

APPENDIXES

Appendix 1

Summary of CGT events

Disposal

CGT event	Time of event	Capital gain	Capital loss
A1 Disposal of a CGT asset	when the disposal contract is entered into or, if none, when the entity stops being the asset's owner	capital proceeds from disposal <i>less</i> asset's cost base	asset's reduced cost base <i>less</i> capital proceeds

Hire purchase and similar agreements

CGT event	Time of event	Capital gain	Capital loss
B1 Use and enjoyment before title passes	when use of the CGT asset passes	capital proceeds <i>less</i> the asset's cost base	asset's reduced cost base <i>less</i> capital proceeds

End of a CGT asset

CGT event	Time of event	Capital gain	Capital loss
C1 Loss or destruction of a CGT asset	when compensation is first received or, if none, when the loss is discovered or destruction occurred	capital proceeds <i>less</i> the asset's cost base	asset's reduced cost base <i>less</i> capital proceeds
C2 Cancellation, surrender and similar endings	when the contract ending an asset is entered into or, if none, when an asset ends	capital proceeds from the ending <i>less</i> asset's cost base	asset's reduced cost base <i>less</i> capital proceeds
C3 End of an option to acquire shares and so on	when the option ends	capital proceeds from granting the option <i>less</i> expenditure in granting it	expenditure in granting the option <i>less</i> capital proceeds

Bringing a CGT asset into existence

CGT event	Time of event	Capital gain	Capital loss
D1 Creating contractual or other rights	when the contract is entered into or the right is created	capital proceeds from creating the right <i>less</i> incidental costs of creating the right	incidental costs of creating the right <i>less</i> capital proceeds
D2 Granting an option	when the option is granted	capital proceeds from the grant <i>less</i> expenditure to grant it	expenditure to grant the option <i>less</i> capital proceeds
D3 Granting a right to income from mining	when the contract is entered into or, if none, when the right is granted	capital proceeds from the grant of right <i>less</i> the expenditure to grant it	expenditure to grant the right <i>less</i> capital proceeds
D4 Entering into a conservation covenant	when covenant is entered into	capital proceeds from covenant <i>less</i> cost base apportioned to the covenant	reduce cost base apportioned to the covenant <i>less</i> capital proceeds from covenant

Trusts

CGT event	Time of event	Capital gain	Capital loss
E1 Creating a trust over a CGT asset	when the trust is created	capital proceeds from creating the trust <i>less</i> the asset's cost base	asset's reduced cost base <i>less</i> capital proceeds
E2 Transferring a CGT asset to a trust	when the asset is transferred	capital proceeds from the transfer <i>less</i> the asset's cost base	asset's reduced cost base <i>less</i> capital proceeds
E3 Converting a trust to a unit trust	when the trust is converted	market value of the asset at that time <i>less</i> its cost base	asset's reduced cost base <i>less</i> that market value
E4 Capital payment for trust interest	when the trustee makes the payment	non-assessable part of the payment <i>less</i> the cost base of the trust interest	<i>no capital loss</i>
E5 Beneficiary becoming entitled to a trust asset	when the beneficiary becomes absolutely entitled	for a trustee—market value of the CGT asset at that time <i>less</i> its cost base; for a beneficiary—that market value <i>less</i> the cost base of the beneficiary's capital interest	for a trustee—reduced cost base of the CGT asset at that time <i>less</i> that market value; for a beneficiary—reduced cost base of the beneficiary's capital interest <i>less</i> that market value
E6 Disposal to a beneficiary to end an income right	the time of the disposal	for a trustee—market value of the CGT asset at that time <i>less</i> its cost base; for a beneficiary—that market value <i>less</i> the cost base of the beneficiary's right to income	for a trustee—reduced cost base of the CGT asset at that time <i>less</i> that market value; for a beneficiary—reduced cost base of the beneficiary's right to income <i>less</i> that market value
E7 Disposal to a beneficiary to end capital interest	the time of the disposal	for a trustee—market value of the CGT asset at that time <i>less</i> its cost base; for a beneficiary—that market value <i>less</i> the cost base of the beneficiary's capital interest	for a trustee—reduced cost base of the CGT asset at that time <i>less</i> that market value; for a beneficiary—reduced cost base of the beneficiary's capital interest <i>less</i> that market value
E8 Disposal by a beneficiary of capital interest	when the disposal contract is entered into or, if none, when the beneficiary ceases to own the CGT asset	capital proceeds <i>less</i> the appropriate proportion of the trust's net assets	appropriate proportion of the trust's net assets <i>less</i> the capital proceeds
E9 Creating a trust over future property	when the entity makes an agreement	market value of the property (as if it existed when the agreement was made) <i>less</i> incidental costs in making the agreement	incidental costs in making the agreement <i>less</i> the market value of the property (as if it existed when the agreement was made)

Leases

CGT event	Time of event	Capital gain	Capital loss
F1 Granting a lease	for granting a lease—when the entity enters into the lease contract or, if none, at the start of the lease; for a lease renewal or extension—at the start of the renewal or extension	capital proceeds <i>less</i> the expenditure on grant, renewal or extension	expenditure on grant, renewal or extension <i>less</i> capital proceeds

