

Personal investors guide to capital gains tax 2020

Personal investors guide to capital gains tax 2020

To help you complete your tax return
for 1 July 2019 – 30 June 2020

Covers:

- sale of shares
- sale of units in managed funds
- distributions from managed funds.



For CGT tools and
calculators, including
information about
demergers, visit
ato.gov.au



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This publication was current at **June 2020**.

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ABOUT THIS GUIDE

The *Personal investors guide to capital gains tax 2020* explains the capital gains tax (CGT) consequences of:

- the sale or gift (or other disposal) of shares or units
- the receipt of distributions of capital gains from managed funds, and
- the receipt of non-assessable payments from companies or managed funds.

WHO SHOULD USE THIS GUIDE?

Use this guide if you are a personal investor who has made a capital gain or capital loss from shares, units or managed funds in 2019–20.

WHO SHOULD NOT USE THIS GUIDE?

Do not use this guide if you:

- are an investor who is a foreign resident of Australia
- have gains or losses included as part of your income under other provisions of the tax law, for example, if you are carrying on a business of share trading. See the fact sheet *Carrying on a business of share trading* at ato.gov.au
- are a resident investor who
 - had a period of non-residency after 8 May 2012
 - had a CGT event that happened after 8 May 2012, and
 - have a discount capital gain.

See the fact sheet *Removing the CGT discount for foreign individuals* at ato.gov.au

The guide does not explain more complex issues relating to shares (including employee shares), convertible notes and units. Nor does it apply to shares and units owned by companies, trusts and superannuation funds.

Also, this guide does not cover your CGT consequences when you sell other assets such as:

- a rental property
- collectables (for example, jewellery, art, antiques and collections), and
- assets for personal use (for example, a boat you use for recreation).

➤ For these, go to ato.gov.au and see the *Guide to capital gains tax 2020* (NAT 4151).

PUBLICATIONS AND SERVICES

To find out how to get a publication referred to in this guide and for information about our other services, see the inside back cover.

UNFAMILIAR TERMS

Some of the terms used in this guide may be new to you. Specific terms are in **red** when first used and are explained in **Definitions** in **appendix 2** on page 34.

INTRODUCTION

This guide will help you complete item **18 Capital gains** on your *Tax return for individuals (supplementary section) 2020* (NAT 2679).

If you sold or otherwise disposed of shares, or units in a unit trust (including a managed fund) in 2019–20, read part A of this guide, then work through part B.

If you received a distribution of a capital gain from a managed fund in 2019–20, read part A of this guide, then work through part C.

Managed funds include property trusts, share trusts, equity trusts, growth trusts, imputation trusts and balanced trusts.

SMALL BUSINESS CGT CONCESSIONS

If you are involved in the sale of shares or units for a small business and you would like more information, go to **ato.gov.au** and see *CGT concessions*.

INVESTMENTS IN FOREIGN HYBRIDS

A foreign hybrid is an entity that was taxed in Australia as a company but taxed overseas as a partnership. This can include a limited partnership, a limited liability partnership and a United States limited liability company.

If you have an investment in a foreign hybrid (referred to as being a member of a foreign hybrid), you are now treated as having an interest in each asset of the partnership for Australian tax purposes.

As a consequence, any capital gain or capital loss made with respect to a foreign hybrid or its assets is taken to be made by the member. See **ato.gov.au** for more information.

GENERAL VALUE SHIFTING REGIME

If you own shares in a company or units (or other fixed interests) in a trust and value has been shifted in or out of your shares or units, you may be affected by value shifting rules. Generally, the rules only affect individuals who control the company or trust, or individuals who are related to individuals or entities that control the company or trust.

➤ For more information, go to **ato.gov.au** and see *General value shifting regime: who it affects*.

FORESTRY MANAGED INVESTMENT SCHEMES

There are specific CGT rules where secondary investors or subsequent participants hold forestry managed investment scheme (FMIS) interests on capital account. These rules apply to FMIS interests sold or disposed of in 2007–08 and later income years.

For more information see *Guide to capital gains tax 2020*.

HOW CAPITAL GAINS TAX APPLIES TO YOU



NEW TERMS

Some terms in this section may be new to you. These words are in **red** the first time they are used and are explained in **Definitions** in **appendix 2** on page 34.

While we have used the word 'bought' rather than 'acquired' in some of our examples, you may have acquired your shares or units without paying for them (for example, as a gift or through an inheritance or through the **demutualisation** of an insurance company such as AMP, IOOF or NRMA, or a demerger such as the demerger of BHP Steel Ltd (now known as BlueScope) from BHP Billiton Limited). If you acquired shares or units in any of these ways, you may be subject to **capital gains tax (CGT)** when you sell them or another **CGT event** happens.

Similarly, we refer to 'selling' shares or units although you may have disposed of them in some other way (for example, giving them away or transferring them to someone else). All of these methods of disposal are CGT events.

WHAT IS CAPITAL GAINS TAX AND WHAT RATE OF TAX DO YOU PAY?

CGT is the tax you pay on any **capital gain** that you include on your annual income tax return. It is not a separate tax, merely a component of your income tax. You are taxed on your **net capital gain** at your marginal tax rate.

Your net capital gain is:

- your total capital gains for the year
minus
- your total **capital losses** for the year and any **unapplied net capital losses from earlier years**
minus
- any CGT discount and small business CGT concessions to which you are entitled.

If your total capital losses for the year are more than your total capital gains, the difference is your **net capital loss** for the year. It can be carried forward to later **income years** to be deducted from future capital gains. (You cannot deduct capital losses or a net capital loss from your income.) There is no time limit on how long you can carry forward a net capital loss. You apply your net capital losses in the order that you made them. More information on how to apply your capital losses is in step 8 of **Part B Sale of shares or units**, and step 4 of **Part C Distributions from managed funds**.

You make a capital gain or a capital loss if a CGT event happens. The disposal of an asset is an example of a CGT event. You can also make a capital gain if a managed fund or other trust distributes a capital gain to you.

You write the total of your current year capital gains at **H** item **18** on your *Tax return for individuals (supplementary section) 2020*. You write your net capital gain at **A** item **18** on your tax return (supplementary section).

This guide only covers capital gains or capital losses from **CGT assets** that are shares, units or other interests in managed funds.

WORLDWIDE OBLIGATIONS

Australian residents can make a capital gain or capital loss if a CGT event happens to any of their assets anywhere in the world.

HOW TO MEET YOUR CGT OBLIGATIONS

To meet your CGT obligations, follow these three main steps:

- Step 1** Decide whether a CGT event has happened.
- Step 2** Work out the time of the CGT event.
- Step 3** Calculate your capital gain or capital loss.

KEEP YOUR RECORDS

You need to keep good records of any assets you have bought or sold so you can correctly work out the amount of capital gain or capital loss you have made when a CGT event happens. You must keep these records for five years after the CGT event has happened.

You should also keep records relevant to a net capital loss that you carry forward as part of unapplied net capital losses. You may be able to apply this net capital loss against a capital gain in a later year.

STEP 1 Decide whether a CGT event has happened

CGT events are the different types of transactions or events that may result in a capital gain or capital loss. A CGT event has happened if you have sold (or otherwise disposed of) your shares or units or other assets during 2019–20.

Examples of other CGT events that can happen to shares or units include:

- when a company makes a payment other than a dividend to you as a shareholder, or when a trust or fund makes a **non-assessable payment** to you as a unit holder
- where you have an annual cost base reduction that exceeds the cost base of your interest in an attribution managed investment trust (AMIT)
- when a liquidator or administrator declares that shares or financial instruments relating to a company are worthless
- when shares in a company are cancelled because the company is wound up.

In some cases, although CGT events may have happened to certain assets, any capital gains or capital losses from them are generally disregarded, for example, assets acquired before 20 September 1985.

 For more information about CGT events, see the *Guide to capital gains tax 2020*.

If a managed fund makes a capital gain and distributes part of that gain to you, you are treated as if you made a capital gain from a CGT event.

If you did not make a capital gain or capital loss from a CGT event during 2019–20, print **N** in the box at **G** item **18** on your tax return (supplementary section).

If you did make a capital gain or capital loss from a CGT event during 2019–20, print **Y** in the box. If the CGT event happened to your shares or units and the event is covered in this guide (see **About this guide** on page 3), read on. Otherwise, see the *Guide to capital gains tax 2020*.

STEP 2 Work out the time of the CGT event

The timing of a CGT event is important because it determines which income year you show your capital gain or capital loss in. If you sell or otherwise dispose of an asset to someone else, the CGT event happens when you enter into the contract of sale. If there is no contract, the CGT event happens when you stop being the asset's owner.

If you received a distribution of a capital gain from a managed fund, you are taken to have made the capital gain in the income year shown on your statement from the managed fund.

STEP 3 Calculate your capital gain or capital loss

There are three ways of calculating your capital gain or capital loss from the sale of your shares or units:

- the **indexation method**
- the **discount method**
- the **'other' method**.

The indexation method allows you to increase the amount that your asset cost (the **cost base**) by applying an **indexation factor** that is based on increases in the consumer price index (CPI) up to September 1999.

The indexation method can only be applied to assets that you acquired before 11.45am AEST on 21 September 1999.

If you use the discount method you do not apply the indexation factor to the cost base, but you can reduce your capital gain by the CGT discount of 50% (after deducting any capital losses for the year and any unapplied net capital losses from earlier years) provided you have owned the shares or units for at least 12 months.

