

Wrap Tax Guide

Wrap Tax Policy Guide

For the year ended 30 June 2019

Part 1

General Information

Part 1 of the Wrap Tax Guide outlines the tax assumptions and policies Wrap Services has used to prepare your Wrap Tax Statement. It will help you to understand your statement and the detailed supporting schedules, which have been provided as part of a reporting service to assist in the preparation of your income tax return.

This commentary is only intended as a general guide and does not represent tax advice. Some of the assumptions and policies adopted may not apply to your individual circumstances and you may need to use different tax treatments.

We strongly recommend you consult your accountant or tax adviser regarding your personal tax position, particularly if you hold assets outside of Wrap or if you are not sure if the tax policies and assumptions we have adopted are appropriate to your personal circumstances. You should provide them with this Guide, your Tax Statement and supporting schedules. Please retain the Tax Statement and this Guide for income tax purposes.

If a tax policy or assumption we have adopted for a particular item is not applicable to your personal circumstances, you should recalculate that item and use the new amount instead of what is shown on the Tax Statement.

Different tax policies have been adopted to prepare your Wrap Tax Statement, depending on your account type. The different account types used by Wrap are:

- individual
- company
- superannuation fund (complying)
- partnership/joint account
- trust.

Your account type is shown on the first page of your Tax Statement Summary. Your Tax Statement displays references for your use when completing your tax return. These references are relevant to your account type.

Please note the following points:

We have combined the partnership and joint account structures. The Tax Statement contains tax return references for both partnership and individuals respectively.

Where we have been advised that the Wrap portfolio is for a deceased estate, we have shown the relevant Trust tax return references.

If your account type is a superannuation fund you should refer to the Wrap Tax Guide — Self Managed Super Fund.

You may also be a resident or non-resident of Australia for tax purposes. If you are a non-resident you can find additional information on pages 10 and 11 of this Guide. We recommend you read this in conjunction with the following information.

General tax policies and assumptions used

Following is a list of all the tax policies and assumptions used in the preparation of your Tax Statement.

1. Wrap Services have assumed that you acquired all assets in the portfolio as a passive investor and have, therefore, applied the capital gains tax provisions to your investments. This treatment has been extended to assets described on the Australian Securities Exchange (ASX) as MINIs. The exceptions to this are securities that are taxed on revenue account under the Income Tax Assessment Acts 1936 and 1997 (apart from assets described on the ASX website as MINIs which Wrap Services has assumed to be on capital account). We generally have performed the classification based on information provided on the ASX website.

The assets held in this portfolio may comprise:

- units in unlisted trusts managed by various fund managers;
- securities listed on the ASX;
- holdings in Westpac Term Deposits; and
- cash held in the Cash Account.

2. Your taxable income from the portfolio has been calculated for the current year. It does not take into account any prior year losses (both Australian and foreign) or income from sources outside of Wrap.

Prior year net capital losses have not been taken into account in working out your capital gain.

3. Transferred assets — Your adviser has supplied Wrap Services with the purchase date and original cost of each security transferred into your Wrap account.

The gain or loss calculated for any parcel you have sold will be incorrect if either the purchase date or original cost supplied to Wrap Services is incorrect. Please review all disposals to ensure the purchase date and original cost is correct for each parcel sold.

In particular if you acquired any of your investments under a Will, or from your spouse under a court order relating to the breakdown of marriage or a maintenance agreement, please review all disposals to ensure that the acquisition date and original cost is correct for each parcel sold.

Your Tax Statement does not include any income that you were entitled to or received from an investment prior to it being transferred into your Wrap account.

4. Each security you have sold has been automatically allocated on a Minimum Gain (Min Gain) basis, unless you have selected an alternative allocation method. The Min Gain method means that sales are allocated to the investment parcel that delivers the lowest estimated taxable gain. If you have selected an alternative allocation method on Wrap, such as FIFO (first in first out) or Maximum Gain, this is what will be reflected in your Tax Statement. Pre CGT tax parcels held by taxpayers other than superannuation funds are the last to be sold on Min Gain basis, after all taxable parcels have been fully allocated.
5. All buys and sells have been based on trade date, irrespective of when settlement occurred.
6. Some transaction based fees, including any GST amounts paid, have been included as part of the cost base of the security. You may need to include other costs incurred outside of Wrap that we have not included in the cost base to calculate the correct gain or loss for tax purposes. If you have advised Wrap Services that you are registered for GST we have taken into account the Reduced Input Tax Credit (RITC) you would have received in calculating the cost base.
7. For a superannuation fund we have assumed that the Fund's status under the Superannuation Industry (Supervision) Act 1993 (SIS Act) is complying.
8. The Tax Statement has been based on your residency for tax purposes at the time that your statement is generated.
9. Wrap Services has not applied the Taxation of Financial Arrangements (TOFA) legislation to determine the tax treatment of gains and losses from financial arrangements in your portfolio for the current year. If you believe that these provisions apply to your investments, please consult your accountant or tax adviser to confirm the applicable tax treatment.
10. Your investment in a security may be affected by corporate actions undertaken by the issuer. Where available, Wrap Services will apply the tax treatments as advised in associated Australian Taxation Office (ATO) rulings or independent advice accompanying the corporate action. You should note that there are a variety of corporate actions with differing tax consequences; we recommend you consult your accountant or tax adviser if a corporate action applies to you.

Important Note

Your Tax Statement may include income received from your Wrap investments that has been deposited into a bank account other than the Cash Account. Make sure you do not include this income in your tax return twice. Your Tax Statement does not include income deposited into the Cash Account from non-Wrap related investments.

Can anyone use their Tax Statement and this Guide?

While most investors should be able to use their Tax Statement (including the detailed supporting schedules) and this Guide to complete their tax return, there are some instances where this may not be appropriate, including where:

- you have changed your country of residency for tax purposes since acquiring your investments
- the investment assets constituted trading stock
- the investment assets were held on revenue account
- this account is a deceased estate
- for joint accounts if we were notified of the death of one of the joint investors during the year ended 30 June 2019
- you acquired your investments through being a beneficiary of a deceased estate
- you acquired your investments pursuant to a divorce settlement.

There are some instances where a tax policy or assumption we have applied for a particular item is not applicable to your circumstances. You should recalculate the item and use the new amount instead of what is shown on your Tax Statement. Such instances include where:

- you wish to allocate part of your allowable deductions against your foreign income
- you have unrecouped capital losses
- you are able to take advantage of other forms of capital gains tax roll-over relief
- you have disposed of a deferred purchase agreement and/or instalment warrant during the year ended 30 June 2019
- if you held Division 16E securities (securities issued at a discount of more than 1.5% with a term of greater than 12 months).