Leases continued

CGT event	Time of event	Capital gain	Capital loss
F2 Granting a long term lease	for granting a lease—when the lessor grants the lease; for a lease renewal or extension—at the start of the renewal or extension	capital proceeds from the grant, renewal or extension <i>less</i> the cost base of the leased property	reduced cost base of the leased property <i>less</i> the capital proceeds from the grant, renewal or extension
F3 Lessor pays lessee to get lease changed	when the lease term is varied or waived	<i>no capital gain</i>	amount of expenditure to get lessee's agreement
F4 Lessee receives payment for changing a lease	when the lease term is varied or waived	capital proceeds <i>less</i> the cost base of lease	<i>no capital loss</i>
F5 Lessor receives payment for changing a lease	when the lease term is varied or waived	capital proceeds <i>less</i> expenditure in relation to variation or waiver	expenditure in relation to variation or waiver <i>less</i> capital proceeds

Shares

CGT event	Time of event	Capital gain	Capital loss
G1 Capital payment for shares	when the company pays a non-assessable amount	payment <i>less</i> cost base of shares	<i>no capital loss</i>
G2 Shifts in share values	when the shift happens	the decrease in the shares' market value (so far as it has shifted into certain other shares) <i>less</i> the corresponding proportion of the shares' cost base	<i>no capital loss</i>
G3 Liquidator declares shares worthless	when the liquidator makes the declaration	<i>no capital gain</i>	shares' reduced cost base

Special capital receipts

CGT event	Time of event	Capital gain	Capital loss
H1 Forfeiture of a deposit	when the deposit is forfeited	deposit <i>less</i> expenditure in connection with the prospective sale	expenditure in connection with the prospective sale <i>less</i> deposit
H2 Receipt for an event relating to a CGT asset	when the act, transaction or event occurred	capital proceeds <i>less</i> the incidental costs	incidental costs <i>less</i> capital proceeds

Cessation of residency

CGT event	Time of event	Capital gain	Capital loss
I1 Individual or company stops being an Australian resident	when the individual or company stops being an Australian resident	for each CGT asset the person owns, its market value <i>less</i> its cost base	for each CGT asset the person owns, its reduced cost base <i>less</i> its market value
I2 Trust stops being a resident trust	when the trust ceases to be a resident trust for CGT purposes	for each CGT asset the trustee owns, its market value <i>less</i> its cost base	for each CGT asset the trustee owns, its reduced cost base <i>less</i> its market value

Reversal of roll-over

CGT event	Time of event	Capital gain	Capital loss
J1 Company stops being a member of a wholly owned group after a roll-over	when the company stops being a member of a wholly owned group after a roll-over	market value of the asset at the time of the event <i>less</i> its cost base	reduced cost base of the asset <i>less</i> that market value
J2 Change in status of a CGT asset that was a replacement asset in a roll-over under Subdivision 152-E	when the change in status happens	the amount of the capital gain that you disregarded under Subdivision 152-E	<i>no capital loss</i>
J3 A change happens in circumstances where a share in a company or an interest in a trust was a replacement asset in a roll-over under Subdivision 152-E	when the change in circumstances happens	the amount of the capital gain that you disregarded under Subdivision 152-E	<i>no capital loss</i>

Other CGT events

CGT event	Time of event	Capital gain	Capital loss
K1 Partial realisation of an intellectual property right	when a contract is entered into or, if none, when partial realisation happens	capital proceeds from partial realisation <i>less</i> the cost base of the item of intellectual property	<i>no capital loss</i>
CGT event K1 does not apply to partial realisations on or after 1 July 2001.			
K2 Bankrupt pays an amount in relation to debt	when payment is made	<i>no capital gain</i>	that part of the payment that relates to the denied part of a net capital loss
K3 Asset passing to a tax-advantaged entity	when an individual dies	market value of the asset at death <i>less</i> its cost base	reduced cost base of the asset <i>less</i> that market value
K4 CGT asset starts being trading stock	when the asset starts being trading stock	market value of asset <i>less</i> its cost base	reduced cost base of asset <i>less</i> that market value
K5 Special capital loss from a collectable that has fallen in market value	when CGT event A1, C2 or E8 happens to shares in the company, or an interest in the trust, that owns the collectable	<i>no capital gain</i>	market value of the shares or interest (as if the collectable had not fallen in market value) <i>less</i> the capital proceeds from CGT event A1, C2 or E8
K6 Pre-CGT shares or trust interest	when another CGT event involving the shares or interest happens	capital proceeds from the shares or trust interest that are attributable to a post-CGT asset owned by the company or trust, <i>less</i> the assets' cost bases	<i>no capital loss</i>
K7 Balancing adjustment occurs for a depreciating asset that you used for purposes other than taxable purposes	when the balancing adjustment event occurs	termination value <i>less</i> cost <i>times</i> fraction	cost <i>less</i> termination value <i>times</i> fraction

Appendix 2

Consumer Price Index (CPI)

