individuals 2019 and Tax return for individuals (supplementary section) 2019. For investors with straightforward circumstances, this information should be sufficient to assist you to complete your tax return.

The components making up the amounts at each label are shown in Section 2 of your tax statement.

### Label 10L – Gross interest

This amount represents the total of interest paid or credited to you from your cash account and term deposits.

### Label 10M – TFN amount withheld from gross interest

This amount represents tax withheld by us from interest, because you did not provide your Tax file number (TFN) or Australian business number (ABN).

### Label 11S – Dividends – unfranked amount

This amount represents the total of unfranked dividends (grossed up for any TFN amounts withheld) that have been paid or credited to your account from direct investments in Australian companies.

### Label 11T – Dividends – franked amount

This amount represents the total franked dividends that have been paid or credited to your account from direct investments in Australian companies.

### Label 11U – Dividends – franking credit

This is the amount of franking credits attached to franked dividends from direct investments in Australian companies.

Franking credits are Australian tax offsets that you may be entitled to claim. Your entitlement to claim franking credits as a tax offset against your Australian tax liability is subject to you satisfying the 'holding period rule'.

Refer to the ATO publication You and your shares 2019 for further information on the holding period rule.

### Label 11V – TFN amounts withheld from dividends

This amount represents tax withheld by us from dividends because you did not provide your TFN or ABN.

### Label D8H – Dividend deduction

If you received a dividend from a listed investment company (LIC) during the financial year, that included a LIC capital gain, this amount includes a deduction of 50% of the LIC capital gain amount. If you are not an individual investor you will need to adjust this deduction to the discount available for your particular investor type. Non-resident investors should refer to the notes regarding the capital gains discount in Section 3.

### Label 13U – Share of net income from trusts, less capital gains, foreign income and franked distributions

This amount includes interest, unfranked dividends, and other Australian income that have been paid, credited or attributed to you from your investment in Australian unit trusts. It excludes capital gains, foreign income and franked distributions from trusts.

Any deductible expenses you may incurred in relation to this income are entered at 13Y.

### Label 13C – Franked distributions from trusts

This amount is your share of franked dividends, that have been paid or credited to your account from your investment in Australian unit trusts, together with a gross up for any franking credits received.

### **Label 13Y – Other deductions relating to distributions**

This amount is the sum of deductible expenses that were charged to your account during the financial year. These expenses should be offset against the amount of distribution income you received.

If you have incurred additional deductible expenses in relation to your distribution income (and not recorded in this tax statement), these additional expenses should also be included at this label.

### **Label 13Q – Share of franking credit from franked dividends**

This amount includes your share of franking credits attached to the franked distributions disclosed at 13C and is relevant in determining your entitlement to a tax offset. Franking credits are credits for Australian tax that has been paid by a company on its earnings. Your entitlement to claim franking credits to reduce your Australian tax liability will be conditional upon you satisfying the 'holding period rule'.

For further information on the holding period rule, you should consult the ATO publication *You and your shares 2019*.

### **Label 13R – Share of credit for tax file number (TFN) amounts withheld from interest, dividends, and unit trust distributions**

This amount is the withholding tax that has been deducted from your distribution where you have not provided your TFN or claimed an exemption in relation to your investment.

### **Label 13A – Share of credit for foreign resident withholding amounts (excluding capital gains)**

This item includes amounts withheld from some payments to specific recipients due to the operation of the foreign resident withholding regime. The credits may be in respect of Australian income you have received as a foreign resident, or managed investment trust (MIT) and/or attribution MIT (AMIT) withholding. Like other tax credits, the credits for foreign resident withholding amounts may be offset against your Australian tax liability from your taxable income.

### **Label 18H – Total current year capital gains**

This amount is the sum of all capital gains received from Australian unit trusts (distributed capital gains) and capital gains arising from the sale of your holdings in the investment (realised capital gains) without applying the capital gains tax (CGT) discount. This amount also includes any foreign net capital gains and any foreign tax on foreign net capital gains (if applicable). For a more detailed explanation on capital gains, please refer to the Capital Gains Tax section of this Guide.

### **Label 18A – Net capital gain**

This amount is the net capital gain relating to both distributed capital gains and realised capital gains from the sale of your holdings, after applying current year capital losses and the relevant CGT discount. The items making up this amount are detailed in Part B of your tax statement.

Capital gains or losses derived from other investments will also need to be taken into account in working out the amounts disclosed at 18H and 18A. The amount disclosed at 18A will need to be adjusted to include these additional gains or losses. Where this is the case you are required to offset any capital losses against gross (ie undiscounted) capital gains prior to calculating the discounted capital gains amounts. The discount rate that has been applied to arrive at this amount can be found in the section 'Information for Investors', with reference to your account type on your tax statement.