Tax policies and assumptions that relate to different types of income and deductions as set out in the Tax Statement

Schedule A — Interest

Australian interest income

1. Interest income from the Cash Account has been included as assessable income on the date of receipt.
2. Coupon interest from listed securities has been included in assessable income on a 'receipts basis'. The coupon 'pay' date has been treated as the relevant date for this purpose.
3. You have the option of treating infrastructure bond interest as either taxable and rebatable or exempt from tax. For portfolios that are not complying superannuation funds, infrastructure bond interest has been treated on your Tax Statement as tax exempt.
4. Securities issued at a discount of more than 1.5% with a term of greater than 12 months would be subject to the accruals taxation regime under Division 16E of the Tax Legislation. We have not applied Division 16E of the Tax Legislation. If you hold these securities, you should recalculate this item and use the new amount instead of what is shown in your Tax Statement.
5. Interest income received from a Term Deposit held on your Wrap account will be reported on Schedule A of your Tax Statement. The tax component for this income will be reported as 100% interest and will be assessable on a cash basis.

Schedule B — Dividends

Australian dividend income

1. Dividend income has been included in assessable income on a 'paid basis'. The dividend 'pay' date has been treated as the relevant date for this purpose.
2. In the detailed supporting Schedule B to your Tax Statement an 'unfranked CFI amount' represents an unfranked dividend received from an Australian company to the extent the dividend is declared to be Conduit Foreign Income (CFI). The unfranked CFI amount is included as part of unfranked dividends in your Tax Statement.
3. Unfranked dividends from Pooled Development Funds (PDFs) are treated as exempt from income tax. Franked dividends from PDFs may be treated as either taxable with franking credits attached or exempt. In your Tax Statement franked dividends from PDFs have been treated as taxable.

4. Dividends from Listed Investment Companies (LICs) may include a 'LIC capital gain' component, a portion of which may be deductible to investors that are individuals, trusts, partnerships, complying superannuation funds or life insurance companies (where the shares are virtual pooled superannuation trust assets). The relevant deduction has been calculated based on the investor type and treated as a negative dividend on your Tax Statement.
- (ii) replace the franking credit amount shown under 'franking credits from trust distributions (after '45 day rule')' in the Summary – Tax Credits section with the total of franking credits as shown on Schedule C – Trust distributions on your Tax Statement.
6. Dividends received from New Zealand companies may have Australian franking credits attached. These credits are shown in Trust distributions detail – Schedule C and Foreign income – Schedule E.

Franking credits

A shareholder or unitholder must satisfy a number of conditions before they can obtain the benefit of franking credits.

Franking credits have been included in assessable income.

1. The '45 day rule' has been applied to determine the franking credits allowed.
2. Broadly the '45 day rule' requires the share or unit to which the franked distribution relates be held at risk for at least 45 days. The rules are complex and involve precise calculations. In performing the calculations we have assumed the shares and units have been held at risk and we have not taken into account any related payments.
3. The required holding period for preference shares is 90 days. However, we have only applied the '45 day rule' to any preference share dividends that you received. You may need to review your disposals in the remaining period to determine if you are entitled to the full amount of franking credits from preference share dividends.
4. The Tax Statement shows any credits from trust distributions. The gross franking credits (prior to application of the '45 day rule') and franking credits denied (after application of the '45 day rule') are disclosed under Trust distributions detail – Schedule C – 'dividends – franking credit'.

In respect of direct shares the franking credits disclosed in the Tax Statement under Dividends – Schedule B – 'franking credits' is net of the franking credits denied from the '45 day rule'.

5. If you are an individual you may claim franking credits up to a ceiling of \$5,000 without applying the '45 day rule'. We have not applied the threshold in calculating the franking credits denied. In this circumstance, provided your total franking credits from all sources do not exceed \$5,000, you should:
 - (i) replace the franking credit amount shown under 'franking credits from direct shares (after '45 day rule')' in the Summary – Tax Credits section and Dividends – Schedule B – 'franking credits (after '45 day rule')' of the Tax Statement with the total from the 'franking credit' column shown on the detailed supporting Schedule B of your Tax Statement, and

From 1 July 2013, investors should be aware that additional tax integrity measures were introduced that may impact on investors trading in cum and ex-dividend shares.

We recommend you consult with your tax adviser to determine whether these integrity measures impact you.

8. Exploration companies may distribute exploration credits to shareholders under an incentive program known as the "Exploration Development Incentive". Australian resident shareholders who receive these credits may be entitled to a refundable tax offset.

If you have received exploration credits either directly from an exploration company you have invested in or indirectly from a managed fund that has invested in an exploration company, you will receive a separate communication from us confirming the amount and how to disclose it in your tax return.

Schedule C – Trust distributions

1. Income from trusts has generally been included in assessable income on a present entitlement basis. Income from Attribution Managed Investment Trusts (AMITs) has been included on an attribution basis and may include amounts that are not paid in cash. See the commentary on Attribution Managed Investment Trusts in Additional Information below.
2. Foreign income has been grossed up for tax withheld.
3. Franking credits have been included in assessable income. For more information on franking credits refer to the commentary under Schedule B above.
4. In the detailed supporting Schedule C to your Tax Statement (available only via the Wrap Desktop) an 'unfranked CFI amount' represents an unfranked dividend received from an Australian company flowing through a trust to the extent the dividend is declared to

be CFI. The unfranked CFI amount is included as part of unfranked dividends in your Tax Statement.

5. Capital gain components are included as part of net capital gains in your Tax Statement. See the commentary on net capital gains under Schedule D. The break-up of capital gain components are included in the detailed supporting Schedule C to your Tax Statement (available only via the Wrap Desktop).

Schedule D — Net capital gains

Types of capital gains

1. For investments held for less than 12 months the capital gain is calculated without the benefit of indexation or the discount.
2. (a) For investments held for at least 12 months and acquired before 1 July 1999, there are two ways that you can calculate capital gains:
 - (i) Discount method
For some taxpayers, only part of the discount capital gain calculated as the difference between the selling price and the cost of the investment is subject to tax. The amount excluded is calculated by applying the discount percentage against the discount capital gain. The discount percentage is:
 - 50% for resident individuals and trusts and non-complying superannuation funds
 - 33⅓% for complying superannuation funds, and
 - nil for companies.