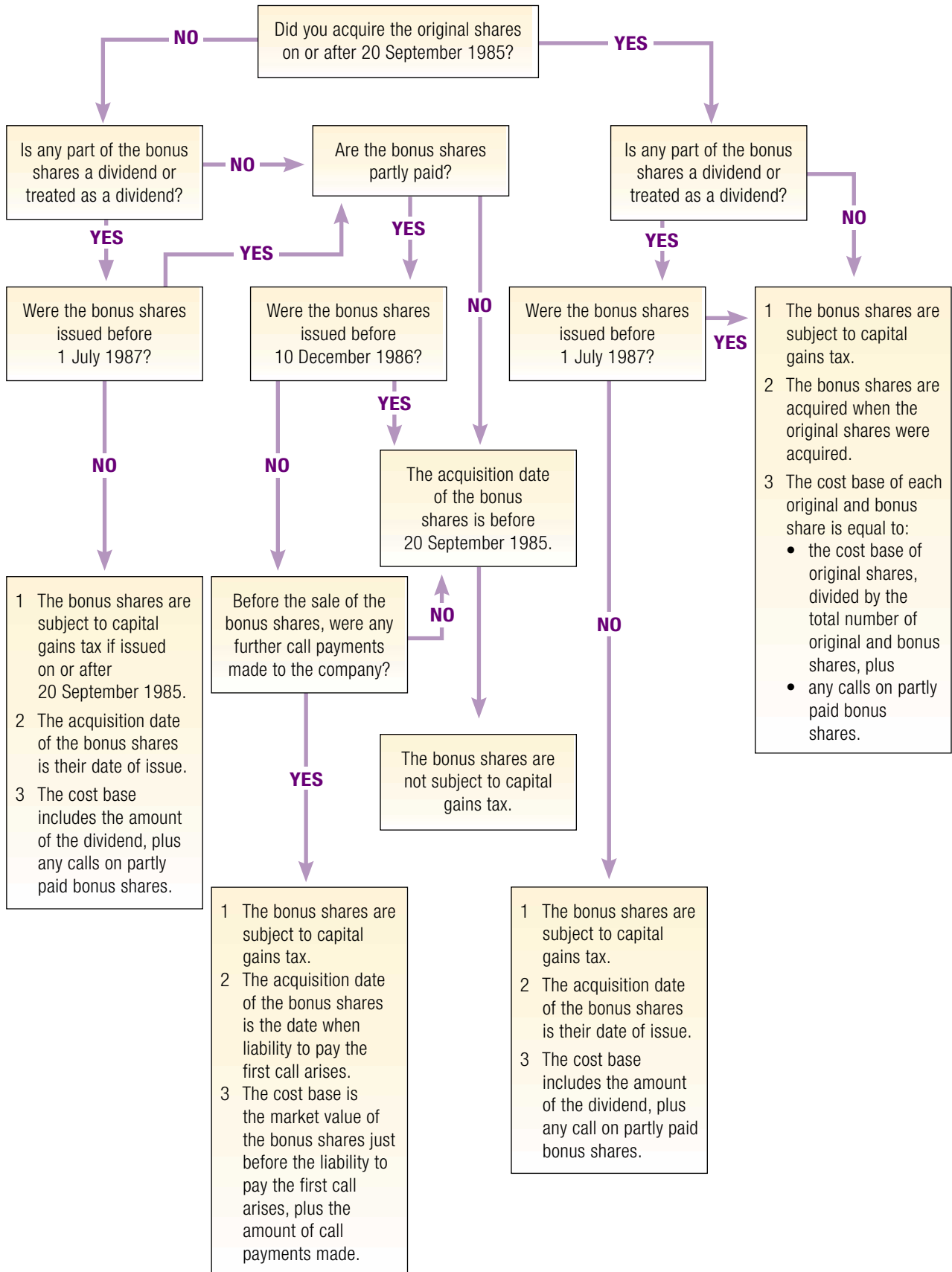
ALL GROUPS—WEIGHTED AVERAGE OF 8 CAPITAL CITIES				
Year	Quarter ending			
	31 Mar.	30 Jun.	30 Sep.	31 Dec.
1985	–	–	71.3	72.7
1986	74.4	75.6	77.6	79.8
1987	81.4	82.6	84.0	85.5
1988	87.0	88.5	90.2	92.0
1989	92.9	95.2	97.4	99.2
1990	100.9	102.5	103.3	106.0
1991	105.8	106.0	106.6	107.6
1992	107.6	107.3	107.4	107.9
1993	108.9	109.3	109.8	110.0
1994	110.4	111.2	111.9	112.8
1995	114.7	116.2	117.6	118.5
1996	119.0	119.8	120.1	120.3
1997	120.5	120.2	119.7	120.0
1998	120.3	121.0	121.3	121.9
1999	121.8	122.3	123.4	N/A*

For an explanation of indexation and how it applies, see page 14.