For assets that qualify for both the indexation and discount methods, you can choose the method that gives you the better result. You do not have to choose the same method for all your shares or units even if they are in the same company or fund. Because you must offset capital losses against capital gains before you apply the CGT discount, your choice may also depend on the amount of capital losses that you have available, see **example 18** on page 19.

You must use the 'other' method for any shares or units you have bought and sold within 12 months (that is, when the indexation and discount methods do not apply). To calculate your capital gain using the 'other' method, you simply subtract your cost base from what you have received (your **capital proceeds**).

You make a capital loss from the sale of your shares or units if their **reduced cost base** is greater than your capital proceeds. You cannot index amounts included in your reduced cost base.

If you received a distribution of a capital gain from a managed fund, part C of this guide explains how you calculate the amount of that capital gain. You must use the same method as that chosen by the fund.

Table 1 explains and compares the three methods of calculating your capital gain.

TABLE 1: Capital gain calculation methods

METHOD	INDEXATION METHOD	DISCOUNT METHOD	'OTHER' METHOD
Description of method	Use to increase the cost base by applying an indexation factor based on CPI.	Use to halve your capital gain.	A basic method to subtract the cost base from the capital proceeds.
When to use the method	Use for shares or units held for 12 months or more, if this method produces a better result for you than the discount method. Use only with assets acquired before 11.45am AEST on 21 September 1999.	Use for shares or units held for 12 months or more, if this method produces a better result for you than the indexation method.	Use for shares or units if you have bought and sold them within 12 months (that is, when the indexation and discount methods do not apply).
How to calculate your capital gain using the method	Apply the relevant indexation factors (see CPI table in appendix 1), then subtract the indexed cost base from the capital proceeds (see the worked examples in chapter B2 on pages 13–19).	Subtract the cost base from the capital proceeds, deduct any capital losses, then divide by two (see the worked examples in chapter B2 on pages 13–19).	Subtract the cost base from the capital proceeds (see the worked examples in chapter B2 on pages 13–19).

EXEMPTIONS AND ROLLOVERS

There may be an exemption that allows you to disregard your capital gain or capital loss. For example, generally you disregard any capital gain or capital loss associated with any pre-CGT assets (assets you acquired before 20 September 1985).

There may be a **rollover** that allows you to defer your capital gain or capital loss. For example, if a company in which you hold shares is taken over or merges with another company, you may have a CGT obligation if you are required to dispose of your existing shares. If you exchanged your existing shares for shares in the takeover company this income year, you may be able to defer or roll over some or all of your capital gain (but not a capital loss) until a later CGT event happens to your replacement shares. This is known as **scrip-for-scrip rollover**.

Another example of a rollover is when you transfer a CGT asset to your former spouse (married or de facto) as a result of a court order after a marriage or relationship breakdown. In this case, you do not make a capital gain or capital loss on the transfer. Your former spouse may make a capital gain or capital loss when a later CGT event happens to the asset. For more information, go to ato.gov.au and search for 'Relationship breakdown'.

A rollover is also available for some demergers of corporate or trust groups, see page 22.

Assets you did not buy and assets other than shares and units

If you have sold assets other than shares and units, have assets from a deceased estate or have several CGT events this income year, this publication does not provide you with enough detail. See *Guide to capital gains tax 2020* to find out how to calculate and report your CGT obligations.

RECORDS YOU NEED TO KEEP

Most of the records you need to keep to work out your capital gain or capital loss when you dispose of shares in companies or units in unit trusts (including managed funds) will be given to you by the company, the unit trust manager or your stockbroker. It is important that you keep everything they give you about your shares and units.

These records will generally provide the following important information:

- the date you bought the shares or units
- the amount paid to buy the shares or units
- details of any non-assessable payments made to you during the time you owned the shares or units
- the date and amount of any calls if shares were partly paid
- the sale price if you sold them, and
- any commissions paid to brokers when you bought or sold them.

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SALE OF SHARES OR UNITS



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While we have used the word ‘bought’ rather than ‘acquired’ in some of our examples, you may have acquired your asset without paying for it (for example, as a gift, through an inheritance, through the demutualisation of an insurance company such as AMP, IOOF or NRMA, or a demerger such as the demerger of BHP Steel Ltd (now known as BlueScope) from BHP Billiton Limited).

Similarly, we sometimes talk about ‘selling’ an asset, although you may have disposed of it in some other way, for example, by giving it away or transferring it to someone else. All of these methods of disposal are CGT events.

HOW TO WORK OUT YOUR CAPITAL GAIN OR CAPITAL LOSS

B1

To calculate your capital gain from the sale of shares, or units in a unit trust (for example, a managed fund), the three main steps are:

- Step 1** Work out how much you have received from each CGT event (the capital proceeds).
- Step 2** Work out how much each CGT asset cost you (the cost base).
- Step 3** Subtract the cost base (step 2) from the capital proceeds (step 1).

If you received more from the CGT event than the asset cost you (that is, the capital proceeds are greater than the cost base), the difference is your capital gain. The three ways of calculating your capital gain are described in step 3 of part A (see page 7).

If you received less from the CGT event than the asset cost you (that is, the capital proceeds are less than the cost base), you then need to work out the asset's reduced cost base to see if you have made a capital loss. Generally, for shares, the cost base and reduced cost base are the same. However, they will be different if you choose the indexation method, because the reduced cost base cannot be indexed.

If the reduced cost base is greater than the capital proceeds, the difference is a capital loss.

If the capital proceeds are less than the cost base but more than the reduced cost base, you have not made a capital gain or a capital loss.

The following steps (1–11) show you the calculations required to work out your CGT obligation using the 'other' and discount methods. If you want to use the indexation method (by indexing your cost base for inflation), you do this at step 2 in the next column. You may find it easier to follow the worked examples in **chapter B2** on pages 13–19.

You may find it useful to use notepaper to do your calculations while you work through the following steps so you can transfer the relevant amounts to item **18** on your tax return (supplementary section).

STEP 1 Work out your capital proceeds from the CGT event

The capital proceeds are what you receive, or are taken to receive, when you sell or otherwise dispose of your shares or units.

For example, with shares the capital proceeds can be:

- the amount you receive from the purchaser
- the amount or value of shares or other property you receive on a merger or takeover, or
- the market value if you give shares away.

EXAMPLE 1: Capital proceeds

Fred sold his parcel of 1,000 shares for \$6,000. Fred's capital proceeds are \$6,000.

STEP 2 Work out the cost base of your asset

In certain circumstances a cost base may be **indexed** up to 30 September 1999 in line with changes in the CPI; this is called the indexation method and the cost base would then become an 'indexed' cost base. For more information, see the worked examples in **chapter B2** on pages 13–19.

The cost base of your asset is the total of:

- what your asset cost you
- certain incidental costs of buying and selling it – brokerage or agent's fees, legal fees, stamp duty and investment advisers' fees (but not investment seminar costs)
- the costs of owning the asset, such as interest on monies borrowed to acquire the asset (generally, this will not apply to shares or units because you will usually have claimed or be entitled to claim these costs as tax deductions)
- any costs you incurred in establishing, maintaining and defending your ownership of it.

You may also need to adjust the cost base for an asset such as a share or unit by the amount of any non-assessable payment you received from the company or fund during the time you owned the share or unit. This is explained in part B3 (shares) and in part C2 (units).

➤ For more information on how to determine your cost base and reduced cost base, see the *Guide to capital gains tax 2020*.

EXAMPLE 2: Calculating the cost base

Fred bought the 1,000 shares that he sold in **example 1** for \$5 each (\$5,000). When he bought them he was charged \$50 brokerage and paid stamp duty of \$25. When he sold the shares he paid \$50 brokerage.

The cost base of his shares is:

$$\$5,000 + \$50 + \$25 + \$50 = \$5,125.$$

STEP 3 Did you make a capital gain?

Subtract the amount in step 2 from the amount in step 1.

If the capital proceeds are greater than the cost base, the difference is your capital gain.

EXAMPLE 3: Calculating capital gain

As Fred sold his shares for \$6,000, he subtracts his shares' cost base of \$5,125 from the capital proceeds of \$6,000 to arrive at his capital gain, which is \$875.

STEP 4 If you did not make a capital gain, work out the reduced cost base of the asset

If you did not make a capital gain, you need to calculate a reduced cost base of your asset before you can work out any capital loss.

The reduced cost base is the cost base less any amounts you need to exclude from it.

EXAMPLE 4: Reduced cost base

In our example, Fred had no amounts to exclude, so the cost base and the reduced cost base for his shares are the same (\$5,125).

For units in an attribution managed investment trust (AMIT), you may need to make upwards or downwards adjustments to the cost base and reduced cost base of your units, depending on your AMIT cost base net amount. Your fund should advise you of your AMIT cost base net amount (and other relevant amounts) in your AMMA statement.

For units in other funds, you may need to make downwards adjustments to the cost base and reduced cost base depending on the types of amounts distributed. Your fund should advise you of these amounts in its statements:

- **tax-deferred amount**; this reduces the cost base and the reduced cost base
- **CGT-concession amount**; if received **before** 1 July 2001, this reduces the cost base and reduced cost base (if received **on** or **after** 1 July 2001, it does not affect your cost base or your reduced cost base)

- **tax-free amount**; this reduces your reduced cost base only
- **tax-exempted amount**; this does not affect your cost base or reduced cost base.

STEP 5 Did you make a capital loss?

If the capital proceeds are less than the reduced cost base, the difference is your capital loss.