If you are a non-resident, we would recommend consulting with your tax adviser.

 - (ii) Indexation method
This method calculates 'indexed capital gains' as the difference between the selling price and the cost of the investment, indexed for inflation to 30 September 1999.
- (b) For investments held for at least 12 months and acquired after 30 June 1999, the discount method must be used for those taxpayers eligible for the discount.

Capital losses

If you realise a capital loss on the disposal of your investment, this loss can be offset against capital gains you made in that financial year or in subsequent financial years. Losses can be applied against either capital gains made on assets held for less than 12 months, the indexed capital gain or the discount capital gain. If you are using the 'discount method' you must apply the loss against the capital gain before the discount percentage is applied.

How have the capital gain and loss amounts been calculated?

The capital gain and loss calculations are set out in the detailed supporting Schedule D to your Tax Statement.

1. For each parcel of units, we have compared what you received when you disposed of your investment with the 'original cost' of your investment, reduced by 'cost base adjustments' and adjusted for the 'reduction factor'. In the explanation below we refer to the 'original cost' adjusted for these amounts as the cost base.

2. Definitions

Original cost

Generally defined as the amount you invested, including any fees and GST amounts you paid when you acquired your investment. If you have advised Wrap Services that you are registered for the GST we have taken into account the RITC you would have received.

Cost base adjustments

Includes 'tax free', 'tax deferred' and certain 'CGT concession' distribution components paid on the units disposed of.

Also includes adjustments to the cost bases and reduced cost bases of the Fund's units in AMITs in relation to income attributions that are not paid in cash.

Tax free amounts

This component reduces the cost base when calculating a capital loss.

Tax deferred amounts

This component reduces the cost base when calculating a capital gain or a capital loss.

CGT Concession amounts

This component reduces the cost base when calculating a capital gain or loss for amounts received before 1 July 2001. Trusts are not required to adjust the cost base for any CGT concession amounts.

Reduction factor

When the cost base is reduced by a CGT concession amount received before 1 July 2001, some or all of this adjustment may be offset by a reduction factor if capital losses were offset against the grossed up discounted capital gains from trust distributions prior to 1 July 2001. We have performed this calculation for you taking into account current year capital losses prior to 1 July 2001 within Wrap.

If you had applied prior year net capital losses or capital losses from sources outside Wrap, against the grossed up discounted capital gains from trust distributions prior to 1 July 2001, the reduction factor calculated by Wrap Services may need to be recalculated.

Reduced cost base

$$\text{Cost base} - \left(\text{Tax free} + \text{Tax deferred} + \text{CGT concession distribution components received prior to 1 July 2001} - \text{Reduction factor} \right)^1$$

Adjusted cost base

$$\text{Cost base} - \left(\text{Tax deferred} + \text{CGT concession distribution components received prior to 1 July 2001} - \text{Reduction factor} \right)^1$$

The 'original cost', 'cost base adjustments' and the 'reduction factor' are also shown on your detailed supporting Schedule D.

3. Capital gain eligible for discount (discount method)

For qualifying taxpayers, a capital gain eligible for discount will occur when the amount you received on disposal of your investment is greater than the 'adjusted' cost base. The difference between these two amounts will be shown in the 'Base capital gain – Gains eligible for discount' column.

4. Capital gain not eligible for discount

A capital gain that is shown as 'not eligible for discount' will occur when the amount received on disposal is greater than the 'adjusted' cost base (a) if the units were held for less than 12 months or (b) indexed to the September 1999 quarter if the units were held for at least 12 months and acquired before 1 July 1999 (indexation method). The difference between these two amounts is shown in the 'Base capital gain – Gains not eligible for discount' column.

In addition, where the:

Reduced cost base	<	Amount received on disposal of the Fund's investment	<	The 'adjusted' cost base, indexed to the September 1999 quarter if the units were held for at least 12 months and acquired on or before 30 June 1999, then:
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no capital loss or capital gain arises. Therefore no amount will be shown in either the 'capital losses' column or the 'Gains not eligible for discount' column.

5. Capital gain under both the indexation and discount method

If you held your investment for at least 12 months and acquired it before 1 July 1999, the capital gain on disposal has been calculated under both the indexation and discount methods.

The indexed capital gain is shown marked with an asterisk in the 'Optimal capital gains position – Gains not eligible for discount' column (refer 4 above). The discount capital gain is shown marked with an asterisk in the 'Optimal capital gains position – Gains eligible for discount' column (refer 3 above).

The gain shown here is before the discount percentage had been applied.

If the indexed capital gain is less than the 'discounted capital gain' (this is the gain after the discount percentage has been applied), the indexed capital gain will be 'optimal' and will be included in the column 'Optimal capital gains position – Gains not eligible capital gain will be reported as zero in the 'Optimal capital gains position – Gains eligible for discount'.

If the discounted capital gain is less than the indexed capital gain, initially the discounted capital gain will be 'selected', but this may change once capital losses are applied.

6. Capital gains from trust distributions

Net capital gain components from trust distributions are included in the relevant column under the main heading of 'Optimal capital gains position'.

The total of non-discounted capital gain components is included in the 'capital gain not eligible for discount' column. 2 × the total of discounted capital gain components are included in the 'Gains eligible for discount' column.

7. Capital losses

A capital loss will occur when the reduced cost base is greater than the amount you received on disposal. The difference between these two amounts is shown in the 'capital losses' column.

8. Offsetting capital losses

In most cases, capital losses will be offset first against the total of capital gains included in the 'Optimal capital gains position — Gains not eligible for discount' column. If the losses are more than this, all discount capital gains initially 'selected' from the disposal of investments that were acquired before 1 July 1999 are reviewed and some or all of these gains are changed back to indexed capital gains.

Only enough discount capital gains are changed back to indexed capital gains to use up all capital losses. Losses are only applied against the total of capital gains included in the 'Optimal capital gains position – Gains eligible for discount' column when no more gains can be changed back to indexed capital gains.

In a very small number of cases, capital losses will be offset first against capital gain distribution components included in the 'Optimal capital gains position – Gains eligible for discount' column.

After all capital losses have been offset against capital gains, the discount percentage is applied to any remaining capital gains included in the 'Optimal capital gains position – Gains eligible for discount' column.

