

# A guide to completing your tax return for the 2023/2024 financial year

The purpose of this Guide is to help individual taxpayers to include the information from their Australian Ethical managed funds tax statement (Attribution Managed Investment Trust Member Annual Statement – ‘AMMA’) in their 2024 Individual Tax Return. In your income tax return for the 2023/2024 financial year, you must include income from a trust to which you have attribution income, during the period from **1 July 2023 to 30 June 2024**.

A tax statement is provided to each person or entity who was an investor of an Australian Ethical Managed Fund during the income year. Your tax statement incorporates income that has been attributed to you for the period from **1 July 2023 to 30 June 2024** and you should receive a separate tax statement for each investment you have with us.

The tax statement provides all attribution, distribution and cost-base adjustment information relating to your Australian Ethical investment during the financial year.

Within this guide is a brief description of amounts that may appear on your tax statement including guidance to where each amount should be shown in your 2023/2024 income tax return.

## How to use this guide

If you are an **Australian resident individual taxpayer**, this guide may help you to understand your Australian Ethical managed funds tax statement (AMMA statement) and how to use it to complete the supplementary section of your tax return for FY24 (2023-24 financial year).

If you are a **part-year resident, a corporate or superannuation entity or a trust investor**, then the supplementary section of your tax statement will not apply to you. We recommend you consult your own tax adviser on how to correctly include the information from your tax statement in your FY24 tax return.

## About your tax statement

- Your tax statement includes distributions from your Australian Ethical managed funds for FY24.
- You should include these amounts in your tax return for FY24, even though you actually receive the distribution payment after 30 June 2024.
- If your tax statement is for a joint account, it includes 100% of the distributions paid into the joint account and does not split them between the joint account holders.
- If you have more than one investment with Australian Ethical, you will receive a separate tax statement for each.
- Distributions may include realised net capital gains resulting from the sale of investments by a fund.

Your tax statement does not include any taxable capital gains or losses that may have resulted from your disposal of units in the fund. If you have withdrawn, transferred or switched units during the financial year, you will need to separately calculate the gain or loss from your investment records and include it in your tax return.

## Modernising trust administration systems

For your 2024 tax return, a new ‘**Trust Income Schedule**’ is required to be lodged which includes the income disclosures from your AMMA Statement. The addition of this schedule forms part of the ATO Modernisation of Trust Administration System project and will affect tax returns lodged for the 2024 and future income years. The Australian Taxation Office (ATO) has provided **Trust Income Schedule instructions** that explain how the information in your AMMA statement should be reported on the Trust Income Schedule.

## Obtain your own tax advice

We recommend you seek professional assistance when completing your tax return. If you have questions about your tax return, please consult your tax adviser or the ATO. Australian Ethical is not able to provide you with tax advice.

If you have any questions about your investment, your tax statement or this guide, please contact us using the contact details on the back page. This guide contains general information and does not substitute any ATO instructions.

## Please note

If you have more than one investment with Australian Ethical or have received any distributions from other sources, you will need to add all relevant amounts together to complete the 2024 supplementary section.

## Supplementary section – tax return information

When completing the four items below in the supplementary section of your tax return, you should refer to the 'Summary of 2024 Tax Return (supplementary section) Items' page of your tax statement:

1. **Item 13** Partnerships and trusts
2. **Item 18** Capital gains
3. **Item 20** Foreign source income and foreign assets or property
4. **Item T7** Early-stage venture capital limited partnership

Your tax statement provides a summary of the distribution components from your investment with Australian Ethical that need to be included in your tax return. You can simply copy the amounts into the tax return label with the same name. (Please see examples on page 3 of this document)

For example, 'Non-Primary Production Income' has a tax return label of 13U and should be entered into Item 13U in the tax return. For the FY24 year, you will need to separately show any franked distributions received from your investment with Australian Ethical at **Item 13C**.

Record all summary amounts from your tax statement in the corresponding tax return label on your 2024 supplementary section. If your tax statement shows that you have an amount of 'Total current year capital gains', you will also need to print 'X' in the 'Yes' box at **Item 18G**.

The amount of franking credits you are entitled to will depend on whether or not you have held your units in each fund for more than 45 days. If your total franking credits from all sources does not exceed \$5,000, you are entitled to a credit for the full amount received, irrespective of the holding period.

The amount of 'Foreign income tax offset' you are entitled to will depend on the amount of foreign tax credits you have received from all sources. If the amount does not exceed \$1,000 you are entitled to a credit for the full amount received. If the amount is more than \$1,000 you can do one of the following:

- a. Claim a tax offset of \$1,000, or
- b. Calculate the amount of foreign income tax offset to which you are entitled. To do this please refer to the ATO's **Guide to foreign income tax offset rules 2024**. Important: Consult your tax adviser or the ATO to determine your eligibility to claim foreign tax credits, or
- c. Call the ATO on 1300 720 092.