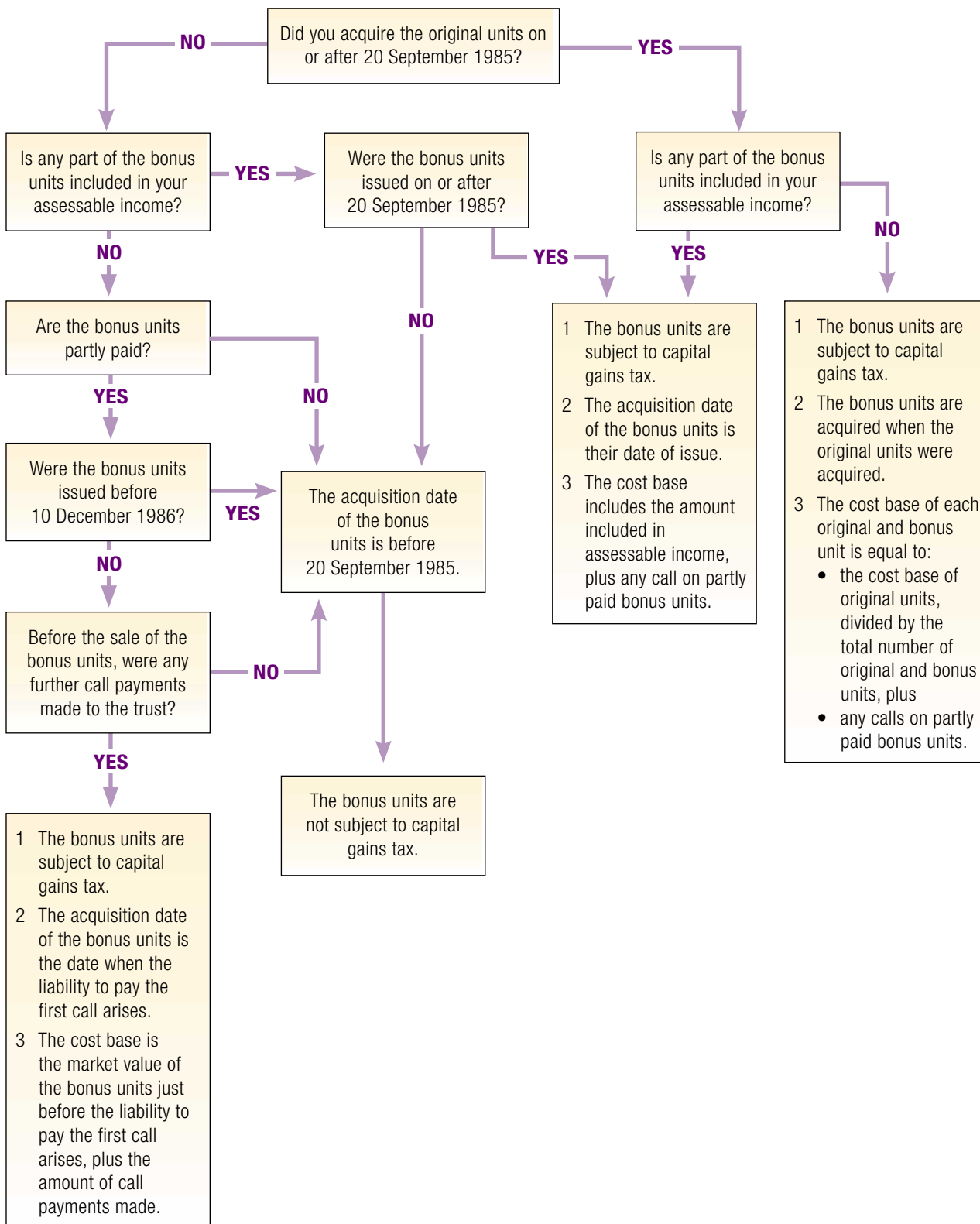
* If you use the indexation method to calculate your capital gain, the indexation factor is based on increases in the CPI up to September 1999 only.