Any unrecovered capital losses made in a prior year can be offset against any remaining indexed capital gains or discount capital gains, before the discount percentage is applied. Prior year net capital losses have not been taken into account on this schedule or the Tax Statement.

A net capital loss resulting from the disposal of investments, if any, is shown on your Tax Statement.

This loss can be used to offset any other capital gains made during the year. Capital losses that cannot be used in the current year can be carried forward to reduce capital gains made in future years.

Disposal of units in a Pooled Superannuation Trust

No capital gain or loss will arise on the disposal of units in a Pooled Superannuation Trust (PST) by a complying superannuation fund.

Rollover relief

Where available, we have generally applied CGT rollover relief based on the nature of the corporate action considered (see page 2 above). No capital gain has been calculated where you are eligible for CGT rollover relief, eg scrip for scrip and/or demerger.

You should note that the CGT rules are complex; we recommend you consult your accountant or tax adviser to assist you in calculating your capital gains and losses.

Cancellation of shares

In certain circumstances, a capital loss may be realised at the time a liquidator or administrator makes a declaration that there is no likelihood that shareholders will receive any further distributions in respect of the shares they hold. The realisation of a capital loss at this time will generally precede any capital loss which would have been realised on cancellation of the shares upon liquidation.

Unrealised Capital Gains Tax report

The unrealised capital gains schedule uses 'ex-prices' to calculate the current market value as this report is provided for information purposes and is based on an accruals methodology. The ex-price is used to reflect the distributions that have already accrued to your portfolio. This differs to the 'cum-price' used on the Portfolio Valuation for 30 June 2019 which is provided for accounting purposes and is based on a cash methodology.

Wrap Capital Protection

This section applies to you if you held interests in the protection class of the BT Capital Protection Fund ("Wrap Capital Protection"). If you received a protection payment during the year, it may include a non-assessable (or "tax-deferred") component and an assessable capital gain component. The assessable capital gain component will be reported in the 'Net capital gains from distributions' section as either a TARP or NTARP capital gain in the 'Optimal capital gains position – Gains not eligible for discount' or 'Optimal capital gains position – Gains eligible for discount' column. The tax-deferred component applies to reduce your cost base in the protection class, and a capital gain may arise if the protection payment you received is greater than total protection acquisition costs you paid, generally, since the protection start date. The reduction of your cost base, as well as any capital gain that may arise, will be calculated and reported as if it were a partial disposal of your interest, next to "BT Capital Protection Fund – Protection Class (APIR: BTA0417AU)" in the report. If your Wrap Capital Protection was cancelled or it reached the maturity date during the year, a capital loss may arise on the cancellation date or the maturity date, equal to your cost base at the time of cancellation/maturity. This is generally the total protection acquisition costs you paid since the protection start date, as adjusted for any tax-deferred amounts received. The cancellation/maturity will be calculated and reported as a disposal of your interest, next to "BT Capital Protection Fund – Protection Class (APIR: BTA0417AU)" in the report. If you had Wrap Capital Protection at the year end, the total protection acquisition costs paid, generally, since the protection start date, will be reported as an unrealised capital loss.

Schedule E – Foreign income

Foreign dividends

A number of securities listed on the ASX are in foreign companies. Dividends paid on shares in these companies are foreign dividends. The dividend is grossed up for any withholding tax deducted. If Australia has an income tax treaty with the relevant country, a credit for the withholding tax is generally restricted to the lower of the amount deducted or 15% of the gross dividend.

Foreign interest

A number of securities listed on the ASX are in foreign companies. Interest paid on notes issued by these companies is foreign interest. The interest is grossed up for any withholding tax deducted. If Australia has an income tax treaty with the relevant country, a credit for this withholding tax is generally restricted to the lower of the amount deducted or 10% of the gross interest.

Disposal of foreign revenue assets

Taxable gains or losses on the disposal of traditional securities or any other 'non-CGT foreign asset' (calculated as the difference between the selling price and the cost of the investment) are included as part of 'disposal of revenue assets'.

Miscellaneous

Foreign miscellaneous income has been included in assessable income on the date received.

Schedule F — Other Australian Income

Disposal of revenue assets

Taxable gains or losses on the disposal of traditional securities or any other 'non-CGT asset' (calculated as the difference between the selling price and the cost of the investment) are included as part of 'disposal of revenue assets'.

Miscellaneous

Miscellaneous income has been included in assessable income on the date received.

Schedule G — Expenses

1. Certain expenses incurred by individuals on investments may result in the investment making a loss, referred to as a 'net financial investment loss'. A net financial investment loss is used in certain income tests to work out liability for the Medicare levy surcharge and HELP repayments plus whether you are entitled to receive a range of government support programs and tax offsets. Please consult your accountant or tax adviser to determine if you have a net financial investment loss.
2. Deductible expenses have been included as an allowable deduction on the date paid.
3. Instalment warrants — where warrants are acquired, part of the first and subsequent payments may include an interest component. We have not included any part of the payment as an interest deduction. Please also refer to the comments under the next section 'Additional information — Instalment warrants'.
4. All expenses include any amount of GST paid. In respect of ongoing adviser fees if you have advised Wrap Services that you are registered for GST we have not included the RITC you would have received. In this instance you will need to reduce the expense amount by the RITC you have received.
5. If you have a Geared Wrap account, the Tax Statement does not include your margin lending deductions such as interest, account keeping fees and management fees. You should refer to your statement from your margin lending provider for this information.

Additional information (including specific security treatment)

BT Protection Plans

If you held a BT Protection Plan as at 30 June 2019, we would have provided you with an attachment titled 'Summary of Insurance Premium' disclosing the total of the premiums paid for the financial year as at 30 June 2019. The deductibility of the premiums will depend on the type of policy you have and your circumstances.

We have provided below a brief summary of the tax treatment of the policy but we would recommend that you seek individual tax advice:

1. Life, Living and TPD

Individuals

For our Term Life, Flexible Linking Plus, Standalone Living Insurance, Standalone Total and Permanent Disablement, Needlestick Benefit, and Children's Benefit the premiums are not tax deductible.

Business

The deductibility of premiums will depend on the specific circumstances of each policy. For example, if you take out Term Life and the objective of the Policy is to cover the loss of business revenue associated with the loss of a key employee, the premiums paid by the business may be an allowable tax deduction. There may be fringe benefits tax implications in respect of premiums, where the benefits are to be applied for employees or their dependants.

2. Income Products

If you have purchased an Income Protection, Income Protection Plus or Income Linking Plus policy, the premiums are generally tax deductible.