## Capital gains additional information

The 'Components of distribution' section of your tax statement provides details about the various capital gain components distributed to you. This information will assist you if you are required to complete the ATO's CGT schedule, or if you have any current year capital losses or net capital losses from prior years that you can offset against any capital gains you have received.

See the 'Capital Gains Tax (CGT) schedule' section of this guide for more information about the ATO's CGT schedule.

More information is available in the ATO's **Personal investors guide to capital gains tax 2024** or the more comprehensive **capital gains tax guide 2024**, or by calling the ATO on 1300 720 092.

## Components of distribution

The 'Components of distribution' section of your tax statement provides a detailed breakdown of the distributions you have received for the financial year, on a fund-by-fund basis.

Please note: there may be three amounts listed for each component. They are:

- **Cash distribution** – this is the actual dollar amount distributed to you.
- **Tax paid/offsets** – this is the tax that has already been paid.
- **Attributed amount** – this is assessable for tax purposes.

## Completing your tax return

The information in this guide is not tax advice. It only relates to your investment in Australian Ethical managed funds and is not a complete guide to completing your tax return.

You should refer to the ATO's **Individual tax return instructions 2024** and the **Supplementary tax return** when completing your tax return for FY24.

These documents provide detailed instructions and are also available free of charge from newsagents or by calling the ATO on 1300 720 092.



## Australian income

The 'Australian income' section includes a breakdown of the supplementary section 'Share of non-primary production income' amount.

The components are:

- **Dividends (unfranked)** – received from Australian resident companies where there is no franking credit attached to the dividend.
- **Conduit foreign income** – unfranked dividends from Australian resident companies that have declared this amount to be 'conduit foreign income'. These dividends are treated as 'unfranked' dividends by Australian resident investors.
- **Interest** – amounts earned on cash or fixed interest securities held in Australia.
- **Other income** – any other income from Australian sources (excluding capital gains) that is taxable. This includes rental income from direct or indirect property investments.
- **Clean Building MIT income, NCMI – Non-primary production, Excluded from NCMI** – amounts earned in respect of interests in investments which attract varying rates of withholding for non-resident investors. For Australian residents, these amounts are treated the same way as other income.

## Franked distributions from trusts

The 'Australian income' section also includes Franked Dividends which are dividends received from Australian resident companies that have paid Australian tax on their earnings.

The franking credit attached to the dividend reflects the amount of tax that has already been paid by the company issuing the dividend. When a fund receives franked dividends, the franking credits are passed on to investors. The franking credits (shown in the 'Tax Paid/Offsets' column) are assessable but you are entitled to a franking tax offset equal to the amount of the franking credit included in your assessable income. Franking credits may also be attached to dividends paid by New Zealand companies who have paid Australian tax. These franking credits are included with the franking credits attached to dividends paid by Australian companies and are not shown separately on your annual tax statement.

## Early-stage venture capital limited partnerships

Australian Ethical invests in alternative assets including limited partnership interests in early-stage venture capital. The Government offers tax offset incentives for investing in these products. A tax offset may be available to investors (where notified in the tax statement) and can be used to offset tax payable on other income.

## Capital gains

Capital gains have been split between 'TAP' (gains relating to taxable Australian property) and 'NTAP' (relating to non-TAP gains). This split is irrelevant for most Australian resident investors but is utilised in the calculation of certain tax consequences for non-resident investors. The various capital gain components in both TAP and NTAP are:

- **Discounted capital gains** – gains made on the disposal of investments that have been held for at least 12 months. The gain has been reduced by 50% as a result of the CGT discount available to trusts.
- **Capital gains (other method)** – gains made on the disposal of investments disposed of within 12 months of acquisition. For such investments, no CGT discount is available.
- **Net capital gain** – the sum of all discounted capital gains and capital gains (other method).
- **AMIT CGT gross up amount** – amount equals the sum of all discounted capital gains. This is the portion of the capital gain that has been reduced by the 50% discount and is non-assessable.
- **Other capital gains distribution** – the non-assessable portion of discounted capital gains.
- **Total current year capital gains** – the sum of all discounted capital gains, capital gains (other method) and other capital gains distribution.

## Foreign income

The 'Foreign income' section includes all 'Assessable foreign source income', except for foreign capital gains, which form part of the 'Capital gains' section. This includes:

- **Interest income** – income earned on cash or fixed interest securities held outside Australia.
- **Dividend income** – income received from companies resident outside Australia.
- **Other assessable income** – any other income received from investments held outside Australia that is taxable.