EXAMPLE 5: Capital loss

If Fred had sold his shares for \$4,000 instead of \$6,000, he would have made a capital loss of \$1,125 (that is, his reduced cost base of \$5,125 less his capital proceeds of \$4,000).

STEP 6 Did you make neither a capital gain nor a capital loss?

If the capital proceeds are less than or equal to the cost base but more than or equal to the reduced cost base, you have not made a capital gain or a capital loss.

EXAMPLE 6: Neither capital gain nor capital loss

If Fred had sold his shares for \$5,125, he would not have made a capital gain or a capital loss.

STEP 7 Work out your total current year capital gains

Write the total of the capital gains for all your assets for the current year at **H** item **18** on your tax return (supplementary section).

If you had a distribution of capital gains from a managed fund, include this in your total capital gains. See step 3 in **chapter C1** on page 25.

If you have any capital losses, do not deduct them from the capital gains before writing the total amount at **H**.

EXAMPLE 7: Total current year capital gains

Fred does not have any other capital gains. Therefore, from step 3, he writes \$875 at **H** item **18** on his tax return (supplementary section).

STEP 8 Applying capital losses against capital gains

If you do not have any capital losses from assets you disposed of this year or unapplied net capital losses from earlier years, go to step 9 in the next column.

If you made any capital losses this year, deduct them from the amount you wrote at **F**. If you have unapplied net capital losses from earlier years, deduct them from the amount remaining after you deduct the capital losses made this year. Deduct both types of losses in the manner that gives you the greatest benefit.

Deducting your losses

You will probably get **the greatest benefit** if you deduct capital losses from capital gains in the following order:

- 1 capital gains for which neither the indexation method nor the discount method applies (that is, if you bought and sold your shares within 12 months)
- 2 capital gains calculated using the indexation method, and then
- 3 capital gains to which the CGT discount can apply.

Losses from collectables and personal use assets

You can only use capital losses from collectables this year and unapplied net capital losses from collectables from earlier years to reduce capital gains from collectables. Jewellery, art and antiques are examples of collectables.

Losses from personal use assets are disregarded. Personal use assets are assets mainly used for personal use that are not collectables, such as a boat you use for recreation. For more information see the *Guide to capital gains tax 2020*.

If the total of your capital losses for the year and unapplied net capital losses from earlier years is greater than your capital gains, go to step 11 in the next column.

EXAMPLE 8: Applying a net capital loss

Fred had a net capital loss of \$75 from some shares that he sold last year and no other capital gains or capital losses this year. He can reduce this year's capital gain (see **example 7**) of \$875 by \$75. Fred's remaining capital gain is \$800.

STEP 9 Applying the CGT discount

If you have any remaining capital gains you can now apply the CGT discount, if it is applicable, and reduce them by 50%.

Remember, you cannot apply the CGT discount to:

- capital gains calculated using the indexation method
- capital gains from CGT assets you bought and sold within 12 months.

EXAMPLE 9: Applying the CGT discount

As Fred had owned his shares for at least 12 months, he can reduce his \$800 gain by the CGT discount of 50% to arrive at a net capital gain of \$400:
 $\$800 \times 50\% = \400

STEP 10 What is your net capital gain?

The amount now remaining is your net capital gain (cents are not shown). Write this amount at **A** item **18** on your tax return (supplementary section).

EXAMPLE 10: Net capital gain

Fred writes his net capital gain of \$400 at **A** item **18** on his tax return (supplementary section).

Go to **chapter B2**.

Step 11 does not apply if you have a net capital gain.

STEP 11 Work out and show your carry-forward losses

If the total of your capital losses for the year and unapplied net capital losses from earlier years is greater than your capital gains, you were directed to this step from step 8.

Do not write anything at **A** item **18** on your tax return (supplementary section).

At **V** item **18** write the amount by which the total of your capital losses for the year and unapplied net capital losses from earlier years is greater than your capital gains for the year. You carry this amount forward to be applied against later year capital gains.

EXAMPLE 11: Carry-forward losses

Continuing the example from step 5, if Fred had no other capital losses, he would write \$1,125 at **V** item **18** on his tax return (supplementary section). He would leave blank both **A** and **H** item **18** on his tax return (supplementary section).

WORKED EXAMPLES FOR SHARES AND UNITS

B2

The following examples show how CGT works in various situations where people have bought and sold shares and units. They may help you meet your CGT obligations and complete item **18** on your tax return (supplementary section).

EXAMPLE 12: Sonya has a capital gain from one parcel of shares that she bought and sold less than 12 months later.

Sonya bought 1,000 shares in Tulip Ltd for \$1,500 including brokerage and sold them less than 12 months later for \$2,350. She paid \$50 brokerage on the sale. The sale is a CGT event.

As Sonya bought and sold the shares within 12 months, she uses the 'other' method to calculate her capital gain. She cannot use the indexation or discount method. Her capital gain is:

$$\$2,350 - (\$1,500 + \$50) = \$800.$$

As she has no other CGT event and does not have any capital losses, Sonya writes the following at item **18** on her tax return (supplementary section):

- \$800 at **H**, and
- \$800 at **A**.

EXAMPLE 13: Andrew has a capital gain from the sale of units which he bought before 11.45am AEST on 21 September 1999 and gave to his brother more than 12 months later.

In May 1999, Andrew bought 1,200 units in Share Trust for \$1,275 including brokerage. He gave the units to his brother more than 12 months later. At that time they were worth \$1,595.

The gift is a CGT event. As Andrew bought the units before 21 September 1999 and he owned them for more than 12 months, he can use the indexation or discount method to calculate his capital gain, whichever method gives him the better result.

Indexation method

If Andrew calculates his capital gain or capital loss using the indexation method, he indexes the cost of his units and the incidental costs of buying them as follows:

$$\frac{\text{CPI for September 1999 quarter}}{\text{CPI for June 1999 quarter}} = \frac{68.7}{68.1} = 1.009$$

His indexed cost base is worked out as follows:

$$\text{His cost } (\$1,275) \times 1.009 = \$1,286$$

So his capital gain is:

	\$
Capital proceeds	1,595
less Indexed cost base	1,286
Capital gain	309

Discount method

If Andrew uses the discount method, his capital gain is calculated as:

	\$
Capital proceeds	1,595
less Cost base	1,275
Total capital gain	320
less CGT discount*	160
Capital gain	160

* Andrew does not have any capital losses. If he did, he would deduct any capital losses before applying the CGT discount.

Andrew chooses the discount method because it gives him a smaller capital gain.

As he has no other CGT event and does not have any capital losses, Andrew writes the following at item **18** on his tax return (supplementary section):

- \$320 at **H**, and
- \$160 at **A**.

If Andrew had received a **non-assessable payment** from the fund, his cost base may have been reduced and the capital gain may have been greater. If the fund was an AMIT, Andrew's cost base may have been increased or decreased, and the capital gain should be calculated to reflect his adjusted cost base. For more information, see **chapter C2** on page 27.

EXAMPLE 14: Fatima has a capital gain from one parcel of shares which she was given before 11.45am AEST on 21 September 1999 and sold more than 12 months later.

In October 1986, Fatima was given 500 shares in FJM Ltd with a market value of \$2,500. She sold the shares last March for \$4,500.

The sale is a CGT event. As Fatima acquired the shares before 21 September 1999 and owned them for more than 12 months, she can use the indexation or discount method to calculate her capital gain, whichever method gives her the better result.

Indexation method

If Fatima calculates her capital gain using the indexation method, the indexation factor is:

$$\frac{\text{CPI for September 1999 quarter}}{\text{CPI for December 1986 quarter}} = \frac{68.7}{44.4} = 1.547$$

Her indexed cost base is:

$$(\$2,500) \times 1.547 = \$3,868.00$$

So her capital gain is calculated as follows:

	\$
Capital proceeds	4,500
less Indexed cost base	3,868
Capital gain	632

Discount method

If Fatima uses the discount method, her capital gain is calculated as:

	\$
Capital proceeds	4,500
less Cost base	2,500
Total capital gain	2,000
less CGT discount*	1,000
Capital gain	1,000

* Fatima does not have any capital losses. If she did, she would deduct any capital losses before applying the CGT discount.

Fatima chooses the indexation method because it gives her a smaller capital gain.

As she has no other CGT event and does not have any capital losses, Fatima writes the following at item **18** on her tax return (supplementary section):

- \$632 at **H**, and
- \$632 at **A**.

EXAMPLE 15: Colin has a capital gain from some units he bought after 11.45am AEST and redeemed less than 12 months later.

Colin bought 500 units in Equity Trust for \$3,500 in October and redeemed them less than 12 months later in June for \$5,000 by switching, or transferring, his units from a share fund to a property fund. The redeeming of units is a CGT event.

As Colin owned the units for less than 12 months, he calculates his capital gain using the 'other' method. Colin's capital gain is:

	\$
Capital proceeds	5,000
less Cost base	3,500
Capital gain	1,500

As he had no other CGT event and does not have any capital losses, Colin writes the following at item **18** on his tax return (supplementary section):

- \$1,500 at **H**, and
- \$1,500 at **A**.

If Colin had received a **non-assessable payment** from the fund, his cost base may have been adjusted and the capital gain may have been greater. If the fund was an AMIT, Colin's base may have been increased or decreased, and the capital gain should be calculated to reflect his adjusted cost base. For more information, see **chapter C2** on page 27.

EXAMPLE 16: Mei-Ling made a capital gain from some shares she bought after 11.45am AEST on 21 September 1999 and sold more than 12 months later. She also has a net capital loss from an earlier income year.