Appendix 3 Flowcharts

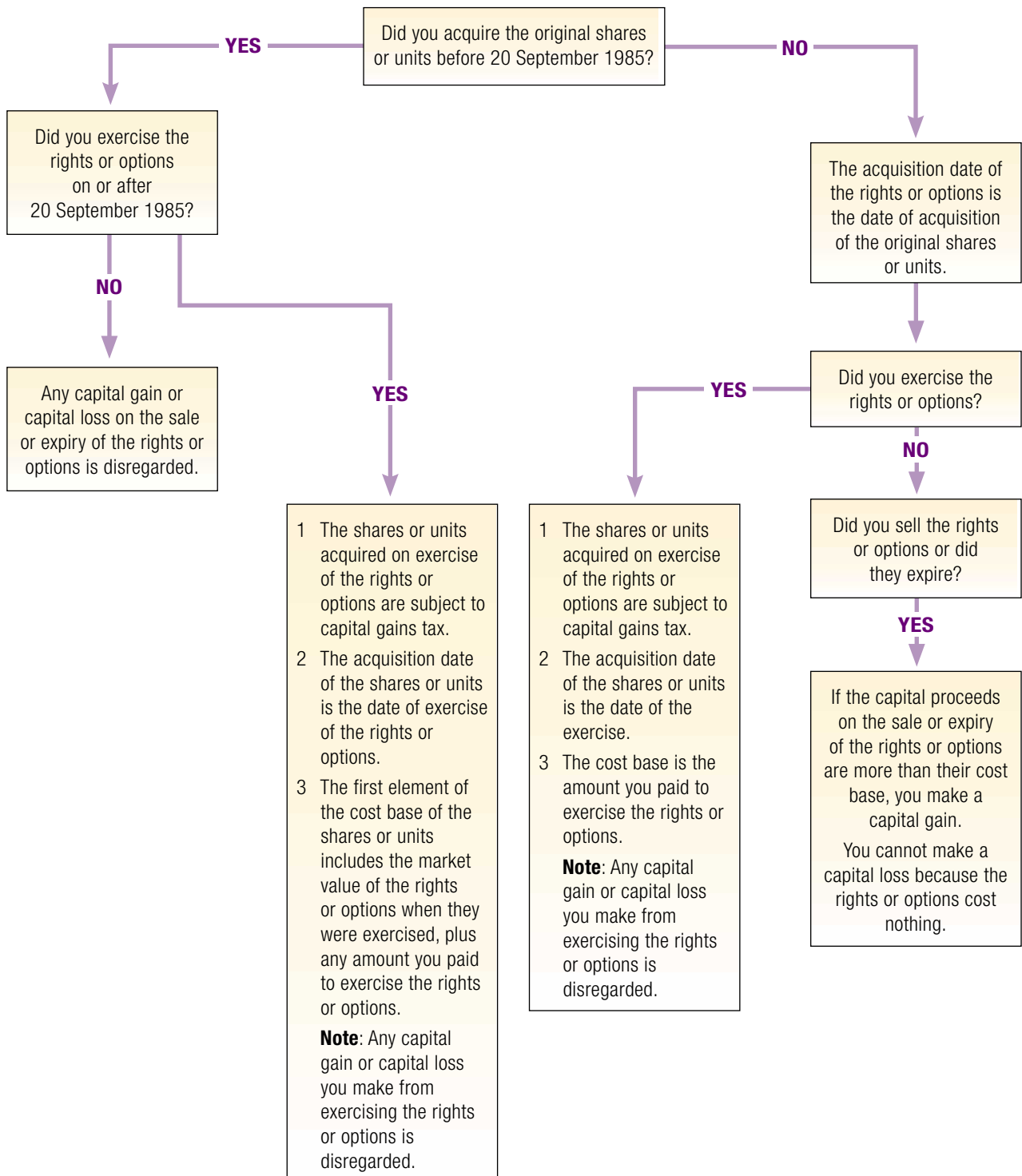
Flowchart 1 Treatment of bonus shares issued on or after 20 September 1985



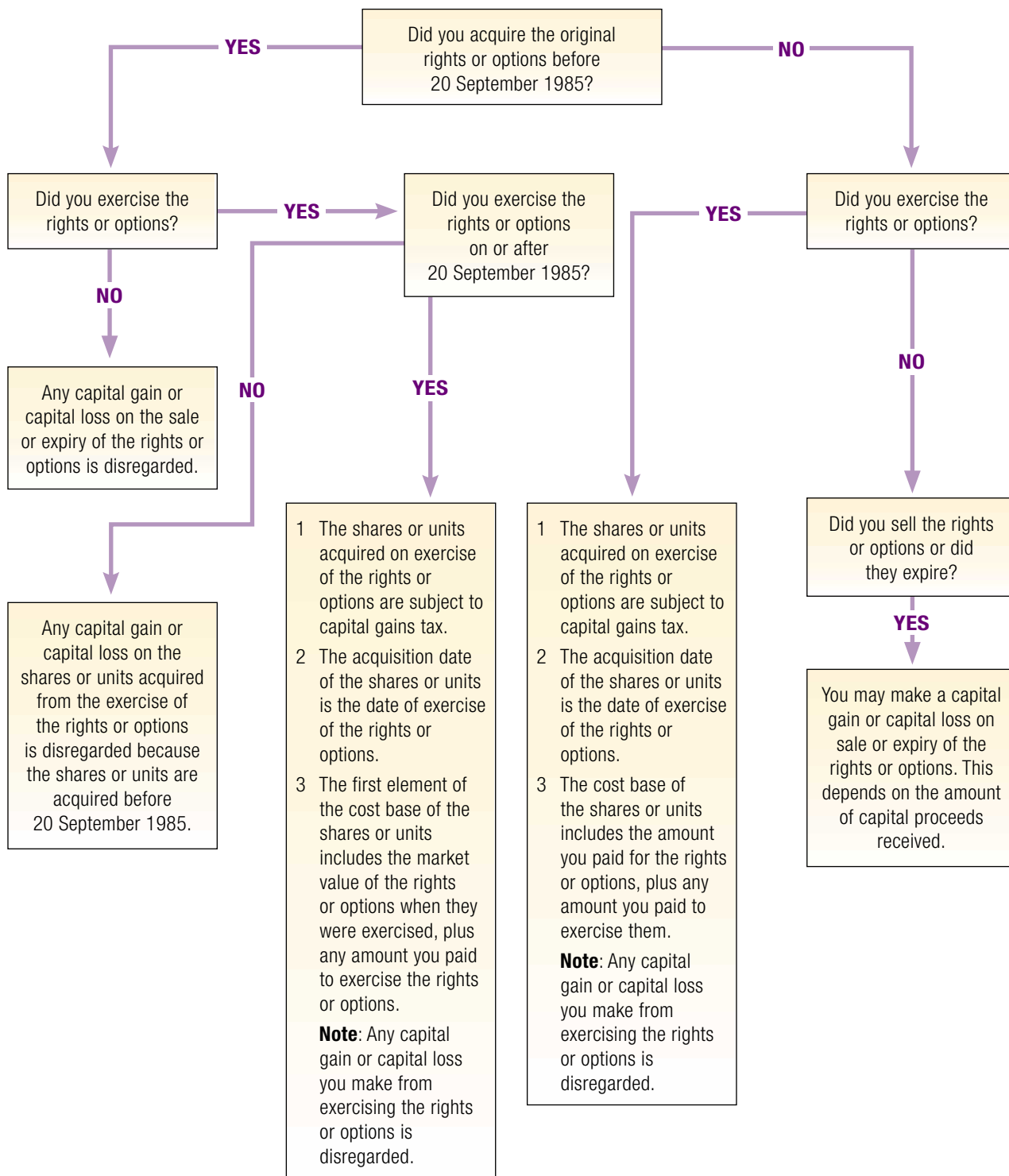
Flowchart 2 Treatment of bonus units issued on or after 20 September 1985