Foreign investment funds

The former Foreign Investment Fund (FIF) provisions have been repealed with effect from 1 July 2010 with new rules proposed to apply to holdings in Foreign Accumulation Funds (FAFs). Under these rules, certain undistributed gains may be taxable to investors. We have not included any adjustments under the FIF or FAF rules in your Tax Statement. Please consult your accountant or tax adviser if you believe these rules apply to your investments.

Foreign income tax offset

We have provided you with a detailed supporting schedule 'Summary of foreign income tax offsets' to assist you with working out your foreign income tax offset entitlement. We recommend you consult your accountant or tax adviser to determine the foreign income tax offset you are entitled to claim.

Convertible notes

Convertible notes are generally treated as traditional securities. Where the convertible note was issued on or after 15 May 2002 no assessable gain or deductible loss will arise upon conversion into ordinary shares.

Instead the gain or loss is deferred and determined under the Capital Gains Tax provisions on the ultimate disposal of the ordinary shares. These rules only apply to traditional securities that convert into ordinary shares of the issuer or a connected entity.

Where a convertible note is redeemed, or a convertible note issued prior to 15 May 2002 is converted into ordinary shares, then any gains and losses are treated as a disposal of a revenue asset as set out in Schedule E or F above.

Instalment warrants

If you have disposed of an instalment warrant or the underlying assets during the year ended 30 June 2019, we strongly recommend that you review the tax calculations and in particular the cost base, acquisition date and capital proceeds that we have used in our capital gain or loss calculations with the information from your warrant provider (commonly referred to as the 'Primary or Shareholder Market Application Statement').

We also recommend you obtain independent tax advice in relation to the taxation treatment of instalment warrants.

Stapled securities

A stapled security consists of two or more underlying securities that are stapled together and traded as one. This structure commonly includes shares in a company and units in a trust. For tax purposes, each of the underlying securities is a separate asset. For stapled securities that were acquired prior to stapling and disposed of after the stapling event and within

12 months of acquisition, we have reported the disposal of the stapled security as the disposal of each separate asset making up the stapled security where there has been an impact to your eligibility for discounting. In all other circumstances we have reported realised and unrealised gains and losses from stapled securities at the consolidated level.

Where you have received non-assessable distributions from the stapled security, these have adjusted the cost base of your stapled securities at the consolidated level. You may need to consider the impact where the non-assessable distributions for each separate asset exceed the cost base of that asset.

Deferred purchase agreements

A Deferred Purchase Agreement (DPA) is an executory contract generally for the purchase (at a much later date) of shares in a specified company or units in a specified trust, generally listed on the ASX. The maturity date is when delivery assets are delivered by the issuer to an investor. An investor makes the full payment for the delivery assets on or around the contract date when they enter into the DPA. Until the delivery date the investor would have either a nil or nominal beneficial interest in the delivery assets and would not be entitled to receive any dividends or distributions thereon. Under some DPAs the issuer makes periodic payments to the investor.

The ATO's views on DPAs are discussed in Taxation Determination TD 2008/21 and TD 2008/22 which both have a prospective and retrospective application. The first TD deals with whether the DPA is a traditional security under the Tax Act. The ATO's view is that a DPA is not a traditional security. Wrap conforms with this TD as Wrap treats DPAs as CGT assets and not as traditional securities.

The second TD deals with the timing of the CGT event. Before the TD was issued it was the industry view that the delivery of the underlying assets was not a CGT event. The CGT event was recognised if the DPA was sold (prior to maturity) or the underlying assets were sold (after the maturity). However, the ATO view in TD 2008/22 is that the delivery of the assets on maturity of the DPA constitutes a disposal of the DPA for CGT purposes. Wrap also conforms with this TD as Wrap treats the delivery of the assets as a CGT event.

We recommend that clients review our calculations and seek independent tax advice in relation to the taxation treatment of the DPA and underlying assets and any payments by the issuer to the investor.

Current year losses

If the portfolio is for a company or a trust we have not applied the current year loss rules to determine if there are any current year deductions that should be denied.

TFN withholding tax

If you are an Australian resident and have not provided Wrap Services with your TFN, Australian Business Number (ABN) or TFN exemption, we have deducted tax at a rate of 47% from interest paid on the Cash Account and distributions received from unlisted trusts. The Tax Statement does not report any TFN amounts deducted from income paid on your listed security holdings via the sponsored holdings option. This information will be reported on the relevant statement that you will receive from the share registry.

Attribution Managed Investment Trusts

Legislation has been passed affecting investments in certain trusts referred to as Attribution Managed Investment Trusts ("AMITs"). Income attributed by these AMITs to their investors may be in excess of the cash distributed to these investors."

Broadly, income attributions are assessable even if part or all of it is not paid in cash, however cost bases in affected AMITs are increased in lieu of this.

In this regard, we have:

- included any unpaid attributions in the 'Total distribution' column of the Trust distribution summary – Schedule C; and
- included unpaid attributions in the relevant columns of the Trust distributions detail – Schedule C.

We have also applied any corresponding adjustments to the cost bases and reduced cost bases of your units in those AMITs as disclosed in the 'Cost base adjustments' columns of the 'Net Capital Gains – Schedule D' and 'Unrealised Gains/Losses' schedule.

For AMITs, we have reported 'other non-assessable' amounts as 'tax exempt' in Schedule C.

For more information on AMITs, you should contact the relevant fund manager of the AMIT or seek independent tax advice. You can also contact the ATO for guidance.

Additional information for non-residents

If you have advised Wrap Services that you are not a resident of Australia for tax purposes, we have assumed that you do not have a permanent establishment in Australia and we have deducted any applicable non-resident withholding tax (including managed investment trust ('MIT') tax) from interest paid on the Cash Account and distributions received from unlisted trusts. The applicable withholding rates depend on the types of income paid to you, as well as your country of residence and range from 0% to 30%.

For investors holding listed securities via the sponsored holding option, the Tax Statement does not report non-resident withholding tax deducted from income paid on your listed security holdings. This information will be reported on the relevant statement that you will receive from the share registry.

If you make any payments to an entity whose address or place of payment is outside Australia, you may be required to withhold an amount from such payments if they are attributable to certain tax components included in distributions you receive as a unitholder of a MIT.

You can obtain distribution tax component information from the relevant fund managers' website. We recommend that you consult your accountant or tax adviser should you require more information.

