

Blank Undo		ENTITY											
Year		0	1	2	3	4	5	6	7	8	9	10	
<b>Pre-tax</b>													
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	
<b>Post-tax</b>													
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 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	All cash distributed each year					0
Value (share)		2000	1950	1932	1945	1986	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	1700	1490	1343	1240	0						
Franked div int (share)			-35	2	24	35	661	In final liquidation year, the \$1901 distribution comprises \$661 of 'franked' dividends and \$1240 return of capital. This matches the \$1240 tax value of entity interests in Year 4 (reflecting tax preferences). Thus, no capital loss is realised on liquidation by those originally capitalising the entity.					
Unfrank div int (share)			0	0	0	0	0						
Return of cap (share)		-2000	150	128	108	92	1240	\$461 total tax revenue (ie 47% x \$982 of total economic income from the entity's assets)					
Tax paid			-8	0	6	9	161						
CGT base			0	0	0	0	0						
CGT			0	0	0	0	0						
Post-tax cash flow		-2000	274	211	165	130	1741						
Post-tax return			0.0	0.0	0.0	0.0	0.0						
Return(sales)	Delete							5.84%					
Acc overall i/tax paid			-23	-22	-7	17	461						

Return unchanged from the 5.8% (also achieved by the direct individual investor) by tax authority's exclusion of accrued gains on land from its measure of income for entity distribution purposes. That is because under full integration based on taxable income, it is only annual taxable income that is taxed to individual entity owners/beneficiaries and here taxable income also excludes accrued gains.

**FULL INTEGRATION OF TAXABLE INCOME (WITH IMPUTATION): ANNUAL DISTRIBUTIONS AND NO SALES OF INTERESTS (NO LAND REVALUATION)**