

		ENTITY											
Blank Undo		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	-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	
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 of appreciating asset - 1/2 in taxable income					
Post-tax cash flow		-2000	265	212	171	138	1993	Entity's return higher than 7% because of capital gains and depreciation tax preferences					
Acc tax paid			-15	-14	-4	11	203						
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		0	0		
Retain/distribute			1	1	1	1	1	All cash retained each year		0	0		
Value (share)		2000	1950	1932	1945	1986	0	In final liquidation year when all assets are sold and proceeds distributed, only \$23 of the distributions representing 1/2 the capital gain realised on the sale of land (\$305 - and untaxed in the entity) are treated as unfranked dividends - because the \$23 sees unfranked dividends total \$305. The net effect is a single layer of tax at 47% applying to economic income with \$2000 return of capital across the years - \$1522 in Year 5. As a result, a capital loss of \$464 is realised on liquidation by those buying the entity in Year 4 (\$1986 - \$1522). That capital loss balances the total capital gains in Years 1 to 4 so 1/2 CGT has no net effect on the single layer of tax.					
Tax value (share)		2000	1950	1932	1945	1986	464						
Franked div (share)			-35	2	24	35	448						
Unfranked div (share)			150	83	39	11	23						
Return of cap (share)		-2000	150	128	108	92	1522						
Tax paid			62	39	24	14	120						
CGT base			100	110	121	133	-464						
CGT			24	26	28	31	-109						
Post-tax cash flow		-2000	2130	2079	2063	2079	1982						
Post-tax return			0.0	0.0	0.0	0.0	0.0						
Return(sales)	Delete		6.48%	6.62%	6.77%	6.91%	-0.19%	\$461 total tax revenue (ie 47% x \$982 of total economic income)					
Acc overall i/tax paid			71	136	199	259	461						

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. with 1/2 CGT applying at the entity level and no land revaluation, a single layer of tax at 47% applies to all economic income (and 1/2 CGT does not affect that.)

FULL IMPUTATION: DISTRIBUTION AND SALES OF INTERESTS EACH YEAR (1/2 CGT BOTH LEVELS, NO LAND REVALUATION)