

A guide to your BT Capital Gains Tax Statement

2010–2011



For investors in the BT Investment Funds, BT Classic Investment Funds, BT Investor Choice Funds, BT Balanced Deeming Fund, BT Global Share Fund, BT Wholesale Multi-manager and Partner Funds. This guide provides an explanation of your BT Capital Gains Tax Statement.

How to read your statement

You only need to refer to the section of your statement that corresponds to the type of taxpayer you are (Individual, Trust, Company or Complying Superannuation Fund).

For information on any of the terms used throughout this guide, please refer to the definitions on page 4 and 5.

Your BT Capital Gains Tax (CGT) Statement sample:

MR JOHN SAMPLE NIRVANA 121 LOWER MOUNTAINS ROAD MOUNT PLEASANT NSW 0000													BT Capital Gains Tax Statement 01 July 2010 to 30 June 2011									
													MR JOHN SAMPLE investor number C000000000 page 1 of 2									
Details of capital gains and losses for													Individuals			Trusts			Companies		Complying Superannuation Funds	
Date of Disposal	Number of units	Amount received (\$)	Capital Loss ¹ (\$)	Capital gain indexed and other ² (\$)	Capital gain eligible for discount ³ (\$)	Capital Loss ¹ (\$)	Capital gain indexed and other ² (\$)	Capital gain eligible for discount ³ (\$)	Capital gain/loss	Capital Loss ¹ (\$)	Capital gain indexed and other ² (\$)	Capital gain eligible for discount ³ (\$)	Capital Loss ¹ (\$)	Capital gain indexed and other ² (\$)	Capital gain eligible for discount ³ (\$)							
Fund Name																						
Distributions																						
					34.88			34.88	34.88						34.88							
				18.01					18.01						18.01							
				0.00				0.00	0.00						0.00							
Disposals																						
22/03/08	2,646.36	4,670.83		0.00	185.16	-193.40			-101.13				0.00		84.25							
22/03/08	23.06	40.70		4.96	7.75		1.52	2.32	4.31	2.32			4.08		6.87							
22/03/08	38.89	68.64		13.60	16.49		7.80	10.69	9.15				12.12		15.01							
22/03/08	23.82	42.04		3.65	5.16		0.10	1.61	0.93				2.74		4.25							
22/03/08	43.52	76.81		4.80	6.96		0.00	0.46	0.00				3.14		5.30							
22/03/08	21.48	37.91																				
22/03/08	179.45	316.73	-3.81				-7.02								-48.78							
22/03/08	27.69	48.87						25.05		25.05					25.05							
22/03/08	609.11	1,075.08						18.82		18.82					18.82							

- Capital gains that you received by way of distributions, split up into the capital gains components. All amounts in this section must be included in calculating your capital gain.
- Where a number (including zero) appears in both columns for a disposal, you should only include one of the amounts in calculating your overall capital gain or loss. You are able to choose the amount that is most tax effective given your circumstances (ie that results in the lowest net capital gain). You do not have to use the same approach for all disposals. Any capital gains eligible for discount that you choose to include that remain after offsetting all of your current year and net prior year capital losses can be reduced by the CGT discount (50% for Individuals and Trusts and 33¹/₃% for Complying Superannuation Funds).

1_ Capital loss from disposal which may be used to offset a capital gain.

2_ Capital gain indexed and other. For distributions this is the non-discounted capital gain component. For disposals this is the capital gain from the disposal of units held for less than 12 months (other capital gains) or where the capital gain on units acquired before 21/9/99 have been

calculated using the cost base indexed to 30 September 1999 (indexed capital gains).

3_ Capital gain eligible for discount. For distributions, this is 2 × the discounted capital gain component. For disposals, this is the capital gain from the disposal of units held for at least 12 months and before any reduction by the CGT discount (discount capital gain).

- Apply prior year net capital losses → **Step 1**
Apply any net capital losses from previous years against your remaining current year capital gains (see step 6 of Part B of the CGT guide). Once again, as a general rule, it is better to apply capital losses against capital gains in the following order: capital gains other, capital gains indexation method and then capital gains discount method.
- Apply the CGT discount → **Step 1**
Any capital gains eligible for discount selected from your BT CGT Statement and from any other sources that remain after offsetting your capital gains by your current and net prior year capital losses can be reduced by the 50% CGT discount for Individuals (see step 7 of Part B of the CGT guide).
- Net capital gain → **Step 1**
Any capital gain remaining after offsetting capital losses and applying the CGT discount is your net capital gain (see step 9 of Part B of the CGT guide).
- **Step 2**
Write the net capital gain at 18 **A**.
- **Step 3**
If the capital losses have reduced your capital gain to zero, do not write anything at 18 **A** on your tax return.
- Calculate net capital losses carried forward to later income years (18 **V**) → **Step 1**
Any current year and prior year net capital losses remaining after reducing your current year capital gains are your net capital losses to be carried forward (see steps 9 and 10 of Part B of the CGT guide).
- **Step 2**
Write this amount, if any, at 18 **V**.
- The Capital Gains Tax schedule 2011 Individual investors with capital gains or losses of more than \$10,000 and who lodge their income tax return electronically (not including through Australia Post) may be required to complete a Capital Gains Tax schedule 2011 (NAT 3423).

