

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn	Tot income
0	1000			1000		-1000	1000		1240
1	0	0	100	1100	100	0	1100	100	
2	0	0	110	1210	110	0	1210	110	
3	0	0	121	1331	121	0	1331	121	
4	0	0	133	1464	133	0	1464	133	
5	0	220	-73	1391	146	220	1391	-73	
6	0	209	-70	1321	139	209	1321	-70	
7	0	198	-66	1255	132	198	1255	-66	
8	0	188	-63	1193	126	188	1193	-63	
9	0	179	-60	1133	119	179	1133	-60	
10	-1076	170	-57	1076	113	1246	1076	-57	

Tax value = actual value

Value increases as the delay before accessing first net receipts in Year 5 decreases then declines at 5% pa

Pre-tax Actual value declining after Year 4 at 5%

10.00%

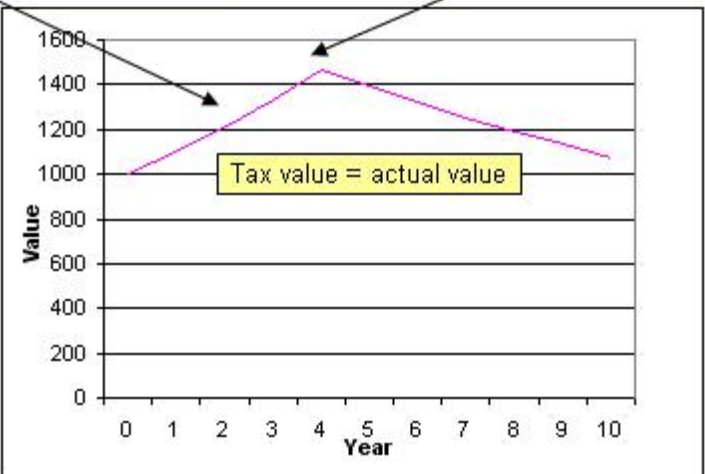
Pre-tax return

Early increase in value taxed

Year	Benchmark		Tax Treatment	
	Tax	Cash Flow	Tax	Cash Flow
0	0	-1000		-1000
1	30	-30	30	-30
2	33	-33	33	-33
3	36	-36	36	-36
4	40	-40	40	-40
5	44	176	44	176
6	42	167	42	167
7	40	159	40	159
8	38	151	38	151
9	36	143	36	143
10	34	1212	34	1212

Post-tax 372 7.00%

372 7.00%



Benchmark: Tax at 30% on net receipts plus annual change in value reduces 10% pre-tax return by 30% to 7%

Tax treatment: Taxable income equals economic income (ie benchmark tax treatment).

STYLISED INFRASTRUCTURE PROJECT TAXED ON ITS ECONOMIC INCOME