

		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	-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
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	Realised gain on sale 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					
		ENTITY OWNERS/BENEFICIARIES										
Retain entity/sell (0/1)			1	1	1	1	0	Interests sold each year				
Retain/distribute			1	1	1	1	1	All cash distributed each year				
Value (share)		2000	1950	1932	1945	1986	0	Tax value of entity interests pre-sale: annual tax value changes equal distributions that are a return of capital, plus any prior years' income untaxed because of 'temporary' preferences and subject to balancing adjustments in the year.				
Tax value (share)		2000	1950	1932	1945	1986	54	In final liquidation year, the \$2185 distribution comprises \$639 of taxable income and \$1545 'return of capital' (including \$305 of untaxed realised gain). The tax value of \$1986 of entity interests in Year 4 less this \$1545 less the \$692 of prior distributions of untaxed income, excluding the \$305 of final year gains not subject to balancing adjustments, leaves \$54 - the capital loss realised on liquidation.				
Franked div (share)			0	0	0	37	639					
Unfranked div (share)			200	195	181	117	0					
Return of cap (share)		-2000	50	18	0	0	1545					
Tax paid			0	0	0	17	300					
CGT base			0	0	13	41	-54					
CGT			0	0	3	10	-13					
Post-tax cash flow		-2000	2200	2145	2123	2113	1897					
Post-tax return			0.0	0.0	0.0	0.0	0.0					
Return(sales)	Delete		10.00%	10.00%	9.85%	8.62%	-4.50%					
Acc overall i/tax paid			0	0	3	30	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%)				

The total \$318 of tax revenue shows that the 1/2 CGT applying to the \$611 capital gain on land remains intact. But the complicated tax value adjustments to entity interests used here to achieve that outcome result in large differences in annual after-tax returns.

FIXED TRUST: DISTRIBUTIONS AND NO SALES OF INTERESTS EACH YEAR (1/2 CGT WITH SUPPORTING TAX VALUE ADJUSTMENTS)