Refer to the ATO publications *Guide to capital gains tax 2019* and *Personal investors guide to capital gains tax 2019* for further information about capital gains.

### **Label 19K – Foreign entities – CFC income**

This amount is the income and gains of foreign companies to which you hold a direct or indirect controlling interest. Refer to the ATO publication *Foreign income return form guide 2019* for further information on Controlled Foreign Company (CFC) measures.

### **Label 20E – Assessable foreign source income**

This amount includes assessable foreign dividends, foreign interest and any other assessable foreign income (including foreign tax offsets on income not already shown) distributed and/or attributed from a Trust. This amount also includes any other foreign income. However, the amount excludes foreign net capital gains (which have been included at 18H and 18A).

If you derived assessable foreign income or losses from other sources, you may need to adjust the above amounts to take into account this additional income and loss.

Refer to the ATO publication *Individual tax return instructions supplement 2019* for further detailed instructions.

### Label 20M – Other net foreign source income

This amount is your assessable foreign source income at 20E less your foreign income deductible expenses.

If you have no foreign income deductible expenses, then the amount at 20M will be the same as 20E.

Refer to the ATO publication Individual tax return instructions supplement 2019 for further detailed instructions.

### Label 200 – Foreign income tax offsets

This amount is your share of foreign income tax offsets attached to the assessable foreign source income. The foreign income tax offset (FITO) represents the amount of foreign tax paid on foreign source income and foreign capital gains received from foreign investments. The assessable foreign source income provided at 20E is grossed up to include the FITO. You are required to also show the FITO separately at this item.

If your FITO from all sources for the financial year is no more than \$1,000 you can claim this amount in full.

Otherwise, if you are claiming more than \$1,000 you should refer to the ATO publication Guide to foreign income tax offset rules 2019 to work out your entitlement. In such situations, your actual FITO entitlement will depend on your individual circumstances, taking into account all of your foreign income and expenses.

### Label 20F – Australian franking credits from a New Zealand franking company

This amount is the Australian franking credits distributed by New Zealand resident companies that had chosen to join the Australian imputation system and distribute assessable franked dividends. The franked dividend from the New Zealand franking company that paid the Australian franking credits is disclosed at 20E.

To check your eligibility to claim the Australian franking credits from a New Zealand franking company, please refer to the ATO publication You and your shares 2019.

### Label 24V – Other income

This amount refers to any fee refunds and good value claim(s) applied to your account during the financial year. This amount will increase the amount of distribution income you received from the investment.

## Section 2 – Summary of distributed income

This section of your tax statement provides additional detail on the components of income distributed and/or attributed to you from your investments, together with other non-assessable amounts and net cost base adjustments. Depending on your circumstances you may require the more detailed information contained in this Section to complete your income tax return, rather than relying only on Section 1.

### Trust distribution and foreign income

This section shows all of the components of trust distributions/attributions from your investments in unit trusts including exempt and other non-assessable amounts, the sum of cost base adjustments, and other components to arrive at the net cash received. Further detail of these components, by investment, can be found in Section 5 – Details of distributed income.

### Capital gains

#### TAP and non-TAP capital gains

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

Non-resident investors for Australian tax purposes are only subject to capital gains tax on assets classified as TAP assets. Accordingly, non-resident investors are not subject to withholding tax on capital gains arising from disposals of capital assets classified as non-TAP assets.

We suggest that you seek professional advice from your tax adviser in regards to your capital gains obligations and any other assistance that you may require.

#### Capital gains discount

These are the assessable portion of capital gains that were eligible for the CGT discount, using a discount rate of 50%. The discount is generally only available where the asset has been held for 12 months or more. The non-taxable portion of the discounted capital gain for MITs and AMITs in relation to discounted capital gains are recorded as 'AMIT CGT gross up amount/CGT concession amount.

For non-resident individual investors the CGT discount of 50% is only available, in respect to taxable Australian property, where the asset was acquired prior to 8 May 2012. The purchase date of each asset can be found in Section 6. Further information is available at the ATO publication Guide to capital gains tax 2019.

#### Capital gains indexation

These gains have been calculated under the frozen indexed cost base method and the entire amount is assessable.

#### Capital gains other

These gains relate to the disposal of assets within 12 months of acquisition. The entire amount of the gain is fully assessable.

## 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, rather these amounts are disclosed within total current year and net capital gains (items 18H/A).