The sum of all of the Attribution amount subtotals in the 'Foreign income' section for all your funds is equal to the 'Assessable foreign source income'.

## Other non-assessable amounts

'Other non-assessable amounts' includes distribution components that are not subject to income tax on receipt but may give rise to a cost base adjustment for CGT purposes:

- **Net exempt amounts** – income on which you do not need to pay tax but for which you may need to reduce the cost base of your Australian Ethical investment.
- **Non-assessable non-exempt income** – income on which you do not need to pay tax.

- **Other non-attributable amounts** – income on which you do not need to pay tax. These amounts will broadly correspond to tax deferred amounts. Tax deferred components reduce the cost base of your Australian Ethical investment. If this amount exceeds your cost base the excess will be treated as a capital gain.

### Attribution Managed Investment Trust (AMIT) – cost base adjustments

This represents the difference between cash distributions and income attributed to you.

**AMIT cost base net increase (shortfall)** – a cost base increase arises where the sum of gross cash distribution and tax offsets (cash distribution column) is less than the total attribution amount (attribution column).

**AMIT cost base net decrease (excess)** – a cost base reduction arises where the sum of gross cash distribution and tax offsets (cash distribution column) is more than the total attribution amount (attribution column). A capital gain may also arise if the amount of AMIT cost base net decrease is greater than your original cost base.

### Other items

- **TFN amounts withheld** – the tax that has been deducted from your distribution if you have not provided us with your Tax File Number (TFN) or Australian Business Number (ABN).
- **Net cash distribution** – the sum of all distributions you received from the fund.

### 2024 tax return for individuals – net financial investment loss

If you have claimed a deduction in relation to your investment in the Australian Ethical managed funds, then you will also need to complete Item IT5 in your 2024 Tax Return.

Please refer to ATO's [IT5 Net financial investment loss 2024](#) for guidance on the question.

**Item IT5 Net Financial Investment Loss** is not used to calculate your taxable income. It may however be used to accurately assess your tax offset entitlement, Medicare levy surcharge and other Government entitlements.

### Additional information

#### Refund of excess franking credits

Resident individual investors may be entitled to a refund of any excess franking credits. If you do not have to lodge a tax return, you may wish to refer to the [ATO's Refund of franking credits application and instructions for individuals 2024](#) for more information.

#### Capital gains tax (CGT) schedule

The ATO's CGT schedule may need to be completed if you are lodging your tax return electronically.

#### Information for resident superannuation entities only

The following information is only relevant for Australian resident superannuation entities and companies. All other information in this guide assumes you are an Australian resident individual taxpayer.

#### Discounted capital gains adjustments for complying superannuation entities and companies

The 'Discounted capital gains' amounts and the 'Net capital gain' amount in the 'Capital gains' section(s) of the annual tax statement are after the 50% CGT discount has been applied (available to individuals and trusts).

Accordingly, a company or complying superannuation entity should use the aggregated information contained in 'Components of distribution' of the annual tax statement to determine the correct capital gains for tax purposes.

#### Complying superannuation entities

Complying superannuation entities are entitled to a discount of one third of the total capital gain in relation to discount capital gains.

To calculate the adjusted 'Discounted capital gains' and then the 'Net capital gain':

**Step 1.** Double (gross up) your 'Discounted capital gain' shown in the 'Components of distribution', and then multiply by two thirds. **The result is your adjusted 'Discounted capital gain'** which is subject to tax.

**Step 2.** Recalculate the net capital gains by using the amounts calculated in Step 1 and adding any 'Capital gains – other method' (non-discounted capital gains). **The result is your 'Net capital gain'**.

#### Companies

Companies are not entitled to any CGT discount. The assessable capital gain from the distribution is equal to the 'Total current year capital gains'.

Please note: The above information assumes that you do not have any current year capital losses or net capital losses from prior years to offset against the capital gains distributed to you from your investments with Australian Ethical. For further information please contact your tax adviser or the ATO.

The information in this guide is not tax advice as it does not take into account your personal objectives, financial situation or needs. We recommend you seek professional assistance when completing your tax return. If you have questions about your tax return, please consult your tax adviser or the Australian Taxation Office (ATO). To the extent permitted by law, no liability is accepted by any company in the Australian Ethical Investment Ltd\* for any loss or damage as a result of any reliance on this.

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T 1800 021 227 | E [investors@australianethical.com.au](mailto:investors@australianethical.com.au) | W [australianethical.com.au](http://australianethical.com.au) | P Reply Paid 3993, Sydney NSW 2001