Mei-Ling bought 400 shares in TKY Ltd for \$15,000 in October 1999 and sold them for \$23,000 last February. The sale is a CGT event. She also has a net capital loss of \$1,000 from an earlier income year that has not been applied against later year capital gains.

As she bought the shares after 21 September 1999, Mei-Ling cannot use the indexation method. However, as she owned the shares for more than 12 months, she can use the discount method. Her capital gain is:

	\$
Capital proceeds	23,000
less Cost base	15,000
Total capital gain	8,000
less net capital loss	1,000
Capital gain (before applying the CGT discount)	7,000
less CGT discount	3,500
Capital gain	3,500

As she has no other CGT event, Mei-Ling writes the following at item **18** on her tax return (supplementary section):

- \$8,000 at **H**, and
- \$3,500 at **A**.

EXAMPLE 17: Mario made a capital loss from one parcel of shares he bought before 11.45am AEST on 21 September 1999 and sold more than 12 months later.

In October 1986, Mario purchased 2,500 shares in Machinery Manufacturers Ltd for \$2,650 including brokerage. He sold the shares last March for \$2,300 and paid \$50 brokerage costs. Mario also made a capital loss of \$350 on some shares he sold in 1999–2000 but had not made any capital gain since then that he could use to offset his capital losses.

The sale is a CGT event. Mario purchased the Machinery Manufacturers Ltd shares before 11.45am AEST on 21 September 1999 but he made a capital loss, so neither the indexation nor the discount method applies.

Mario calculates his capital loss for the current income year as follows:

	\$
Reduced cost base (\$2,650 + \$50)	2,700
less capital proceeds	2,300
Capital loss	400

The net capital losses that Mario can carry forward to reduce capital gains he may make in later income years are:

	\$
Net capital loss for 2019–20	\$400
plus net capital loss for 1999–2000	\$350
Net capital losses carried forward to later income years	\$750

As he has no other capital gains or capital losses, Mario writes \$750 at **V** item **18** on his tax return (supplementary section). He does not write anything at **A** item **18**.

EXAMPLE 18: Clare made capital gains from shares she bought before 11.45am AEST on 21 September 1999 and had capital losses carried forward from a previous year.

Clare sold a parcel of 500 shares last March for \$12,500, that is, for \$25 each. She had acquired the shares in March 1995 for \$7,500, that is, for \$15 each, including stamp duty and brokerage costs. There were no brokerage costs on sale. Clare had no other capital gains or capital losses for the current income year, although she has \$3,500 unapplied net capital losses carried forward from earlier income years.

Because Clare owned the shares for more than 12 months and acquired the shares before September 1999 she can use the discount method or the indexation method to work out her capital gain, whichever gives her a better result. Clare firstly works out her net capital gain by applying both the indexation method and the discount method to the whole parcel of shares:

Calculation of net capital gain using indexation and discount methods

Calculation element	Using indexation method \$	Using discount method \$
Capital proceeds	12,500	12,500
Cost base	*8,078	7,500
Capital gain	4,422	5,000
less capital losses	3,500	3,500
	922	1,500
50% CGT discount	Not applicable	750
Net capital gain	922	750
* $(68.7 \div 63.8 = 1.077)$ $(\$7,500 \times 1.077 = \$8,078)$		

However, because each share is a separate asset, Clare can use different methods to work out her capital gains for shares within the parcel. The lowest net capital gain would result from her applying the indexation method to sufficient shares to absorb the capital loss (or as much of the capital loss as she can) and apply the discount method to any remaining shares. Clare therefore applies the indexation method to the sale of 396** shares and the discount method to the remaining 104. She works out her net capital gain as follows:

Indexation method (396 shares)	\$	Discount method (104 shares)	\$
Capital proceeds (\$25 each)	9,900	Capital proceeds (\$25 each)	2,600
Cost base (396 \$15 1.077)	6,397	Cost base (104 \$15)	1,560
Capital gain	3,503	Capital gain	1,040
less capital losses	3,500	less 50% CGT discount	520
Net capital gain	3	Net capital gain	520

As she has no other capital gains or capital losses, Clare writes the following at item **18** on her tax return (supplementary section):

- \$4,543 at **H**, and
- \$523 at **A**.

Clare does not write anything at **V** item **18**.

** To calculate this, Clare worked out the capital gain made on each share using the indexation method $(\$4,422 \div 500 = 8.84)$ and divided the capital loss by this amount $(\$3,500 \div 8.84 = 396)$.

ADDITIONAL INFORMATION FOR SHARES AND UNITS

B3

This chapter briefly explains less common situations for personal investors, including those arising from:

- rights or options
- stapled securities
- non-assessable payments
- share buy-backs
- takeovers and mergers
- demergers
- dividend reinvestment plans
- bonus shares and bonus units
- dividends paid by listed investment companies (LIC) that include a LIC capital gain.

Rights or options to acquire shares or units

If you hold shares or units, you may be issued rights or options to acquire additional shares or units at a specified price.

Rights or options issued directly to you from a company or trust for no cost

You are taken to have acquired the rights or options at the same time you acquired the original shares or units. Therefore, if you acquired the original shares or units before 20 September 1985, any capital gain or capital loss you make when the rights or options expire or are sold is disregarded as they are pre-CGT assets.

If you acquired the original shares or units on or after 20 September 1985, you make a capital gain if the capital proceeds on the sale or expiry of the rights or options are more than their cost base. You make a capital loss if the reduced cost base of the rights or options is more than those capital proceeds.

Rights and options you paid to acquire from a company or trust, or that you acquired from another person

If you acquired your rights or options on or after 20 September 1985, they are treated much like any other CGT asset and are subject to CGT.

Special rules apply if you exercise the rights or options. For more information, or if you acquire rights or options under an employee share scheme, see the *Guide to capital gains tax 2020*.

Stapled securities

Stapled securities are created when two or more different securities are legally bound together so that they cannot be sold separately. Many different types of securities can be stapled together, for example, many property trusts have their units stapled to the shares of companies with which they are closely associated.

The effect of stapling depends upon the specific terms of the stapling arrangement. The issuer of the stapled security will be able to provide you with detailed information on their particular stapling arrangement. However, in general the effect of stapling is that each individual security retains its character and there is no variation to the rights or obligations attached to the individual securities.

Although a stapled security must be dealt with as a whole, the individual securities that are stapled are treated separately for tax purposes. For example, if a share in a company and a unit in a unit trust are stapled, you:

- continue to include separately on your income tax return dividends from the company and trust distributions from the trust
- work out any capital gain or capital loss separately for the unit and the share.

Because each security that makes up your stapled security is a separate CGT asset, you must work out a cost base and reduced cost base for each separately.

If you acquired the securities after they were stapled (for example, you bought the stapled securities on the ASX), you do this by apportioning, on a reasonable basis, the amount you paid to acquire the stapled security (and any other relevant costs) among the various securities that are stapled. One reasonable basis of apportionment is to have regard to the portion of the value of the stapled security that each security represented. The issuer of the stapled security may provide assistance in determining these amounts.

If you acquired your stapled securities as part of a corporate restructure you will, during the restructure, have owned individual securities that were not stapled. The way you work out the cost base and reduced cost base of each security depends on the terms of the stapling arrangement. The issuer of the stapled security may provide information to help you determine these amounts.

When you dispose of your stapled securities, you must divide the capital proceeds (on a reasonable basis) between the securities that make up the stapled security and then work out whether you have made a capital gain or capital loss on each security. The issuer of the stapled security may provide information to help you determine these amounts.

For examples covering stapled securities, see the *Guide to capital gains tax 2020*.

Non-assessable payments

There can be non-assessable payments for both shares and units.

Non-assessable payments from a company to a shareholder

Non-assessable payments to shareholders are usually called a return of capital. If you received a payment from a company in respect of your shares and it was not a dividend, you deduct the amount of the payment from both the cost base and the reduced cost base of your shares.

If the non-assessable payment is greater than the cost base of your shares, you include the excess as a capital gain. If you use the indexation method to work out the amount of this capital gain, you cannot use the discount method to work out a capital gain when you later sell the shares or units.

Non-assessable payments from a managed fund to a unit holder

The treatment of these payments is similar to non-assessable payments from a company to a shareholder. For more information, see **chapter C2** on page 27.

Non-assessable payments under a demerger

If you receive a non-assessable payment under an eligible demerger, you do not deduct the payment from the cost base and reduced cost base of your shares or units. Instead, you make adjustments to your cost base and reduced cost base under the demerger rules. You may make a capital gain on the non-assessable payment if it exceeds the cost base of your original share or unit, although you will be able to choose a rollover.

An eligible demerger is one that happens on or after 1 July 2002 and satisfies certain tests. The head entity will normally advise shareholders or unit holders if this is the case.

For more information, see the *Guide to capital gains tax 2020*.

Share buy-backs

If you disposed of shares back to a company under a buy-back arrangement, you may have made a capital gain or capital loss.

You compare the capital proceeds with your cost base and reduced cost base to work out whether you have made a capital gain or capital loss.

The time you make the capital gain or capital loss will depend on the conditions of the particular buy-back offer.

If shares in a company:

- are not bought back by the company in the ordinary course of business of a stock exchange, for example, the company writes to shareholders offering to buy their shares (commonly referred to as 'off-market share buy-back'), and
- the buy-back price is less than what the market value of the share would have been if the buy-back hadn't occurred and was never proposed,

the capital proceeds are taken to be what the share's market value would have been if the buy-back hadn't occurred and was never proposed, minus the amount of any dividend paid under the buy-back. In this situation,

the company may provide you with that market value or, if the company obtained a class ruling from the ATO, you can find out the amount at ato.gov.au/cgt

EXAMPLE 19: Off-market share buy-back including dividend

Ranjini bought 10,000 shares in Company M in January 2003 at a cost of \$6 per share, including brokerage.

