

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	-50	-18	13	41	68	Net asset value increases from Year 3					
Income		0	200	195	193	195	199	Economic income = Net receipts + change in asset 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	Realised gain on sale of of appreciating asset - not taxed					
Post-tax cash flow		-2000	250	213	181	154	2185	Entity tax rate 0% (with full distributions)					
Acc tax paid			0	0	0	0	0	Entity's 10% pre-tax return untaxed with full distributions					
Post-tax return %	IRR   Clr		0.0	0.0	0.0	0.0	10.0						
<b>ENTITY OWNERS/BENEFICIARIES</b>													
Retain entity/sell (0/1)			1	1	1	1	0	Interests sold each year					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 distributions that are not taxable income, <b>excluding income untaxed because of 'permanent' preference (1/2 CGT).</b>					
Tax value adjusted		2000	1750	1737	1752	1828	441						
Franked div (share)			0	0	0	37	639						
Unfranked div (share)			200	195	181	117	0	'Unfranked divs': economic income not included in taxable income					
Return of cap (share)		-2000	50	18	0	0	1545	In final liquidation year, the \$2185 distribution comprises \$639 of 'franked' dividends and \$1545 'return of capital' - comprising \$305 untaxed realised gain and \$1240 capital return. As the \$1986 tax value of entity interests acquired in Year 4 is reduced to \$746 by the \$1240 capital return (the \$305 does not reduce the tax value), a \$746 capital loss is realised on liquidation by those holding interests.					
Tax paid			0	0	0	17	300						
CGT base			200	195	193	158	-746						
CGT			47	46	45	37	-175						
Post-tax cash flow		-2000	2153	2099	2080	2085	2060						
Post-tax return			0.0	0.0	0.0	0.0	0.0						
Return(sales)	Delete		7.65%	7.65%	7.65%	7.21%	3.70%						
Acc overall i/tax paid			47	93	138	193	318	\$318 total tax revenue - ie \$461 (47% x \$982 of total economic income from the entity's assets) less \$143 (1/2 x \$611 gain x 47%)					
<p>The total \$318 of tax revenue associated with this 7.2% return (the same as that for the direct individual investor) reflects the fact that all of the tax savings (\$143) from 1/2 CGT applying to the \$611 capital gain on land remains intact.</p>													

**FIXED TRUST: DISTRIBUTIONS AND SALES OF INTERESTS EACH YEAR (1/2 CGT WITH SUPPORTING TAX VALUE ADJUSTMENTS)**