

Blank Undo		ENTITY											
Year		0	1	2	3	4	5	6	7	8	9	10	
Pre-tax													
Value net assets		2000	1950	1932	1945	1986	2054	Combined value of all assets					
Net receipts		0	250	213	181	154	131	0	0	0	0	0	
Change in value		0	-150	-128	-108	-92	532	With no land revaluation asset value declines until final year					
Income		0	100	85	72	61	663	Income in entity distributions = Net receipts + Change in value					
Cash flow		-2000	250	213	181	154	2185	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	1700	1490	1343	1240	1168	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	CGT on sale of of appreciating asset (100% of increase in value)					
Post-tax cash flow		-2000	265	212	171	138	1901	Entity tax rate 30%					
Acc tax paid			-15	-14	-4	11	294	Entity's return higher than 7% because of capital gains and depreciation tax preferences in taxable income					
Post-tax return %	IRR Clr		0.0	0.0	0.0	0.0	7.4						

ENTITY OWNERS/BENEFICIARIES													
Retain entity/sell (0/1)			0	0	0	0	0	No interests sold					0
Retain/distribute			1	1	1	1	1	Interests sold each year					0
Value (share)		2000	1950	1932	1945	1986	0	All of the entity's income is taxed and distributed as franked dividends across the years (including liquidation). \$282 of distributions are recognised as income (includes no accrued gains) and taxed in owners' hands as unfranked dividends in years prior to liquidation. In addition, \$478 return of capital occurs in Years 1 to 4 when cash distributed exceeds annual measured income. Therefore, only \$1240 of cash paid out on liquidation is counted as a return of capital compared to the original \$2000 capital contributed (\$2000 - \$282 - \$478). Thus, a capital loss of \$282 is realised on liquidation by those originally contributing capital (\$2000 - \$478 - \$1240).					
Tax value (share)		2000	1850	1723	1614	1522	282						
Franked div (share)			-35	2	24	35	661						
Unfranked div (share)			150	83	39	11	0						
Return of cap (share)		-2000	150	128	108	92	1240						
Tax paid			62	39	24	14	161						
CGT base			0	0	0	0	-282						
CGT			0	0	0	0	-132						
Post-tax cash flow		-2000	203	173	147	125	1873						
Post-tax return			0.0	0.0	0.0	0.0	0.0						
Return(sales)	Delete							5.58%					
Acc overall i/tax paid			47	87	121	150	461	\$461 total tax revenue (ie 47% x \$982 of total economic income from the entity's assets)					

Return increases from the ideal 5.3% (ie 10% pre-tax reduced by individuals' 47% tax rate) as a result of less tax paid in years prior to liquidation because less of the distributions in those years is classed as unfranked dividends (classed as returns of capital) as a result of tax authority's measure of income for entity distribution purposes excluding accrued capital gains on land.

FULL IMPUTATION: ANNUAL DISTRIBUTIONS AND NO SALES OF INTERESTS (NO LAND REVALUATION)