Frequently asked questions

How have you calculated my capital gain and loss amounts from disposals?

For each parcel of units, we have compared the proceeds on disposal with the cost base of your investment, reduced by non-assessable distribution components where applicable. These non-assessable distribution components consist of tax-deferred amounts, tax-free amounts, return of capital amounts and certain CGT-concession amounts.

Please note:

CGT-concession amounts paid to you after 1 July 2001 do not reduce the cost base of your investment.

What assumptions were made?

While most resident investors (including joint holders) should be able to use this guide to complete their tax return, this guide may not be appropriate if some of the following assumptions are incorrect:

- We have used the first in, first out (FIFO) method. That is, the first parcel of units you bought is considered to be the first parcel of units you disposed of. If you choose another method, you should not use the BT CGT Statement either this year or in future years to calculate the capital gain or loss from any disposals.
- We have assumed you have not applied capital losses against distributions in the 'Capital gain eligible for discount' column in either the 2000 or 2001 tax year. If you have, you should not use your BT CGT Statement either this year or in future years to calculate the capital gains and losses from the disposal of units in the fund that the distribution relates to. This is because the reduction factor in the cost base may be incorrect.

What happens if my investment is in more than one name?

If your investment is held in two or more names, all income, tax credits, capital gains etc should be shared between all investors.

For example, if there are two investors with equal shares in one investment, each investor would have to declare only half the income, tax credits, capital gains, etc.

When will I have a capital gain or loss?

A **capital loss** will occur when the reduced cost base is greater than the proceeds you received on disposal of your investment.

Neither a capital gain nor a capital loss will occur when the proceeds received on disposal are greater than the reduced cost base but less than the adjusted cost base. A '0' will be shown on your BT CGT Statement in these cases.

A **capital gain not eligible for discount** will occur if the units were held for less than 12 months and the proceeds on disposal are greater than the adjusted cost base. This will be included on your BT CGT Statement in the 'Capital gain indexed and other' column.

A **capital gain eligible for discount** will occur if the units were held for at least 12 months and the proceeds from disposal are greater than the adjusted cost base. Units disposed of in a dollar stable fund (ie BT Cash Management Trust, Westpac Cash Management Trust and BT Premium Cash Fund) are not included in the BT CGT Statement as the disposal would not result in any gain or loss due to the fixed unit price.

Definition of terms

- **'Adjusted' cost base**
Cost base – (tax deferred + return of capital + CGT-concession distribution components received prior to 1 July 2001 – reduction factor). Where your investment was acquired before 21 September 1999, and the indexation method is chosen, the 'Adjusted' cost base also includes indexation to 30 September 1999.
- **CGT-concession amounts**
This component, when received before 1 July 2001 reduces the cost base when calculating a capital gain or a capital loss. No adjustment to the cost base is required for amounts received after 30 June 2001.
- **Cost base**
Generally the amount you invested, including any fee you paid in relation to the acquisition of your investment.
- **Discount percentage**
50% for Individuals and Trusts, 33 $\frac{1}{3}$ % for Complying Superannuation Funds and nil for Companies.

- **Non-assessable distribution components**
Includes tax-free, tax-deferred, tax-exempt, return of capital and CGT-concession distribution components shown on your BT Tax Statement.
- **Reduced cost base**
Cost base – (tax-free + tax-deferred + return of capital + CGT-concession distribution components received prior to 1 July 2001 – reduction factor).
- **Reduction factor**
When the cost base is reduced by a CGT-concession amount, some or all of this reduction may be offset by a 'reduction factor'. As we have assumed that no capital losses have been offset against distributions in the 'Capital gain eligible for discount column', the reduction factor has been calculated as the lower of:
 - discounted capital gain component – (2 × discounted capital gain component × discount percentage), or
 - the relevant non-assessable distribution components – (2 × discounted capital gain component × discount percentage).
 If capital losses have been offset against distributions of 'Capital gain eligible for discount' which were received prior to 30 June 2001, the reduction factor we have calculated will not be appropriate.
- **Tax-deferred amounts**
This component reduces the cost base when calculating a capital gain or a capital loss.
- **Tax-exempt amounts**
This component does not reduce the cost base when calculating a capital gain or loss.
- **Tax-free amounts**
This component reduces the cost base when calculating a capital loss.
- **Return of capital amounts**
This component reduces the cost base when calculating a capital gain or a capital loss.