Flowchart 3 Treatment of rights or options to acquire shares or units issued directly to you from a company or trust for no payment



Flowchart 4 Treatment of rights or options to acquire shares or units issued that you paid to acquire from a company or trust or from another person



Appendix 4

Recent share transactions

COMPANY	DETAILS OF TRANSACTION
Advance Property Fund	<p>Takeover</p> <p>Advance unitholders are taken to have disposed of their units on the date they accepted the Stockland offer (in the period 13 September 2000 to 16 October 2000). For every 2.8 Advance units unitholders received one Stockland stapled security (comprising a unit in Stockland Trust and a share in Stockland Corporation Ltd), \$1.10 cash and 0.25 Stockland option to acquire a Stockland stapled security.</p> <p>Scrip-for-scrip roll-over is available to the extent that Advance Property Fund units were exchanged for Stockland Trust units. In working out the value of the ineligible proceeds received by an Advance unitholder, a Stockland share is taken to represent 17 per cent of the market value of a Stockland stapled security.</p>
Amcor Ltd	<p>Non-assessable payment</p> <p>On 14 April 2000, Amcor shareholders received a return of capital of \$1.22 for each Amcor share they held. It was applied to acquire PaperlinX shares. The return of capital is a non-assessable payment, so shareholders who received PaperlinX shares should have reduced the cost base and reduced cost base of their Amcor shares by \$1.22 per share.</p>
AMP Ltd	<p>Demutualisation</p> <p>Acquisition cost for AMP Ltd shares was \$10.43 per share and acquisition date was 20 November 1997.</p>
BHP Ltd	<p>Non-assessable payment</p> <p>On 31 October 2000, BHP shareholders received a return of capital of 66 cents for each BHP share held. It was applied to acquire OneSteel shares.</p> <p>The return of capital is a non-assessable payment, so shareholders who received OneSteel shares should have reduced the cost base and reduced cost base of their BHP shares by 66 cents per share.</p>
Boral Ltd	<p>Demerger</p> <p>Origin Energy Ltd (formerly called Boral Ltd) shareholders received one new Boral Ltd share for every 2 old Boral Ltd shares held.</p> <p>Acquisition cost of the new Boral Ltd shares was \$3.16 per share and the acquisition date was 1 March 2000.</p>
Coca-Cola Amatil Ltd	<p>Non-assessable payment</p> <p>On 23 June 1998, Coca-Cola Amatil shareholders received a return of capital of \$3.86 for each Coca-Cola Amatil share they held. It was applied to acquire Coca-Cola Beverages shares.</p> <p>The return of capital is a non-assessable payment, so shareholders who received Coca-Cola Beverages shares should have reduced the cost base and reduced cost base of their Coca-Cola Amatil shares by \$3.86 per share.</p> <p>Non-assessable payment</p> <p>On 10 August 2001, Coca-Cola Amatil Ltd made a return of capital of 40 cents per share. The return of capital is a non-assessable payment, so shareholders in Coca-Cola Amatil Ltd should reduce their cost base and reduced cost base by 40 cents, the amount of the return of capital.</p>