Last February, the company wrote to its shareholders advising them it was offering to buy back 10% of their shares for \$9.60 each. The buy-back price was to include a franked dividend of \$1.40 per share (and each dividend was to carry a franking credit of \$0.60).

Ranjini applied to participate in the buy-back to sell 1,000 of her shares.

Company M approved the buy-back last April on the terms anticipated in its earlier letter to shareholders.

The market value of Company M shares at the time of the buy-back (if the buy-back did not occur and was never proposed) is \$10.20.

Ranjini received a cheque for \$9,600 (1,000 shares x \$9.60) last May.

Because it was an off-market share buy-back and the buy-back price was less than what the market value of the share would have been if the buy-back hadn't occurred, Ranjini works out her capital gain as follows:

Capital proceeds:		
Market value	\$10.20	
less		
Dividend	\$1.40	
	\$8.80 x 1,000 shares	\$8,800
Cost base (\$6 x 1,000 shares)		\$6,000
Capital gain		\$2,800
(before applying any discount)		

Ranjini takes her capital gain into account in completing item **18** on her tax return (supplementary section). She also includes her dividend by writing \$1,400 (her franked dividend amount) at **T** item **11** on her tax return and \$600 (her franking credit) at **U** item **11** on her tax return.

Takeovers and mergers

If a company in which you held shares was taken over and you received new shares in the takeover company (the offeror), you may be entitled to a scrip-for-scrip rollover for any capital gain you made. This means you can defer the capital gain made on the disposal of your old shares until a later CGT event happens to your new shares. Usually, the takeover company would advise you if the scrip-for-scrip rollover conditions were satisfied.

If you also received some cash from the takeover company, you only get rollover on the proportion of the original shares for which you received shares in the takeover company. You will need to apportion the cost base of the original shares between the replacement shares and the cash.

If the scrip-for-scrip conditions were not satisfied, your capital proceeds for your original shares will be the total of any cash and the market value of the new shares you received.

Scrip-for-scrip rollover may also be available to the extent that units in a managed fund are exchanged for units in another managed fund.

For more information about takeovers and mergers, see the *Guide to capital gains tax 2020*.

Demergers

A demerger involves the restructuring of a corporate or fixed trust group by splitting its operations into two or more entities or groups. Under a demerger, the owners of the head entity of the group (that is, the shareholders of the company or unit holders of the trust) acquire a direct interest (shares or units) in an entity that was formerly part of the group.

If you owned interests in a company or fixed trust that is the head entity of a demerger group and you received new interests in the demerged company or trust, you may be entitled to a **demerger rollover**.

Generally, the head entity undertaking the demerger will advise whether you are entitled to rollover, but you should seek our advice if you are in any doubt. The ATO may have provided advice in the form of a class ruling on a specific demerger confirming that a rollover is available. You can find out at ato.gov.au

Even if you do not choose a rollover, you must recalculate the cost base and reduced cost base of each of your original interests in the head entity and your new interests in the demerged entity.

To help you make the calculation, go to ato.gov.au and search for 'demergers calculator'.

For more information about demergers, go to ato.gov.au and search for 'demergers and CGT'.

Dividend reinvestment plans

Under these plans, shareholders can choose to use their dividend to acquire additional shares in the company instead of receiving a cash payment. For CGT purposes, you are treated as if you received a cash dividend and then used it to buy additional shares. Each share (or parcel of shares) received in this way is treated as a separate asset and you must make a separate calculation when you sell them.

For more information about the topics covered in this chapter, including demergers, see the *Guide to capital gains tax 2020* and *You and your shares 2020* (NAT 2632).

For information on key transactions involving major companies and other institutions, see **Events affecting shareholders** under the 'In detail' tab at ato.gov.au/cgt. These transactions include:

- mergers
- takeovers
- demergers

- demutualisations
- returns of capital
- share buy-backs, and
- declarations by liquidators and administrators that shares are worthless.

Bonus shares and bonus units

Bonus shares are additional shares received by a shareholder in respect of shares already owned. These shares may be received by a shareholder wholly or partly as a dividend. The shareholder may also pay an amount to get them.

Bonus units may also be received in a similar way.

The CGT rules for bonus shares and bonus units are very similar. If you have sold bonus shares or bonus units, see the *Guide to capital gains tax 2020*.

Dividends paid by listed investment companies (LIC) that include a LIC capital gain

If a LIC pays a dividend to you that includes a **LIC capital gain amount**, you may be entitled to an income tax deduction.

You can claim a deduction if:

- you are an individual
- you were an Australian resident when a LIC paid you a dividend, and
- the dividend included a LIC capital gain amount.

The amount of the deduction is 50% of the LIC capital gain amount. The LIC capital gain amount will be shown separately on your dividend statement.

You **do not** write the LIC capital gain amount at item **18**.

EXAMPLE 20: LIC capital gains

Ben, an Australian resident, was a shareholder in XYZ Ltd, a LIC. Last March, Ben received a dividend from XYZ Ltd of \$70,000 including a LIC capital gain amount of \$50,000. Ben can claim a \$30,000 franking credit relating to the dividend. Ben includes on his tax return the following amounts:

	\$
Franked amount (at T item 11 on his tax return)	70,000
Franking credit (at U item 11 on his tax return)	30,000
Amount included in total income	100,000
less deduction for LIC capital gain (claimed at item D8 on his tax return)	25,000
Net amount included in income	75,000

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DISTRIBUTIONS FROM MANAGED FUNDS



Legislative changes impacting capital gains of Managed Investment Trusts

Attribution Managed Investment Trusts

For 2016 and later income years, a managed investment trust (MIT) may be able to choose to apply the attribution rules contained within a specific tax system for MITs as set out in Division 276 of the *Income Tax Assessment Act 1997*. Where that choice is made, the MIT becomes an attribution managed investment trust (AMIT).

Generally, these rules apply to 'attribute' amounts for tax purposes to each member based on their interest in the AMIT, rather than the member being taxed based on their 'present entitlement' to the income of the trust.

The attribution rules ensure that, for tax purposes, amounts attributed to you by the trust:

- keep their tax character
- flow through to you, and
- are treated as if you had received the amount directly in your own right (though in the same circumstances as received by the AMIT).

In relation to capital gains, these rules mean you will treat the capital gains component of your trust income as being a capital gain that you made.

The share of trust amounts attributed to you is shown on your member statement, which for an AMIT is called an AMIT member annual statement (AMMA statement) (similar to the standard distribution statement provided by a managed fund).

Otherwise, for members (unitholders) of an AMIT, there should be little practical difference to the way trust capital gains are included in your tax return.

In addition, the cost base of your units in an AMIT may also be subject to annual upward or downward adjustments (see **Cost base adjustments for AMIT members** on page 27).

For more information on the tax system for MITs, see Managed Investment Trusts at ato.gov.au

Streaming

In June 2011, amendments were enacted that allow the streaming of capital gains and franked dividends to beneficiaries, subject to relevant integrity provisions.

The amendments apply from 2017–18 to managed investment trusts (MITs) which have not previously made an election to apply the amendments. For MITs which have previously made an election to apply the amendments, the amendments continue to apply in 2017–18 and onwards.

The amendments do not apply to attribution managed investments trusts (AMITs), which are subject to the separate attribution rules that enable capital gains and franked distributions to be attributed to members for tax purposes.

Stapled structures

From 1 July 2019, new measures took effect to address risks posed by arrangements involving stapled structures, and to limit access to concessions currently available to foreign investors for passive income. A stapled structure is an arrangement where two or more entities that are commonly owned (at least one of which is a trust) are bound together, such that interests in them (for example, shares or units) cannot be bought or sold separately. The measures may change the rate of MIT withholding tax that is applied to trading income that is converted to passive income via a stapled structure or distributed by a trading trust.

For more information see, Stapled Structures.

HOW TO WORK OUT YOUR CAPITAL GAINS TAX FOR A MANAGED FUND DISTRIBUTION

C1

Some **terms** in this section may be new to you. These terms are explained in **Definitions** in **appendix 2** on page 34.

If your managed fund distribution (as advised by the fund) includes a capital gain amount, you include this amount at item **18 Capital gains** on your tax return (supplementary section). You do not include capital gains at item **13 Partnerships and trusts**.

Examples of managed funds include property trusts, share trusts, equity trusts, growth trusts, imputation trusts and balanced trusts.

Distributions from managed funds can include two types of amounts that affect your CGT obligation:

- capital gains
- non-assessable payments.

The following steps in this section show you how to record a capital gain distributed from a managed fund. **Chapter C2** covers non-assessable amounts which mostly affect the cost base of units but can create a capital gain.

STEP 1 Work out the capital gain you have received from the managed fund

You need to know whether you have received any capital gain in your distribution; to find out, check the statement from your managed fund.

This statement should also show which method the fund has used to calculate the gain; the indexation, discount or 'other' method. You must use the same methods as the fund to calculate your capital gain. (These methods are explained in part A and part B, and in **Definitions** in **appendix 2** on page 34.)

Fund managers may use different terms to describe the calculation methods and other terms used in this guide. For example, they may refer to capital gains calculated using the indexation method and the 'other' method as non-discount gains.