Please note

If you have notified Wrap Services of a change of your residency status during the year, your Tax Statement is based on the residency recorded as at the time your statement is generated. As a result the information provided on the Tax Statement may be incorrect and you may need to be provided with additional information.

You should note that different tax treatments may apply to non-residents and therefore it is very important that you advise Wrap Services if your residency status changes. We recommend you read the following information together with the general information in this Guide. We have used the same Schedule headings to assist you with this.

Schedule A – Interest

Australian interest income is subject to non-resident withholding tax. Therefore, you are not required to include interest income in your Australian tax return.

Schedule B – Dividends

1. Australian unfranked dividends (other than unfranked dividends — CFI which is considered foreign income) are subject to non-resident withholding tax. No withholding tax is deducted from franked dividends or unfranked dividends — CFI. You are not required to include dividend income in your Australian tax return.
2. Non-residents are not entitled to Australian franking credits.

Schedule C – Trust distributions

1. Australian interest and dividend components (other than unfranked dividends – CFI which is considered foreign income) are subject to non-resident withholding tax. Therefore, you are not required to include these components in your Australian tax return.
2. As a non-resident you are not required to include foreign income, including 'unfranked dividends – CFI', 'foreign trust and CFC income' and 'FIF and FLP income' in your Australian tax return.
3. You may be subject to withholding tax on distributions by a MIT or amounts attributed by an AMIT of Australian sourced income other than interest, dividends and non-taxable capital gains. This is shown at the label 'MIT withholding tax'.
4. Non-residents are not entitled to Australian franking credits.

Schedule D — Net capital gains

1. For disposals of assets on or after 12 December 2006, non-resident investors are only subject to Australian capital gains tax in respect of disposals of Taxable Australian Real Property (TARP), held directly or indirectly. Broadly, non-resident investors will be subject to Australian capital gains tax on disposal of interests in an Australian investment trust where they (and their associates) own 10% or more of the trust and the underlying assets of the trust which are attributable to TARP comprise more than 50% of the total assets of the trust (by market value). We have assumed that this threshold has not been breached.
2. Non-resident investors are not subject to capital gains tax on the disposal of foreign securities.
3. Special rules apply when there is a change in residency for tax purposes. When a taxpayer ceases to be a resident of Australia for tax purposes, this is deemed to be a disposal of non-TARP CGT assets for capital gains tax purposes unless the taxpayer elects otherwise.

We have not treated any change in residency, either in the current financial year or a previous year as a disposal for capital gains tax purposes. In addition, we have not included any net capital gains in assessable income resulting from the deemed disposal of non-TARP CGT assets that were held at the time of any change in residency.

Schedule E — Foreign income

1. Non-residents are not required to include foreign income in their Australian tax return.
2. A number of securities listed on the ASX are foreign companies. Non-resident investors are not subject to tax on the disposal of foreign assets.
3. Non-resident investors are not subject to tax in Australia on foreign income.

Schedule F — Other Australian income

Non-residents are required to include other Australian income in their Australian tax return.

Schedule G — Expenses

We have assumed that the expenses (refer detailed supporting Schedule G of your Tax Statement) are fully deductible to you.

Part 2

A tool to help you complete your Tax Return

Part 2 of the Wrap Tax Guide has been designed to help you complete your Tax return for individuals 2019 and Tax return for individuals (supplementary section) which together will be referred to throughout this Guide as your Tax Return. Instructions are also provided to help you complete the Australian Taxation Office (ATO) Capital Gains Tax (CGT) schedule.

The information in this Guide is designed to supplement the information contained in your Tax Statement, supporting schedules and Part 1 – Wrap Tax Policy Guide. This document should be read in conjunction with the ATO's Individual tax return instructions 2019 (ITR instructions) and Individual tax return instructions supplement 2019 (ITR supplement instructions). You will need to refer to these documents, and follow the instructions contained in the ITR instructions and ITR supplement instructions to ensure you complete your Tax Return correctly.

Avoid double counting income

Please make sure you do not double count income from investments held in Wrap when completing your Tax Return.

If an investment you hold in Wrap paid income during the year, this income has been included in the Wrap Tax Statement, even if the income was paid directly to an external account. This will happen from the date the investment was purchased (if the purchase was on the Wrap platform) or from when it was transferred into Wrap.

For example, if you are holding shares on Wrap and those shares pay a dividend directly into your external bank account, the dividends will show up as income both in your Wrap Tax Statement and your bank account statement.

Important notes

Following is important information which you should review and consider before using this Guide:

- This Guide is only applicable if you are an Australian resident individual for tax purposes and are lodging an Australian Tax Return.
- You should read this document in conjunction with your Tax Statement, supporting schedules and Part 1 – Wrap Tax Policy Guide.
- We are unable to give tax advice and therefore strongly recommend that you contact your accountant or a tax adviser to assist you with your Tax Return, particularly if you hold assets outside of Wrap or if you are not sure if the tax assumptions and policies adopted as set out in this Guide are appropriate to your personal circumstances.

If a tax policy or assumption we have applied for a particular item is not applicable to your circumstances you should recalculate the item and use the new amount instead of what is shown on your Tax Statement.

Your Tax Statement forms a payment summary for tax law purposes and should be retained.

Where this Guide refers to 'other sources' we mean investments that are not held within Wrap. This includes where the income is still paid to the Wrap Cash Account. For example, dividends credited to the Cash Account when the shares are not held in Wrap or rental income from an external property investment.

Can anyone use this Guide?

While most individual investors should be able to use the Tax Statement and this Guide to complete their Tax Return, there are some instances where this Guide may not be appropriate. For further information please refer to Part 1 – Wrap Tax Policy Guide.

Overview of your Tax Statement

This section of the Guide provides you with the location and meaning of information provided in your Tax Statement.

Tax Statement — summary

Summary of amounts detailed in the Tax Statement.

**BT Wrap
Tax Statement
Year ended 30-Jun-2019**

NAME OF INVESTOR_1
NAME OF INVESTOR_2
ADDRESS_LINE_1
ADDRESS_LINE_2

Investor name
NAME OF INVESTOR_1
Investor number
INVESTOR_1
Product type
Investment
Adviser name
ADVISER_NAME
Adviser phone number
NUMBER_1

This statement is designed to assist you in preparing your 2018-2019 Australian tax return. You should read the guide to your tax statement and the tax policy guide in conjunction with your tax statement and supporting schedules.