COMPANY	DETAILS OF TRANSACTION
Coca-Cola Beverages Ltd	<p>Demerger</p> <p>Coca-Cola Amatil Ltd shareholders were entitled to one Coca-Cola Beverages share for each Coca-Cola Amatil share held.</p> <p>Acquisition cost of Coca-Cola Beverages shares was \$3.86 per share and the acquisition date was 23 June 1998.</p>
Commonwealth Bank of Australia Ltd	<p>Public share offer</p> <p>For the first instalment: Acquisition date and indexation available from 13 July 1996.</p> <p>For the final instalment: Indexation applied from the date of receipt by the trust of the payment due on 14 November 1997 or of the discounted sum paid earlier.</p>
FH Faulding & Co Ltd	<p>Takeover</p> <p>Mayne offered FHF shareholders 3 alternative forms of capital proceeds for each FHF share: shares in Mayne; cash and shares in Mayne; or cash and an unsecured note. Full scrip-for-scrip roll-over was available for those who chose the first option and partial roll-over was available for those who chose the 2nd option. There was no roll-over for those who chose the 3rd option.</p> <p>See <i>Class Ruling CR 2001/39—Income tax: capital gains: scrip-for-scrip roll-over: proposed takeover of FH Faulding & Co Limited by the Mayne Nickless Limited Group</i> for further information.</p>
Howard Smith Ltd	<p>Takeover</p> <p>Wesfarmers Retail Pty Ltd offered Howard Smith Ltd shareholders \$13.25 cash and 2 Wesfarmers Ltd shares for every 5 Howard Smith Ltd shares owned.</p> <p>Partial scrip-for-scrip roll-over was available for shareholders who chose that option. No roll-over was available to the extent that cash was received.</p> <p>See <i>Class Ruling CR 2001/51—Income tax: capital gains: scrip-for-scrip roll-over: acquisition of Howard Smith Limited by Wesfarmers Retail Pty Ltd, a 100% owned subsidiary of Wesfarmers Limited</i> for further information.</p>
HIH Insurance Ltd	<p>Declaration shares worthless</p> <p>Liquidators' written declaration made on 10 October 2001 enabled shareholders of HIH Insurance Limited to choose to make a capital loss equal to the reduced cost base of the share under CGT event G3.</p>
Just Jeans Group Limited	<p>Share buy-back</p> <p>The buy-back price of \$1.35 includes 88 cents per share return of capital and 47 cents per share as a fully franked dividend.</p> <p>See <i>Class Ruling CR 2001/48—Income tax: share buy-back: Just Jeans Group Limited</i> for more information.</p>
Normandy Mining Ltd	<p>Takeover</p> <p>With regards to the availability of scrip-for-scrip roll-over, Newmont has announced that at the time the bid closed it had acquired 96 per cent of Normandy's outstanding shares and would move to compulsorily acquire the balance. Accordingly, a partial scrip-for-scrip roll-over should be available. Roll-over will not be available to the extent that the Normandy shareholders receive cash for their shares.</p>

COMPANY	DETAILS OF TRANSACTION
NRMA Insurance Group Ltd (NIGL)	<p>Demutualisation</p> <p>Acquisition cost of NIGL shares allocated to shareholders was \$1.78 per share. Acquisition date was 19 June 2000.</p> <p>For additional shares purchased through the facility, acquisition cost was \$2.75 and acquisition date was 6 August 2000.</p>
OneSteel Ltd	<p>Demerger</p> <p>BHP shareholders received one OneSteel Ltd share for every 4 BHP shares held. Acquisition cost of OneSteel shares received through the demerger was \$2.64 per share and acquisition date was 31 October 2000.</p>
Origin Energy Ltd	<p>Non-assessable payment</p> <p>On 1 March 2000, shareholders in Origin Energy Ltd (formerly called Boral Ltd) received a return of capital of \$3.16 for each Origin Energy share (or \$1.58 for each old Boral Ltd share) held. It was applied to acquire the new Boral Ltd shares.</p> <p>The return of capital is a non-assessable payment, so shareholders who received new Boral Ltd shares should have reduced the cost base and reduced cost base of their Origin Energy shares by \$3.16 per share.</p>
PaperlinX Ltd	<p>Demerger</p> <p>Amcor shareholders were entitled to one PaperlinX share for every 3 Amcor shares they held. For each Amcor share they held, they received a return of capital of \$1.22 which was applied to acquire PaperlinX shares.</p> <p>Acquisition cost of PaperlinX shares received during the demerger was \$3.66 per share and acquisition date was 14 April 2000.</p>
Ranger Minerals	<p>Non-assessable amount</p> <p>On 14 February 2002, all registered ordinary shareholders at the 'record date' received a 79 cents per share return of capital in addition to a fully franked dividend of 11 cents per share. If the return of capital does not give rise to a capital gain, it will at least reduce the cost base or reduced cost base of a share.</p> <p>See <i>Class Ruling CR 2002/6—Income tax: return of capital by Ranger Minerals Ltd</i> for further information.</p>
Santos Ltd	<p>Share buy-back</p> <p>Shareholders are taken to have been paid a dividend of the difference between the buy-back price received and \$2.63. Shareholders received \$2.63 as consideration for the disposal of a share as well as a \$3.64 fully franked dividend. The disposal date was 4 December 2001.</p> <p>See <i>Class Ruling CR 2001/69—Income tax: off-market share buy-back by Santos Ltd</i> and <i>Class Ruling CR 2001/70—Income tax: preference share issue (Santos Ltd reset, convertible preference shares)</i> for more information.</p>

