

Blank Undo		INFRASTRUCTURE COMPANY											
Year		0	1	2	3	4	5	6	7	8	9	10	
Pre-tax													
Value net assets		1000	1100	1210	1331	1464	1391	1321	1255	1193	1133	1076	Asset value
Net receipts		0	0	0	0	0	220	209	198	188	179	170	
Cash flow		-1000	0	0	0	0	220	209	198	188	179	1246	
Pre-tax return %	IRR Clr		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	
Post-tax													
Tax value		1000	1000	1000	1000	1000	950	903	857	815	774	735	Tax value
Change in tax value			0	0	0	0	-50	-48	-45	-43	-41	-39	Depreciation balancing adjustment on asset sale
Balancing adjustmt			5% depreciation on \$1000 cap expenditure				0	0	0	0	0	341	
CGT bal adj			Entity tax rate 30%				0	0	0	0	0	0	
Post-tax cash flow		-1000	0	0	0	0	169	160	152	145	137	1104	
Acc tax paid			0	0	0	0	51	99	145	189	230	372	
Post-tax return %	IRR Clr		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.5	Entity's return higher than 7% because of no tax on up-front accrued gains
SHAREHOLDERS													
Retain entity/sell (0/1)			0	0	0	0	0	0	0	0	0	0	Shares never sold
Retain/distribute			0	0	0	0	1	1	1	1	1	1	All cash distributed
Value (share)		1000	1100	1210	1331	1464	1391	1321	1255	1193	1133	0	
Tax value (share)		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	226	
Franked div (share)			0	0	0	0	119	113	107	102	97	331	10% pre-tax to 5.8% post tax which is higher than the 'neutral' 5.3% post-tax return with no tax on early accrued gains.
Unfranked div (share)			0	0	0	0	50	48	45	43	41	0	
Return of cap (share)		-1000	0	0	0	0	0	0	0	0	0	774	
Tax paid			0	0	0	0	52	50	47	45	43	80	
CGT base	Shareholders' taxed at 47%		0	0	0	0	0	0	0	0	0	-226	
CGT			0	0	0	0	0	0	0	0	0	-106	
Post-tax cash flow		-1000	0	0	0	0	116	111	105	100	95	1130	
Post-tax return			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Return(sales)	Delete												5.82%
Acc overall i/tax paid			0	0	0	0	103	201	294	383	467	583	

Because \$226 of unfranked dividends (distributed economic income not in company's taxable income) have been taxed to shareholders over the years, only \$774 of cash paid out on liquidation is a return of capital (ie \$1000 contributed capital less \$226). Thus, the original shareholders realise a \$226 capital loss on liquidation (\$1000 - \$774).

\$583 total tax revenue, ie 47% of \$1240 of economic income from infrastructure asset

INFRASTRUCTURE COMPANY: FULL IMPUTATION WITH DISTRIBUTION BUT NO SALES OF SHARES EACH YEAR