STEP 2 Gross up any discounted capital gain you have received

If the fund has applied the CGT discount to your distribution, this is known as a **discounted capital gain**.

You need to **gross up** any discounted capital gain distributed to you by multiplying the gain by two. This grossed-up amount is your capital gain from the fund. If the managed fund has shown the grossed-up amount of the discounted capital gain on your distribution statement, you can use that amount.

EXAMPLE 21: Grossing up a capital gain

Tim received a distribution from a fund that included a discounted capital gain of \$400. Tim's statement shows that the fund had used the discount method to calculate the gain.

Tim grosses up the capital gain to \$800 (that is, $\$400 \times 2$).

STEP 3 Work out your total current year capital gains

Add up all the capital gains you received from funds (grossed up where necessary) together with any capital gains from other assets. Write the total of all of your capital gains for the current year at **H** item **18** on your tax return (supplementary section).

If you have any capital losses, do not deduct them from the capital gains before showing the total amount at **H**.

EXAMPLE 22: 'Other' method

Tim's fund also distributed a capital gain of \$100 calculated using the 'other' method. Tim includes \$900 ($\$800 + \100) at **H** item **18** on his tax return (supplementary section).

STEP 4 Applying capital losses against capital gains

If you have no capital losses from assets you disposed of this year and no unapplied net capital losses from earlier years, go to step 5.

If you made any capital losses this year, deduct them from the amount you wrote at **H**. If you have unapplied net capital losses from earlier years, deduct them from the amount remaining after you deduct any capital losses made this year. Deduct both types of losses in the manner that gives you the greatest benefit.

Deducting your losses

You will probably get the greatest benefit if you deduct capital losses from capital gains distributed from the fund in the following order:

- 1 capital gains calculated using the 'other' method
- 2 capital gains calculated using the indexation method or the discount method.

If the total of your capital losses for the current year and unapplied net capital losses from earlier years is greater than your capital gains for the current year, go to step 7.

EXAMPLE 23: Deducting capital loss

If Tim had a capital loss of \$200 when he sold another CGT asset, he deducts his capital loss (\$200) from his capital gain (\$900) and arrives at \$700. As he applied the loss first against the capital gain calculated using the 'other' method and then against the capital gain calculated using the discount method (after grossing it up), Tim can apply the CGT discount to the remaining \$700.

Losses from collectables and personal use assets

You can only use capital losses from collectables this year and unapplied net capital losses from collectables from earlier years to reduce capital gains from collectables. Jewellery, art and antiques are examples of collectables.

Losses from personal use assets are disregarded. Personal use assets are assets mainly used for personal use that are not collectables, such as a boat you use for recreation. For more information see the *Guide to capital gains tax 2020*.

STEP 5 Applying the CGT discount

If you have any remaining grossed-up discount capital gains you can now apply the CGT discount, if applicable, and reduce them by 50%.

Remember, you cannot apply the CGT discount to capital gains distributed from the fund calculated using the indexation or 'other' method.

EXAMPLE 24: Applying the CGT discount

Tim has deducted his capital losses (including any unapplied net capital losses from earlier income years) from his capital gain. He now reduces the amount remaining by 50%:

$$\$700 \times 50\% = \$350$$

Tim has a net capital gain of \$350.

STEP 6 Write your net capital gain on your tax return

The amount remaining after completing steps 1–5 is your net capital gain for the income year. Write this at **A** item **18** on your tax return (supplementary section).

EXAMPLE 25: Writing your net capital gain on your tax return

Tim writes \$350 at **A** item **18** on his tax return (supplementary section).

STEP 7 Work out your carry-forward losses

If the total of your capital losses for the year and unapplied net capital losses from earlier years is greater than your capital gains for the year, you were directed to this step from step 4.

Do not write anything at **A** item **18** on your tax return (supplementary section).

At **V** item **18** on your tax return (supplementary section), write the amount by which the total of your capital losses for the year and net capital losses from earlier years exceeds your capital gains for the year. You carry this amount forward to be applied against later year capital gains.

For more information about CGT and managed fund distributions, see the *Guide to capital gains tax 2020*.

NON-ASSESSABLE PAYMENTS FROM A MANAGED FUND

C2

Non-assessable payments from a managed fund to a unit holder are common and may be shown on your statement from the fund as:

- **tax-free amounts**
- **CGT-concession amounts**
- **tax-exempted amounts**, or
- **tax-deferred amounts**.

You may need to adjust the cost base and reduced cost base of your units depending on the kind of non-assessable payment you received. Slightly different rules apply to attribution managed investment trusts (AMITs).

Tax-free amounts relate to certain tax concessions received by the fund which enable it to pay greater distributions to its unit holders. If your statement shows any tax-free amounts, you adjust the reduced cost base (but not your cost base) of your units by these amounts. Payments of amounts associated with building allowances which were made before 1 July 2001 were treated as tax-free amounts.

CGT-concession amounts relate to the CGT discount component of any actual distribution. Such amounts do not affect your cost base and reduced cost base if they were received after 30 June 2001. A CGT-concession amount received before 1 July 2001 is taken off the cost base and reduced cost base.

Tax-exempted amounts are generally made up of exempt income of the fund, amounts on which the fund has already paid tax or income you had to repay to the fund. Such amounts do not affect your cost base and reduced cost base.

Tax-deferred amounts are other non-assessable amounts, including indexation received by the fund on its capital gains and accounting differences in income. You adjust the cost base and reduced cost base of your units by these amounts. Payments associated with building allowances which are made on or after 1 July 2001 are treated as tax-deferred amounts.

If the tax-deferred amount is greater than the cost base of your units, you include the excess as a capital gain. You can use the indexation method if you bought your units before 11.45am AEST on 21 September 1999.

You cannot make a capital loss from a non-assessable payment.

As a result of some stapling arrangements, investors in some managed funds have received units which have a very low cost base. The payment of certain non-assessable amounts in excess of the cost base of the units will result in these investors making a capital gain.

COST-BASE ADJUSTMENTS FOR ATTRIBUTION MANAGED INVESTMENT TRUSTS (AMIT) MEMBERS

Under the new legislation applying to attribution managed investment trusts (AMITs), you may need to make an upwards or a downwards adjustment to the cost base of your units (or other membership interests) in an AMIT. Upwards adjustments are only available for units in trusts that are AMITs. For more information on the rules for AMITs, see **attribution managed investment trusts** on page 24.

The amount of any annual upwards or downwards cost base adjustment to your units is determined by your **AMIT cost base net amount**. The AMIT will calculate your AMIT cost base net amount, which is the balance of your AMIT cost base reduction amount and your AMIT cost base increase amount. You will not need to refer separately to tax-free or tax-deferred amounts to determine the cost base adjustment for your units in an AMIT, however these amounts should broadly be reflected in the AMIT cost base net amount calculated by the AMIT.

Effectively, the cost base adjustment rules for AMITs apply to:

- increase the cost base of your units by your **AMIT cost base increase amount**, being:
 - amounts attributed to you by the AMIT that are to be included in your assessable income or your non-assessable non-exempt income for the income year, plus
 - amounts attributed to you by the AMIT for the income year that relate to trust capital gains
- reduce the cost base amount of your units by your **AMIT cost base reduction amount**, being:
 - the actual cash payments you received (or have a right to receive) in relation to your units, plus
 - amounts of any tax offsets that you have for the income year in respect of amounts attributed to you by the AMIT

If your AMIT cost base reduction amount exceeds your AMIT cost base increase amount, the excess is your AMIT cost base net amount and this amount is used to reduce the cost base of your units. If the AMIT cost base net amount is greater than your cost base, it will reduce your cost base to nil, and any remaining amount will result in a capital gain. If the AMIT cost base net amount is less than your cost base, your cost base amount will be decreased, which could result in a greater capital gain or reduced capital loss on the disposal of your units in the AMIT. The same adjustments are also made to your reduced cost base.

If your AMIT cost base reduction amount falls short of your AMIT cost base increase amount, the shortfall is your AMIT cost base net amount and this amount is used to increase the cost base and reduced cost base of your units. This could result in a reduced capital gain or increased capital loss on disposal of your units.

Your statement of distribution (called an AMMA statement) from the AMIT should show the AMIT cost base net amount and other information relevant to your cost base and reduced cost base.

For more information on cost base adjustments for AMITs, see *Law Companion Ruling LCR 2015/11 Attribution Managed Investment Trusts: annual cost base adjustments for units in an AMIT and associated transitional rules* at **ato.gov.au**

WORKED EXAMPLES FOR MANAGED FUND DISTRIBUTIONS

C3

The following worked examples take the steps explained in **chapter C1** and put them into different scenarios to demonstrate how they work.

If you have received a distribution from a managed fund, you may be able to apply one or more of these examples to your circumstances to help you work out your CGT obligations for 2019–20 and complete item **18** on your tax return (supplementary section).

EXAMPLE 26: Bob has received a non-assessable amount

Bob owns units in OZ Investments Fund, which distributed income to him in May 2019.

The fund gave him a statement showing his distribution included the following capital gains:

- \$100 calculated using the discount method (grossed-up amount \$200)
- \$75 calculated using the indexation method
- \$28 calculated using the 'other' method.

These capital gains add up to \$203.

The statement shows Bob's distribution included a \$105 tax-deferred amount.

From his records, Bob knows that the cost base and reduced cost base of his units are \$1,200 and \$1,050 respectively.

Bob has no other capital gains or capital losses for 2019–20.

Bob follows these steps to work out the amounts to write on his tax return.