There may be circumstances (see below) where your BT CGT Statement is inappropriate or you may not be subject to CGT. Therefore, we suggest you consult your accountant or tax adviser if you need assistance.

Adjustments to your investment	If BT withdrew any part of your investment to correct your unit balance, your statement may not be appropriate.
Breakdown of marriage	A transfer or acquisition of an investment under a court order relating to the breakdown of marriage or a maintenance agreement may result in your statement not being appropriate.
Change of name advised to us before February 1991	Investors in BT Investment Options who advised us of a change in name before February 1991 may receive a BT CGT Statement which may not be appropriate.
Deceased estates	Transfers of investments from a deceased investor to their legal personal representative, or from the legal personal representative to a beneficiary, should not give rise to a capital gain or loss. However, a capital gain or loss may arise on the disposal of the investment by the legal personal representative or beneficiary. If you received the investment under the will of the deceased, you should disregard your BT CGT Statement. If a BT CGT Statement has been issued for a deceased estate, the capital gain or loss arising from transfer of investments from the deceased investor to their legal personal representative should be disregarded.

Fee refunds	A fee refund from your financial adviser, for the fees you paid in relation to the acquisition of your investment, may result in your cost base being different.
Gearing	A transfer to and from lenders, where the investment was security for a loan, is not generally considered a disposal or acquisition for CGT purposes.
Infrastructure bonds	<p>Current and prior year distributions may have included a portion of infrastructure bond income in the tax free component. You have the option of treating this as tax free and not including it in your tax return as assessable income.</p> <p>Alternatively, you may include the amount in your assessable income and claim a 30% rebate, which is applied to reduce your tax payable. If you intend to treat, or have treated, any infrastructure bond income from your distributions as assessable income, your statement may not be appropriate.</p>
Transfers where there is no change in beneficial ownership	A transfer of an investment, or an acquisition from a transfer, where there was no change of beneficial ownership, such as when a payout occurs on a margin loan, may result in your statement not being appropriate.
Non-resident of Australia for tax purposes	Will only be subject to CGT on disposals in specific circumstances.
Non-tax paying investors	Will generally not be subject to CGT (eg because you are a charity).
Previous disposals	If you have not used the FIFO method in prior years, your statement may not be appropriate.
Residency change	If you have changed your residency status since acquiring the units, your statement may not be appropriate.
Superannuation investors	Investments held before 1 July 1988 by Complying Superannuation Funds, Approved Deposit Funds and Pooled Superannuation Trusts are subject to special CGT provisions not incorporated in the statement.
Transfer of ownership	If you transferred units to another person or you received transferred units, your statement may not be appropriate.
Units acquired as trading stock	If you are carrying on a business of investment, your statement may not be appropriate.

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More information?

- See your financial adviser.
- Visit www.bt.com.au
- Call the BT Contact Centre on 132 135
(8.00am to 6.30pm, Sydney time, Monday to Friday)
- For Wholesale investors call 1800 813 886
(8.00am to 5.30pm Sydney time, Monday to Friday).

The Responsible Entities (REs) of the Funds in BT Investment Funds are BT Funds Management Limited ABN 63 002 916 458 (BTFM), BT Funds Management No. 2 Limited ABN 22 000 727 659 (BTFM2) and Westpac Financial Services Limited ABN 20 000 241 127 (WFSL). The REs of the Funds in BT Classic Investment Funds are BTFM and BTFM2. The RE of the Funds in BT Investor Choice Funds is WFSL. The RE of the BT Balanced Deeming Fund, BT Wholesale Multi-manager and Partner Funds is BTFM. The RE of the BT Global Share Fund is BTFM2. This information does not take into account your personal objectives, financial situation or needs, so you should consider its appropriateness having regard to these factors before acting on it. This information does not constitute tax advice. Although we can give you information about your investment, please note that we are unable to give you tax advice. If you need more information to complete your tax return, we suggest you consult your accountant or tax adviser to obtain professional tax advice. Please keep your BT Tax Statement and this guide for income tax purposes. Please note that information that has been provided by third parties has not been independently verified and no company in the Westpac Group is in any way responsible for such information. Information current as at 30/06/2011. This disclaimer is subject to any contrary provision of any applicable legislation. Commonwealth material included in this publication is copyright and reproduced by permission, but does not purport to be the official or authorised version. Apart from any use permitted under the Copyright Act 1968, Commonwealth data may not be reproduced by any process without prior permission from AusInfo. Requests and enquires concerning reproduction and rights should be directed to the Manager, Legislative Services, AusInfo, GPO Box 1920, Canberra ACT 2601.

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