

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)					0
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)			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	With all cash from net receipts being distributed across the years, \$692 of distributions out of tax preferences (accrued gains and accelerated depreciation) is untaxed and equivalent to a return of capital. In the final liquidation year, the \$2185 distributed comprises \$639 taxable income (including 1/2 realised gains and depreciation adjustments) and \$1545 'return of capital' - really \$305 of untaxed capital gain previously distributed and \$1240 capital return. Added to the \$68 return of capital in Years 1 & 2 when cash distributed exceeds annual economic income and the \$692 of previously distributed untaxed income, the total return of capital of \$2000 matches that originally contributed.					
Tax value (share)		0	0	0	0	0	0						
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	0	0	0						
CGT			0	0	0	0	0						
Post-tax cash flow		-2000	250	213	181	136	1884						
Post-tax return			0.0	0.0	0.0	0.0	0.0						
Return(sales) Delete							7.18%	\$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%)					
Acc overall i/tax paid			0	0	0	17	318						

The return virtually matching that of the direct individual investor (though different loss treatment results in different cash flows) and the total \$318 of tax revenue shows that the 1/2 CGT applying to the \$611 capital gain on land remains intact.

#### DISCRETIONARY TRUST TRUST: ANNUAL DISTRIBUTIONS AND NO SALES OF INTERESTS (1/2 CGT)