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

## Non-assessable amounts

For MITs, the non-assessable amounts consist of tax-free income, tax deferred, return of capital, net exempt income, non-assessable non-exempt income and other capital gains distribution that have been distributed to you from Australian unit trusts.

For AMITs, the non-assessable amounts refer to other non-attributable amounts, net exempt income and non-assessable non-exempt income that have been distributed to you. The other non-attributable amounts may include tax free amounts, tax deferred amounts and return of capital.

While these amounts are not assessable to you in the year ended 30 June 2019, these amounts may require an adjustment to the cost base of the units held in the Trust. Refer to Section 5 for further detail by investment.

## AMIT cost base adjustments net amount

This represents the difference between cash distributions and other entitlements from an AMIT to the amount of income attributed to you. The total of net increases and decreases are shown separately with further information by investment available in Section 5.

## AMIT cost base net increase (shortfall)

This is when the amount of cash distribution and other entitlements from an AMIT are less than the attribution amount, resulting in a shortfall of other non-assessable amount. In other words, where the sum of gross cash distribution and tax offsets (cash distribution column) is less than the total attribution amount (Taxable/Attribution amount column).

The increase in the cost base and reduced cost base (as applicable) of your units by the amount of AMIT cost base net increase is reflected in the 'Adjusted cost base' and 'Reduced cost base' columns of the 'Realised capital gains/losses – detail by investment option report'.

## AMIT cost base net decrease (excess)

This is when the amount of cash distribution and other entitlements from an AMIT exceed the attribution amount, resulting in an excess of other non-assessable amounts. In other words, where the sum of gross cash distribution and tax offsets (cash distribution column) is more than the total attribution amount (Taxable/Attribution amount column).

The reduction in the cost base and reduced cost base (as applicable) of your units by the amount of AMIT cost base net decrease is reflected in the 'Adjusted cost base' and 'Reduced cost base' columns of the 'Realised capital gains/losses – detail by investment option report'.

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 of the unit trust.

## Dividend

Franked and/or unfranked dividends received from your investments in Australian Companies will be shown here, together with TFN and/or non-resident withholding.

## Interest

Income from cash account and term deposits, together with TFN and/or non-resident withholding will be shown here.

If you are a non-resident investor, who has been subject to non-resident withholding tax on your direct dividend and interest income, this income may not be assessable in Australia. We suggest you seek professional taxation advice regarding your Australian tax obligations in respect of the Australian income you have received or that was attributed to you.

## Section 3 – Summary of capital gains/losses

### Realised capital gains/losses – trading

Section 3 of your tax statement provides the total of the capital gains or losses realised from the redemption of your investments during the financial year. Additional details at an investment level can be found in Section 6.

### Total capital gains after losses and discount

Any realised gains/losses have been added together in this section with any distributed capital gains to form 18A and 18H on Section 1 of your tax statement. The discount rate that has been applied to arrive at this amount can be found in the section 'Information for Investors', with reference to your account type on your tax statement. Should you have capital gains or losses from other sources, or prior year carried forward capital losses, you will need to take these additional capital gains or losses into account in determining your overall CGT position.

## Section 4 – Summary of deductible fees

This section shows fees and other deductions from your account that may be deductible.

The general tax treatment of other fees is referred to in the *Shadforth Portfolio Service – Investment reference guide* available on our website. Where required these have been taken in to account in determining the cost base of your investments for CGT purposes.

### Other information for investors

#### Capital gains tax discount rates

The table below provides the CGT discount rates used to calculate the amount of discounted capital gains according to the account type listed on your tax statement.

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

#### Attribution Managed Investment Trust (AMIT) regime

Many managed investment trusts (MITs) now utilise a regime for taxation known as AMIT. Under AMIT, MITs allocate their income components to unitholders on a fair and reasonable basis via an attribution system. The regime also allows for a MITs income to be 'attributed' to unitholders without actually paying a cash distribution for that income. You are subject to tax on the attributed income (as if you had derived those components in your own right) even though you may not have received a cash distribution for that income. Reduced, or nil cash distributions, will result in an adjustment to the cost base of your units for capital gains tax purposes as explained in Section 2 to this Guide. TFN withholding and non-resident withholding tax may also have been applied to attributed income, in certain circumstances.

#### Refund of franking credits

The information on franked dividend, franked distributions and franking credits from Sections 1 and 2 may assist you in completing the Application for refund of franking credits for individuals 2019 (if applicable). Refer to labels 11T/11U and 13C/13Q.

For more information contact Shadforth ClientFirst on 1800 931 792  
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