As Bob has a capital gain which the fund reduced by 50% under the discount method (\$100), he includes the grossed-up amount (\$200) in his total current year capital gains.

To work out his total 2019–20 capital gains Bob adds the grossed-up amount to his capital gains calculated using the indexation method and 'other' method:

$$\$200 + \$75 + \$28 = \$303$$

As Bob has no other capital gains or capital losses and he must use the discount method in relation to the discounted capital gain from the trust, his net capital gain is equal to the amount of capital gain included in his distribution from the fund (\$203).

Bob writes the following at item **18** on his tax return (supplementary section):

- \$303 at **H**, and
- \$203 at **A**.

Other CGT consequences for Bob (where OZ Investments Fund is not an AMIT)

The tax-deferred amount Bob received is not included in his income or capital gains but it affects the cost base and reduced cost base of his units in OZ Investments Fund for future income years.

Bob deducts the tax-deferred amount from both the cost base and reduced cost base of his units as follows:

	\$		\$
Cost base	1,200	Reduced cost base	1,050
less tax-deferred amount	105	less tax-deferred amount	105
New cost base	1,095	New reduced cost base	945

A CGT-concession amount is only taken off the cost base and reduced cost base if it was received **before** 1 July 2001. If OZ Investments Fund is an AMIT, Bob should instead refer to the AMIT cost base net amount to determine any cost base adjustment.

EXAMPLE 27: Ilena's capital loss is greater than her capital gains calculated under the indexation method and 'other' method

Ilena invested in XYZ Managed Fund. The fund makes a distribution to Ilena last April and gives her a statement that shows her distribution included:

- \$65 discounted capital gain
- \$50 capital gain calculated using the 'other' method
- \$40 capital gain calculated using the indexation method.

The statement shows Ilena's distribution also included:

- \$30 tax-deferred amount, and
- \$35 tax-free amount.

Ilena has no other capital gain but made a capital loss of \$100 when she sold some shares during the year.

From her records, Ilena knows the cost base of her units is \$5,000 and their reduced cost base is \$4,700.

Ilena has to treat the capital gain component of her fund distribution as if she made the capital gain. To complete her tax return, Ilena must identify the capital gain component of her fund distribution and work out her net capital gain.

Ilena follows these steps to work out the amounts to show at **H** item **18** on her tax return (supplementary section).

As Ilena has a \$65 capital gain which the fund reduced by the CGT discount of 50%, she must gross up the capital gain. She does this by multiplying the amount of the discounted capital gain by two:

$$\$65 \times 2 = \$130$$

To work out her total current year capital gains, Ilena adds her grossed-up capital gain to her capital gains calculated under the indexation method and 'other' method:

$$\$130 + \$50 + \$40 = \$220$$

She shows her total current year capital gains (\$220) at **H** item **18** on her tax return (supplementary section).

Now Ilena subtracts her capital losses from her capital gains.

Ilena can choose which capital gains she subtracts her capital losses from first. In her case, she will receive a better result if she:

- 1 subtracts as much as possible of her capital losses (which were \$100) against her indexed and 'other' method capital gains. Her gains under these methods were \$40 and \$50 respectively (a total of \$90), so she subtracts \$90 of her capital losses from these capital gains

$$\$90 - \$90 = \$0 \text{ (indexed and 'other' method capital gains)}$$

- 2 subtracts her remaining capital losses after step 1 (\$10) against her discounted capital gains (\$130)

$$\$130 - \$10 = \$120 \text{ (discounted capital gains)}$$

- 3 applies the CGT discount to her remaining discounted capital gains

$$(\$120 \times 50\%) = \$60 \text{ (discounted capital gains)}$$

Finally, Ilena adds up the capital gains remaining to arrive at her net capital gain:

$$\$0 \text{ (indexed and 'other')} + \$60 \text{ (discounted)} = \$60 \text{ net capital gain}$$

Ilena writes the following at item **18** on her tax return (supplementary section):

- \$220 at **H**, and
- \$60 at **A**.

Other CGT consequences for Ilena (where XYZ Managed Fund is not an AMIT)

The tax-deferred and tax-free amounts Ilena received are not included in her income or her capital gain but the tax-deferred amount affects the cost base and reduced cost base of her units in XYZ Managed Fund for future income years. The tax-free amount affects her reduced cost base.

Ilena reduces the cost base and reduced cost base of her units as follows:

	\$		\$
Cost base	5,000	Reduced cost base	4,700
less tax-deferred amount	30	less (tax-deferred amount + tax-free amount) (\$30 + \$35)	65
New cost base	4,970	New reduced cost base	4,635

If XYZ Managed Fund is an AMIT, Ilena should instead refer to the AMIT cost base net amount to determine any cost base adjustment.

EXAMPLE 28: Miriam has been notified of an AMIT cost base net adjustment

Miriam owns units in the Exponential Growth Fund, which has elected in to the new tax system for managed investment trusts in 2019–20, and is therefore an AMIT. Her units have a cost base of \$55 each.

The fund attributes \$13 of assessable income per unit to Miriam for 2019–20 but only pays a cash dividend amount of \$3 per unit. Exponential Growth Fund retains the balance of \$10 per unit for reinvestment rather than paying it as a cash distribution. The \$13 attributed amount is included in Miriam's assessable income.

Cost base consequences

The \$13 attributed to Miriam that is included in her assessable income is included in her AMIT cost base increase amount, while the actual payment of \$3 is included in her AMIT cost base reduction amount. The AMIT cost base increase amount is netted off against the AMIT cost base reduction amount, resulting in a shortfall AMIT cost base net amount of \$10 per unit. Miriam's AMMA statement shows the AMIT cost base net amount of \$10.

The \$10 (shortfall) AMIT cost base net amount is not included in Miriam's assessable income or capital gains, but is used to increase the cost base (and reduced cost base) of her units in Exponential Growth Fund. She will need to include it in her cost base (and reduced cost base) calculations when she eventually sells her units in the fund, to ensure that the undistributed amount already attributed to her is not double taxed as a capital gain.

	\$
Cost base per unit	55
plus AMIT cost base net amount (shortfall)	10
New cost base per unit	65

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Appendix 2	Definitions	34

APPENDIX

CONSUMER PRICE INDEX (CPI)

01

Consumer price index (CPI)

ALL GROUPS: WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES

Year	Quarter ending 31 March	Quarter ending 30 June	Quarter ending 30 September	Quarter ending 31 December
1985	37.9	38.8	39.7	40.5
1986	41.4	42.1	43.2	44.4
1987	45.3	46.0	46.8	47.6
1988	48.4	49.3	50.2	51.2
1989	51.7	53.0	54.2	55.2
1990	56.2	57.1	57.5	59.0
1991	58.9	59.0	59.3	59.9
1992	59.9	59.7	59.8	60.1
1993	60.6	60.8	61.1	61.2
1994	61.5	61.9	62.3	62.8
1995	63.8	64.7	65.5	66.0
1996	66.2	66.7	66.9	67.0
1997	67.1	66.9	66.6	66.8
1998	67.0	67.4	67.5	67.8
1999	67.8	68.1	68.7	N/A*

* 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.

The page number indicates the first time each term is used.

AMMA

page 24

An attribution managed investment trust member annual statement (AMMA statement) is a member statement provided by an AMIT to its members for an income year.

Attribution managed investment trust (AMIT)

page 24

An eligible managed investment trust (MIT) may choose to apply the rules within a new specific tax system for MITs. Where that choice is made, the MIT becomes an attribution managed investment trust (AMIT). The choice can only be made for 2015–16 and later income years. Special rules apply to cost-base adjustments for unitholders of AMITs.

Capital gain

page 6

You may make a capital gain from a CGT event such as the sale of an asset. Generally, your capital gain is the difference between your asset's cost base (what you paid for it) and your capital proceeds (what you received for it). You can also make a capital gain if a managed fund or other unit trust distributes a capital gain to you.

Capital gains tax

page 6

Capital gains tax (CGT) refers to the income tax you pay on any net capital gain you make. You include the net capital gain on your annual income tax return. For example, when you sell (or otherwise dispose of) an asset as part of a CGT event, you are subject to CGT.

Capital loss

page 6

Generally, you may make a capital loss as a result of a CGT event if you received less capital proceeds for an asset than its reduced cost base (what you paid for it). Your capital loss is your reduced cost base less your capital proceeds.

Capital proceeds

page 7

Capital proceeds is the term used to describe the amount of money or the value of any property you receive or are entitled to receive as a result of a CGT event. For shares or units, capital proceeds may be:

- the amount you receive from the purchaser
- the value of shares or units you receive on a demerger
- the value of shares or units and the amount of cash you receive on a merger or takeover, or
- the market value if you give the shares or units away.

CGT asset

page 6

The CGT assets covered by this guide are shares and units. However, CGT assets also include collectables (such as jewellery), assets for personal use (such as furniture or a boat) and other assets (such as an investment property, vacant land or a holiday home). If you have made a capital gain from the sale of one or more of these assets, you may need to read the *Guide to capital gains tax 2020*.

CGT-concession amount

page 11

This amount is the CGT discount component of any actual distribution from a managed fund.

CGT event

page 6

A CGT event happens when a transaction takes place such as the sale of a CGT asset. The result is usually a capital gain or capital loss.

Cost base

page 6

The cost base of an asset is generally what it costs you. It is made up of five elements:

- money you paid or property you gave for the asset
- certain incidental costs of acquiring or selling it (for example, brokerage, stamp duty, investment consultants fees and legal fees)
- the costs of owning it (generally this will not apply to shares or units because you will usually have claimed or be entitled to claim these costs as tax deductions)
- costs associated with increasing or preserving its value or installing or moving it
- what it has cost you to establish, preserve or defend your ownership or rights to it (for example, if you paid a call on shares).