SUMMARY

Account Type	Individual	
Item	Amount (\$)	Tax Return Reference
Gross interest	564.91	10-L
Unfranked dividends	3,512.94	11-S
Franked dividends	139,779.80	11-T
Franking credits	61,029.56	11-U
Franked distributions from trusts	0.00	13-C
Distributions from trusts	2,363.97	13-U
Foreign income	7,145.17	20-E and 20-M
Aust. franking credits from a NZ company	0.00	20-F
Net capital gain	5,378.87	18-A
Other income	0.00	24-V or 24-Y or D-15
Total assessable income	219,775.22	
Total deductions	2,277.84	13-Y or D-7
Total taxable income from investment assets	217,497.38	
Tax Credits		
TFN amounts withheld from interest	0.00	10-M
Franking credits from direct shares (after 45 day rule)	61,029.56	N/A
Franking credits from trust distributions (after 45 day rule)	0.00	13-Q
Aust. franking credits from a NZ company (after 45 day rule)	0.00	N/A
Foreign income tax offset	1,071.78	20-O
MIT withholding tax	0.00	13-A
TFN withholding from trust distributions	0.00	13-R
Infrastructure bond rebate	0.00	T10-C

TAX STATEMENT

	Credits	Credits (\$)	Income (\$)	Income total (\$)	Tax guide reference
Interest - Schedule A				564.91	1
TFN Credits		0.00			2

Questions in the ITR instructions and ITR supplement instructions where amounts are required to be included.

If you made a net capital gain the amount will be shown here. However if you made no capital gain or a net capital loss, this field will display an asterisk (*).

Income and expense items shown in the Tax Return.

Summary of tax credits and tax offsets that may reduce the amount of tax otherwise payable on taxable income.

Capital losses that may be available to reduce capital gains are detailed in Net capital gain Schedule D.

Total assessable income is the same as 'Total Income From Investment Assets' in the Tax Statement except where you have made a capital loss.

Total taxable income from investment assets is the same as 'Net Income From Investment Assets' in the Tax Statement except where you have made a capital loss.

Income and expense items shown in the Tax Return.

Summary of tax credits and tax offsets that may reduce the amount of tax otherwise payable on taxable income.

Capital losses that may be available to reduce capital gains are detailed in Net capital gain Schedule D.

Questions in the ITR instructions and ITR supplement instructions where amounts are required to be included.

If you made a net capital gain the amount will be shown here. However if you made no capital gain or a net capital loss, this field will display an asterisk (*).

Total assessable income is the same as 'Total Income From Investment Assets' in the Tax Statement except where you have made a capital loss.

Total taxable income from investment assets is the same as 'Net Income From Investment Assets' in the Tax Statement except where you have made a capital loss.

This column identifies the different **types of income** by asset category that you may have for tax purposes based on the tax policies and assumptions set out in Part 1— Wrap Tax Policy Guide. You can find a breakdown of each item on the applicable schedule.

If you do not have any income in a particular category you will not receive a schedule.

Total income from investment assets within Wrap during the year.

Allowable deductions you may claim against the assessable income generated from assets held within Wrap.

These two columns describe the various **tax credits or rebates** you may be entitled to. These amounts may reduce your tax liability.

The amounts based on the tax policies and assumptions set out in Part 1 — Wrap Tax Policy Guide.

This column provides you with a **sub-total** in each income category.

Tax guide reference numbers that we use in this Guide to help you complete your Tax Return. Some reference numbers appear in more than one section.

For example, amounts relating to reference number **12** appear under both Schedule C and Schedule E. This is because you may have received foreign income from your managed fund investments or through direct foreign investments listed on the ASX.

If there is more than one amount relating to a reference number you will need to add the amounts together.

	Credits	Credits (\$)	Income (\$)	Income total (\$)	Tax guide reference
Trust distributions - Schedule C					
Interest - Australian			0.00		7
Infrastructure bond interest			0.00		7
Foreign trust and CFC income			0.00		12
FIF or FLP income			0.00		12
Foreign income			0.00		12
New Zealand Dividends					
- Aust. franking credits from a NZ company (before 45 day rule)			0.00		6
- Less: Aust. franking credits from a NZ company denied			-0.00		18
Australian Dividends					
- Unfranked amount			0.00		7
- Franked amount			0.00		8
- Franking credits (before 45 day rule)			0.00		16
- Less: Franking credits denied			-0.00		17
Other Australian income			2,363.97		7
Total trust distributions				2,363.97	
Foreign income tax offset		0.00			13
Foreign income tax offset - Capital gain		0.00			13
MIT withholding tax		0.00			10
TFN credits		0.00			9
Net capital gains - Schedule D				5,378.87	11
Foreign income - Schedule E					
Dividends			7,145.17		12
Interest			0.00		12
Disposal of revenue assets			0.00		12
Miscellaneous			0.00		12
Total foreign income			7,145.17		
Aust. franking credits from a NZ company			0.00		
Foreign income tax offset 1,071.78					13
Aust. franking credits from a NZ company (after 45 day rule)		0.00			19
Other Australian income - Schedule F					
Disposal of revenue assets			0.00		14
Miscellaneous			0.00		14
Total other Australian income			0.00		
TOTAL INCOME FROM INVESTMENT ASSETS				219,775.22	
Less allowable deductions					
Expenses - Schedule G			2,277.84		15
Total allowable deductions			2,277.84		
NET INCOME FROM INVESTMENT ASSETS				217,497.38	

Net income from investment assets is calculated by subtracting your 'Allowable deductions' from your 'Total income from investment assets'.

How to complete your individual Tax Return

This section of the Guide contains detailed step by step instructions for completing your individual Tax Return. The instructions below will explain how and where to find the various items of income, expenses and tax credits on your Tax Statement and where to record them on your Tax Return.

If you are more familiar with preparing a Tax Return, you may find that the summary level information on the first page of the Tax Statement is all that you will require.

In order to proceed you will need both your Tax Statement and the ATO's ITR instructions and ITR supplement instructions. You will notice that the Tax Return form has alphabetical references like this **L**. Your Wrap Tax Statement has numerical references that look like this **1**. These references are used throughout this Guide to assist you. If you choose to use a tax agent to prepare your Tax Return, advise them to rely on the information in your Tax Statement rather than information that may be displayed in the tax agent's pre-filling service.

Interest

Information shown at **1** and **2** on your Tax Statement will help you complete Question **10** of your Tax Return.