COMPANY	DETAILS OF TRANSACTION
St George Bank Ltd	<p>Sell-back rights</p> <p>On 19 February 2001, St George Bank Limited (SGL) granted to a trustee one right for every 20 shares held by shareholders at 23 January 2001. The rights were issued at no cost to shareholders. Each right conferred on the holder a put option to require SGL to purchase from the holder of the right one SGL share at \$16.50.</p> <p>The market value on 19 February 2001 of each right (\$1.89) formed part of the ordinary income of the shareholders. The income was derived on 19 February 2001.</p> <p>Shareholders who did not apply to take up the right received an amount of \$2.12 for each right granted. In addition to the ordinary income, they also made a capital gain of 23 cents per right (\$2.12 – \$1.89).</p> <p>Shareholders who had rights transferred to them but failed to exercise them received an amount of \$3.12 for each right. In addition to the ordinary income, they also made a capital gain of \$1.23 per right (\$3.12 – \$1.89).</p> <p>Shareholders who sold the rights on the Australian Stock Exchange made a capital gain = proceeds – (\$1.89 + incidental disposal costs) on the disposal of the rights in addition to the ordinary income (of \$1.89).</p> <p>Shareholders who exercised the right to sell the shares back to SGL can include the \$1.89 in the cost base of their shares. The capital proceeds for each share was \$16.50.</p> <p>See <i>Class Ruling CR 2001/75—Income tax: capital gains: St George Bank Limited share buy-back and issue of sell-back rights</i> for more information.</p>
Suncorp-Metway Ltd	<p>Exchange of Series 1 Exchanging Instalment Notes (EINs)</p> <p>Suncorp-Metway Ltd shares received in exchange for Series 1 EINs were acquired on 1 November 1999. Their acquisition cost was \$8.20 per share.</p>
Suncorp-Metway Ltd	<p>Exchange of Series 2 Exchanging Instalment Notes (EINs)</p> <p>Suncorp-Metway Ltd shares received in exchange for Series 2 EINs were acquired on 31 October 2001. Their acquisition cost was \$13.34 per share.</p>
TAB Limited	<p>Share buy-back</p> <p>On 21 March 2002, TAB Limited announced a share buy-back. The capital proceeds received were \$2.35.</p> <p>The amount by which the capital proceeds of \$2.35 exceeds the cost base of each share will be a capital gain to the shareholder. If the share's reduced cost base exceeds \$2.35, the difference will be a capital loss.</p> <p>The announcement date was 21 March 2002.</p> <p>See <i>Class Ruling CR 2002/16—Income tax: share buy-back: TAB Limited</i> for more information.</p>
Telstra	<p>Public share offer 1</p> <p>For the first instalment: Acquisition of shares was on (and indexation available from) 15 November 1997.</p> <p>For the final instalment: Indexation applied from the date of receipt by the trust of the payment due on 17 November 1998.</p> <p>Public share offer 2</p> <p>For the first instalment: Date of acquisition was 22 October 1999 if the instalment receipts were purchased through the offer. No indexation applied because acquisition was after 21 September 1999.</p> <p>For the final instalment: No indexation applied as above.</p>

Appendix 5

EXAMPLE

Sale of a rental property

In his own right, Brett purchased a run down rental property on 1 July 1997. The price he paid was \$150 000 plus \$20 000 in total for stamp duty and solicitors fees.

He rented out the property after spending \$2500 on initial repairs.

In the next few years, Brett incurred the following expenses on the property:

Interest on money borrowed	\$10 000
Rates and land tax	\$8 000
Repairs	\$15 000
	\$33 000

As it was an old property, there was no special building write-off Brett could claim.

When Brett decided to sell the property, a real estate agent advised him that if he spent around \$30 000 on major structural repairs, the property would be valued at around \$500 000. He had the repairs done and put the property on the market. On 1 April 2001, he sold the property for \$500 000.

Brett's real estate agents fees and solicitors fees for the sale of the property totalled \$12 500.

This is Brett's only capital gain for this year—and he has no capital losses to offset from this year or previous years. Brett works out his cost base as follows:

Purchase price of property	\$150 000
Stamp duty and solicitors fees on purchase of the property	\$20 000
Capital expenditure (initial repairs)	\$2 500
Capital expenditure (major structural repairs)	30 000
Real estate agents fees and solicitors fees on sale of the property	\$12 500
Cost base unindexed	\$215 000

Brett deducts his cost base from his capital proceeds (sale price).

Proceeds from selling the house	\$500 000
Cost base unindexed	\$215 000
	\$285 000

Brett shows \$285 000 at **H** **Total current year capital gains** at item **17** on his tax return.

He decides the discount method will give him the best result, so he uses this method to calculate his capital gain:

$$\$285\,000 \times 50\% = \$142\,500$$

Brett shows \$142 500 at **A** item **17** on his tax return.