The cost base for a share or unit may need to be reduced by the amount of any non-assessable payment you receive from the company or fund.

Demerger rollover

page 22

This may apply to CGT events that happen on or after 1 July 2002 to interests that you own in the head entity of a demerger group where a company or fixed trust is demerged from the group. Generally, the head entity undertaking the demerger will advise owners whether demerger rollover is available, but you should seek our advice if you are in any doubt. We may have provided advice in the form of a class ruling on a specific demerger, confirming that the rollover is available.

This rollover allows you to defer your CGT obligation until a later CGT event happens to your original or your new shares or units.

Demutualisation

page 5

A company demutualises when it changes its membership interests to shares. If you received shares as part of a demutualisation of an Australian insurance company (for example, AMP, IOOF or NRMA), you are not subject to CGT until you sell the shares or another CGT event happens.

Usually the company will advise you of your cost base for the shares you received. The company may give you the choice of keeping the shares they have given you or of selling them and giving you the capital proceeds.

If you hold a policy in an overseas insurance company that demutualises, you may be subject to CGT at the time of the demutualisation.

Discount method

page 7

The discount method is one of the ways to calculate your capital gain if:

- the CGT event happened after 11.45am AEST on 21 September 1999, and
- you acquired the asset at least 12 months before the CGT event.

If you use the discount method, you do not index the cost base but you can reduce your capital gain by the CGT discount of 50%. However, you must first reduce your capital gains by the amount of any capital losses made in the year and any unapplied net capital losses from earlier years. You discount any remaining capital gain.

If you acquired the asset before 11.45am AEST on 21 September 1999, you can choose either the discount method or the indexation method, whichever gives you the better result.

The examples in part B of this guide show you how the discount method works.

Discounted capital gain

page 25

A discounted capital gain is a capital gain that has been reduced by the CGT discount. If the discounted capital gain has been received from a managed fund, you will need to gross up the amount before you apply any capital losses and the CGT discount.

Dividend reinvestment plans

page 20

Under these plans, shareholders can choose to use their dividend to acquire additional shares in the company instead of receiving a cash payment. For CGT purposes, you are treated as if you received a cash dividend and then used it to buy additional shares. Each share (or parcel of shares) received in this way is treated as a separate asset when the shares are issued to you.

Gross up

page 25

Grossing up applies to unit holders who are entitled to a share of the fund's income that includes a capital gain reduced by the CGT discount. In this case, you 'gross up' your capital gain by multiplying by two your share of any discounted capital gain you have received from the fund.

Income year

page 6

An income year is the same as a financial year (a period of 12 months beginning on 1 July and ending on the next 30 June) and is the period covered by your tax return. (In particular circumstances, the Commissioner of Taxation may allow a company or other entity to adopt another 12-month period.)

Indexation factor

page 7

The indexation factor is worked out based on the consumer price index (CPI) in **appendix 1**.

The indexation of the cost base of an asset is frozen as at 30 September 1999. For CGT events after that time, the indexation factor is the CPI for the September 1999 quarter (68.7) divided by the CPI for the quarter in which you incurred costs relating to the asset. The result is taken to three decimal places, rounding up if the fourth decimal place is five or more. You may have different indexation factors for different amounts included in your cost base.

Indexation method

page 7

The indexation method is one of the ways to calculate your capital gain if you bought a CGT asset before 11.45am AEST on 21 September 1999. This method allows you to increase the cost base by applying an indexation factor to each item of expenditure in your cost base (based on increases in the CPI up to September 1999).

Some examples in part B of this guide show you how the indexation method works.

You may prefer to use the discount method for CGT events after 11.45am AEST on 21 September 1999 if that method gives you a better result.

LIC capital gain amount

page 22

This is an amount notionally included in a dividend from a listed investment company (LIC) which represents a capital gain made by that company. The amount is not included as a capital gain at item **18** on the tax return. (See the instructions for dividend income at question **11** in *Individual tax return instructions 2020* and **example 20** on page 22 of this guide.)

Net capital gain

page 6

A net capital gain is the difference between your total capital gains for the year and the total of your capital losses for the year and unapplied net capital losses from earlier years, less any CGT discount and small business CGT concession to which you are entitled.

You write the result at **A** item **18** on your tax return (supplementary section).

Net capital loss	page 6	Share buy-backs	page 21
<p>If your total capital losses for the year are more than your total capital gains, the difference is your net capital loss for the year. This loss can be carried forward and deducted from capital gains you make in later years. There is no time limit on how long you can carry forward a net capital loss.</p> <p>You can only use capital losses from collectables to reduce capital gains from collectables. If your total capital losses from collectables for the year are more than your total capital gains from collectables, you have a net capital loss from collectables for the year. This loss is carried forward and deducted from capital gains from collectables in later years. There is no time limit on how long you can carry forward a net capital loss from collectables.</p>		<p>If you disposed of shares back to a company under a buy-back arrangement, you may have made a capital gain or capital loss.</p> <p>Some of the buy-back price may have been treated as a dividend for tax purposes. The time you make the capital gain or capital loss will depend on the conditions of the particular buy-back offer.</p>	
Non-assessable payment	page 6	Takeovers and mergers	page 21
<p>A non-assessable payment is a payment received from a company or fund that is not assessed as part of your income on your income tax return. This includes some distributions from unit trusts, managed funds and companies. For more information see pages 20–1.</p>		<p>If a company in which you held shares was taken over or merged and you received new shares in the takeover or merged company, you may be entitled to a scrip-for-scrip rollover.</p> <p>If the scrip-for-scrip rollover conditions were not satisfied, your capital proceeds for your original shares will be the total of any cash and the market value of the new shares you received.</p>	
‘Other’ method	page 7	Tax-deferred amounts	page 11
<p>To calculate your capital gain using the ‘other’ method, you subtract your cost base from your capital proceeds. You must use this method for any shares or units you have bought and sold within 12 months (that is, when the indexation and discount methods do not apply).</p>		<p>These amounts include indexation received by a managed fund on its capital gains and accounting differences in income. Tax-deferred amounts reduce both the cost base and reduced cost base of your units in a managed fund.</p>	
Reduced cost base	page 7	Tax-exempted amounts	page 11
<p>The reduced cost base is the amount you take into account when you are working out whether you have made a capital loss when a CGT event happens. The reduced cost base may need to have amounts deducted from it such as non-assessable payments. The reduced cost base does not include indexation or costs of owning the asset, such as interest on monies borrowed to buy it.</p>		<p>These amounts are generally made up of exempt income of the managed fund, such as amounts on which the fund has already paid tax or income you had to repay to the fund. Tax-exempted amounts do not affect the cost base and reduced cost base of your units in a managed fund.</p>	
Rollover	page 8	Tax-free amounts	page 11
<p>A rollover allows a capital gain to be deferred or disregarded until a later CGT event happens.</p>		<p>These amounts allow the managed fund to pay a greater distribution to its unit holders. This is due to certain tax concessions funds can receive. Tax-free amounts affect the reduced cost base but not the cost base of your units in a managed fund.</p>	
Scrip-for-scrip rollover	page 8	Unapplied net capital losses from earlier years	page 6
<p>This can apply to CGT events that happen on or after 10 December 1999 in the case of a takeover or merger of a company or fund in which you have holdings. The company or fund would usually advise you if the rollover conditions have been satisfied. This rollover allows you to defer your CGT obligation until a later CGT event happens to your shares or units.</p> <p>You may only be eligible for partial rollover if you received shares (or units) plus cash for your original shares. In that case, if the information provided by the company or fund is not sufficient for you to calculate your capital gain, you may need to seek advice from us.</p>		<p>This is the amount of net capital losses from earlier years remaining after you have deducted any capital gains made between the years when the losses were made and the current year.</p> <p>You use unapplied net capital losses from earlier years to reduce capital gains in the current year (after those capital gains have been reduced by any capital losses in the current year).</p> <p>You can only use unapplied net capital losses from collectables from earlier years to reduce capital gains from collectables in the current and future years.</p>	

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MORE INFORMATION

WEBSITE

For more information go to **ato.gov.au**

PUBLICATIONS

Publications referred to in this guide are:

- *Capital gains tax (CGT) concessions for small business – overview*
- *Carrying on a business of share trading*
- *General value shifting regime: who it affects*
- *Guide to capital gains tax 2020*
- *Individual tax return instructions 2020* (NAT 71050)
- *Marriage or relationship breakdown and transferring of assets*
- *You and your shares 2020* (NAT 2632)

For information about market value or market valuation, see *Market valuation for tax purposes* at **ato.gov.au**

To get publications, taxation rulings, practice statements and forms referred to in this guide:

- go to **ato.gov.au/publications**, or
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Individual income tax and general personal tax enquiries, including capital gains tax

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Information about business income tax, fringe benefits tax (FBT), fuel tax credits (FTC), goods and services tax (GST), pay as you go (PAYG) and activity statements, including lodgment and payment, accounts and business registration (including Australian business number and tax file number), and dividend and royalty withholding tax.

Superannuation 13 10 20

OTHER SERVICES

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If you are deaf or have a hearing or speech impairment, you can phone us through the National Relay Service (NRS) on the numbers listed below, and ask for the ATO number you need:

- TTY users, phone **13 36 77**. For ATO 1800 free call numbers, phone **1800 555 677**.
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