

| Blank Undo | | ENTITY | | | | | | | | | | | |
|---------------------|---------|--------|------|------|------|------|------|--|-----|-----|-----|-----|--|
| Year | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Pre-tax | | | | | | | | | | | | | |
| Value net assets | | 2000 | 2215 | 2428 | 2646 | 2874 | 2942 | Combined depreciating asset and appreciating asset | | | | | |
| Net receipts | | 0 | 250 | 239 | 230 | 224 | 219 | 0 | 0 | 0 | 0 | 0 | |
| Change in value | | 0 | -50 | -18 | 13 | 41 | 68 | Net asset value increase from Year 3 | | | | | |
| Income | | 0 | 200 | 221 | 243 | 265 | 287 | Economic income = Net receipts + change in asset value | | | | | |
| Cash flow | | -2000 | -15 | 9 | 25 | 36 | 3161 | 0 | 0 | 0 | 0 | 0 | |
| Pre-tax return % | IRR Clr | | 0.0 | 0.0 | 0.0 | 0.0 | 10.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Post-tax | | | | | | | | | | | | | |
| Tax value | | 2000 | 1965 | 1985 | 2044 | 2128 | 2056 | 0 | 0 | 0 | 0 | 0 | |
| Change in tax value | | | -300 | -210 | -147 | -103 | -72 | 30% annual depreciation allowances for asset depreciating at 15% pa | | | | | |
| Balancing adjustmt | | | 0 | 0 | 0 | 0 | 276 | Balancing adjustment on disposal of depreciating asset | | | | | |
| CGT bal adj | | | 0 | 0 | 0 | 0 | 611 | Realised gain on sale of of appreciating asset | | | | | |
| Post-tax cash flow | | -2000 | 0 | 0 | 0 | 0 | 2851 | Entity's return higher than 7% because of capital gains and depreciation tax preferences in taxable income | | | | | |
| Acc tax paid | | | -15 | -6 | 19 | 55 | 365 | | | | | | |
| Post-tax return % | IRR Clr | | 0.0 | 0.0 | 0.0 | 0.0 | 7.4 | | | | | | |

| ENTITY OWNERS/BENEFICIARIES | | | | | | | | | | | | | |
|-----------------------------|--|-------|-------|-------|-------|-------|-------|---|--|--|--|---|---|
| Retain entity/sell (0/1) | | | 1 | 1 | 1 | 1 | 0 | Interests sold each year | | | | 0 | 0 |
| Retain/distribute | | | 0 | 0 | 0 | 0 | 1 | All cash retained each year | | | | 0 | 0 |
| Value (share) | | 2000 | 2215 | 2428 | 2646 | 2874 | 0 | Tax value of entity interests - annual tax value changes equal taxable income (net receipts plus change in assets' tax value) less actual distributions (post-tax cash flow) and entity tax paid. | | | | | |
| Tax value adjusted | | 2000 | 1965 | 2235 | 2486 | 2730 | 746 | | | | | | |
| Franked div int (share) | | | -35 | 20 | 58 | 84 | 723 | In final liquidation year, to the acquisition price of \$2874 for buyers in Year 4 adding \$1034 of taxable income and subtracting \$2851 distribution and \$310 entity tax paid leaves \$746. Thus, a capital loss of \$746 is realised on liquidation by those buying the entity in Year 4. This matches the total of economic income not in taxable income year by year and taxed under CGT. | | | | | |
| Unfrank div int (share) | | | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Return of cap (share) | | -2000 | 0 | 0 | 0 | 0 | 2000 | | | | | | |
| Tax paid | 10% to 5.3% post tax each year as economic income taxed at 47% | | -8 | 5 | 14 | 21 | 176 | | | | | | |
| CGT base | | | 250 | 192 | 160 | 144 | -746 | | | | | | |
| CGT | | | 117 | 90 | 75 | 68 | -351 | | | | | | |
| Post-tax cash flow | | -2000 | 2106 | 2332 | 2556 | 2786 | 3026 | | | | | | |
| Post-tax return | | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | |
| Return(sales) | Delete | | 5.30% | 5.30% | 5.30% | 5.30% | 5.30% | \$572 total tax revenue, ie 47% x \$1216 of total economic income from entity's assets (\$234 from cash retained in bank account). | | | | | |
| Acc overall i/tax paid | | | 94 | 198 | 312 | 437 | 572 | | | | | | |

'Franked' dividends in a year reflect the amount of annual taxable income ('unfranked' dividends are zero with integration based on taxable income). Individual owners pay tax at 47% each year on franked (grossed up) less franking credits regardless of actual distributions and on CGT base. \$723 of franked dividends in final year include realised capital gains and depreciation adjustments reflecting prior tax preferences, \$746 of which had been taxed before under CGT.

FULL INTEGRATION ON TAXABLE INCOME (WITH IMPUTATION): NO DISTRIBUTIONS AND SALES EACH YEAR OF INTERESTS