

# Guide to the 2018 Tax Statement

## Introduction

The Tax Statement for the year ended 30 June 2018 combines any interim distributions paid throughout the year and the final distribution paid on 30 June 2018, to provide a summary of distributions paid for the year for each Fund to assist you in preparing your 2018 tax return. If you are invested in more than one Prime Value Fund, you will receive a Tax Statement for each Fund.

This guide is designed only for Australian individual resident investors who acquired units in a Prime Value Fund on capital account for tax purposes. It has been prepared for general information only and should be read in conjunction with the Australian Taxation Office's (ATO) instructions in the *Individual tax return instructions 2018* and *Individual tax return instructions supplement 2018*.

## Tax Statement

The Tax Statement is divided into the following two sections:

### *Part A – 2018 Tax Return Summary*

Part A provides the information you require to complete items 13 and 18 of the *Tax return for individuals (supplementary section) 2018*. All amounts are cross referenced to the supplementary section to allow investors with straightforward circumstances to simply complete the relevant boxes in the supplementary section. If you have other investments, you will need to combine the information from such investments with the amounts provided on the Tax Statement.

### *Part B – Components of Distribution*

Part B provides more information on the distributions made and allows you to reconcile between the cash distributions paid and the tax return information shown in Part A.

## Capital Gains

The capital gains detailed on the Tax Statement are the capital gains distributed to you from the fund. If you redeemed all or any part of your investment in the fund, any capital gain or loss made on the redemption will also need to be included in your tax return.

Capital gains tax is complex, especially where you have prior year and/or current year capital losses. The ATO have publications entitled 'Guide to capital gains tax 2018' and 'Personal investors guide to capital gains tax 2018' which may assist you.

All capital gains are NTAP therefore non-residents are not liable for Australian tax on capital gains.

## Franking Credits

You may be entitled to a refund from the ATO of franking credits detailed on the Tax Statement, even if you do not prepare a tax return. For information on this, please refer to the ATO website at <https://www.ato.gov.au/Forms/Refund-of-franking-credit-instructions-and-application-for-individuals-2018/>.

If your investment was held 'at risk' for less than 45 days, during which you received a distribution, the franking credits accompanying the distribution may not be permitted to be included in your tax return as a credit. Please refer to <https://www.ato.gov.au/Individuals/Tax-return/2018/> and read question 11 for further information.

## Defined Terms

**Capital Gains – Other Method** are capital gains on investments held for less than 12 months. For investments held for less than 12 months, no discounting is available.

**CGT Concession Amount** is the non-assessable 50% of capital gains made using the discount method.

**Discounted Capital Gains** are capital gains distributed by the fund to which a 50% discount has been applied for taxation purposes ('discount method'). The discount method is available where the capital gain is made on investments held for more than 12 months. Note that the 50% discount is relevant for individuals, however the discount for complying superannuation funds is one third and there is no discount available for companies and non-complying superannuation funds.

**Dividends - CFI unfranked amounts** are unfranked dividends that an Australian corporate tax entity has declared to be Conduit Foreign Income. Such dividends are assessable to Australian resident investors. Non-resident investors should be exempt from Australian tax and Australian non-resident withholding tax on unfranked dividends declared to be Conduit Foreign Income.

**NTAP** is Non-taxable Australian Property.

**Non resident withholding tax** is the amount of withholding tax deducted from distributions of interest and unfranked dividends to non residents and remitted to the ATO.

**TFN amounts withheld** are amounts of withholding tax deducted from the distribution and remitted to the ATO for resident investors who have not provided a tax file number, Australian Business Number or claimed a relevant exemption.

**Disclaimer**

This guide is for general information purposes only and is not advice. We strongly recommend that you seek professional taxation advice. Prime Value Asset Management Limited will not be liable to any person for any loss or damage arising as a result of relying on this information.