

		ENTITY											
Blank Undo		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 - 1/2 in taxable income					
Post-tax cash flow		-2000	265	212	171	138	1993	Entity tax rate 30%					
Acc tax paid			-15	-14	-4	11	203	Entity's return higher than 7% because of capital gains and depreciation tax preferences					
Post-tax return %	IRR Clr		0.0	0.0	0.0	0.0	8.3						

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	In final liquidation year when all assets are sold and proceeds distributed, \$305 of the distributions (representing 1/2 the capital gain realised on the sale of land) are treated as a return of capital and not unfranked dividends. Thus, with 1/2 CGT applying at the entity level (and because accrued gains have effectively been taxed in prior years as unfranked dividends), franked dividends fall from \$661 to \$448 and the capital return in Year 5 increases from \$1240 to \$1545. As a result, a capital loss of \$441 (not \$746) is realised on liquidation by those buying the entity in Year 4 (\$1986 - \$1545).					
Tax value adjusted		2000	1950	1932	1932	1945	441						
Franked div (share)			-35	2	24	35	448						
Unfranked div (share)			250	192	147	103	0						
Return of cap (share)		-2000	50	18	0	0	1545						
Tax paid			109	91	75	57	109						
CGT base			0	0	13	41	-441						
CGT			0	0	3	10	-104						
Post-tax cash flow		-2000	2106	2053	2038	2058	1988						
Post-tax return			0.0	0.0	0.0	0.0	0.0						
Return(sales)	Delete		5.30%	5.30%	5.45%	5.80%	0.08%	\$552 total tax revenue includes \$91 more than 47% x \$982 of total economic income because of 1/2 CGT effect in Years 3 to 5					
Acc overall i/tax paid			94	186	274	355	552						

Unfranked dividends in a year reflect economic income of the entity that is not taxed in the entity in that year because of capital gains and depreciation tax preferences. Franked dividends reflect income that is taxed in the entity. Returns of capital reflect distributions greater than economic income. In years when assets are sold and proceeds distributed (as in Year 5) and once available franking credits are fully utilised, if prior distributions exhaust economic income to date, remaining distributions will be classed as a return of capital.

**FULL IMPUTATION: DISTRIBUTION AND SALES OF INTERESTS EACH YEAR (1/2 CGT BOTH LEVELS)**