Tax Statement reference number	Tax Return question
1	10L
2	10M

10 Gross interest If you are a foreign-resident make sure you have printed your country of residence on page 1. Tax file number amounts withheld from gross interest M \$ <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Gross interest L \$ <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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Step 1 If there is an amount beside **1** on your Tax Statement refer to Question **10** of your Tax Return.

This amount represents interest you have earned during the year.

Step 2 Add the amount beside **1** to any interest you received from other sources and record the total gross interest amount at **L** in Question **10** of your Tax Return.

Step 3 Refer to the amount beside **2** on your Tax Statement.

This amount represents any tax deducted from the Cash Account interest income if you did not provide a tax file number (TFN) or TFN exemption.

For investors holding listed securities via the sponsored holdings option we have not shown on your Tax Statement any TFN amounts deducted from income from these securities. You should refer to your statement from the share registry for this information.

Step 4 Add the amount beside **2** to any TFN amounts deducted from interest you received from coupon interest paid in respect of Wrap related investments held via the sponsored holding option and from other sources and record the total TFN amounts deducted at **M** in Question **10** of your Tax Return.

Do not include any amounts subsequently refunded to you.

Dividends

Information shown at **3**, **4** and **5** on your Tax Statement will help you complete Question **11** of your Tax Return.

Tax Statement reference number	Tax Return question
3	11S
4	11T
5	11U

11 Dividends	Unfranked amount	S \$	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>
If you are a foreign-resident make sure you have printed your country of residence on page 1.	Franked amount	T \$	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>
Tax file number amounts withheld from dividends	V \$	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	.	<input type="text"/>
	Franking credit	U \$	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>

- Step 1** Refer to the amount beside **3** on your Tax Statement.

This amount represents unfranked Australian dividends you earned during the year.

Step 2 Add the amount beside **3** to any unfranked dividends you received from other sources and record the total unfranked dividends at **S** in Question **11** of your Tax Return.

Step 3 Refer to the amount beside **4** on your Tax Statement.

This amount represents franked Australian dividends you earned during the year.

Step 4 Add the amount beside **4** to any franked dividends you received from other sources and record the total franked dividends at **T** in Question **11** of your Tax Return.

Step 5 Refer to the amount beside **4** on your Tax Statement. This is the same as the 'Franking credits from direct shares' in the 'Summary – Tax credits' section in your Tax Statement.

This amount represents franking credits you earned during the year after the application of the '45 day rule'. Although you did not receive these credits in 'cash', you must include them as part of your assessable income and you may be entitled to a tax credit for this amount. Broadly your ability to claim a tax offset for the franking credits you have received may depend upon whether you have held your shares at risk for more than 45 days. Please refer to Part 1 – Wrap Tax Policy Guide – Schedule B – Dividends – Franking credits for an explanation of our application of the '45 day rule'.

Step 6 Add the amount beside **5** to any franking credits you received on franked dividends earned from other sources and are entitled to claim a tax offset for and record the total credits at **U** in Question **11** of your Tax Return.

Step 7 Add together any TFN amounts deducted from unfranked dividends paid in respect of Wrap related investments and from other sources.

For investors holding listed securities via the sponsored holdings option we have not shown on your Tax Statement any TFN amounts deducted from unfranked dividends from these listed securities. You should refer to your statement from the share registry for this information.

Do not include any amounts subsequently refunded to you.

Step 8 Record the total TFN amount deducted at **V** in Question **11** of your Tax Return.

Information shown at **7**, **8**, **9**, **10**, **16** and **17** on your Tax Statement will help you complete Question **13** of your Tax Return.

[illegible]

These amounts represent Australian income you earned from trust distributions during the year (not including franked distributions, net capital gains or foreign source income).

There could be several items on your Tax Statement that make up the Total Amount.

The total of these amounts represents franked distributions and franking credits after the application of the '45 day rule'. Add this amount to any franked distributions you earned from other trusts and record the total amount at **C** in Question **13** of your Tax Return.

The types of deductions you can claim are shown in the ITR instructions.

- Step 5** Subtract the total deductions at **Y** from the income at **U** and record this amount in the 'Net non-primary production distribution' box in Question **13** of your Tax Return. If this amount is a loss, write 'L' in the box to the right of the figure.
- Step 6** Refer to the amount beside **16** and **17** on your Tax Statement.
- This amount beside **16** represents franking credits you earned from trust distributions during the year (prior to the application of the '45 day rule'). Any credits from trust distributions that are denied as a result of the '45 day rule' are disclosed beside **17** on your Tax Statement. Broadly your ability to claim a tax offset for the franking credits you have received may depend upon whether you have held your units at risk for more than 45 days. Please refer to Part 1 – Wrap Tax Policy Guide – Schedule B – Dividends – Franking credits for an explanation of our application of the '45 day rule'.
- Step 7** Reduce the amount beside **16** by the amount beside **17** (this is the same as the amount disclosed under 'Tax Credits – Franking credits from trust distributions (after '45 day rule')' in the Summary – Tax Credits Section of your Tax Statement). Add this amount to any franking credits you earned from trust distributions from other sources after application of the 45 day rule.
- Step 8** Record the total credits at **Q** in Question **13** of your Tax Return.
- Step 9** Refer to the amount beside **9** on your Tax Statement.
- This amount represents any tax deducted from your unlisted trust distributions if you did not provide a TFN or TFN exemption.
- For investors holding listed securities via the sponsored holdings option we have not shown on your Tax Statement any TFN amounts deducted from these securities. You should refer to your statement from the share registry for this information.*
- Step 10** Add the amount beside **9** to any TFN amounts deducted from listed trust distributions paid in respect of Wrap related investments held via the sponsored holding option and from other sources.
- Do not include any amounts subsequently refunded to you.*
- Step 11** Record the total TFN amounts deducted at **R** in Question **13** of your Tax Return.
- Step 12** Refer to the amount beside **10** on your Tax Statement.
- This amount represents MIT withholding tax on trust income in respect of non-residents.*
- Step 13** If you had MIT withholding tax deducted from trust income that you derived as a resident, add the amount beside **10** to any MIT withholding tax from other sources and record the total tax paid at **A** in Question **13** of your Tax Return. Do not record any amount beside **10** at **A** in Question **13** of your Tax Return if you had MIT withholding tax deducted from trust income that you derived as a non-resident.

Net capital gains

Information shown at **11** on your Tax Statement and the detailed supporting Schedule D will help you complete Question **18** of your Tax Return and the Capital gains tax (CGT) schedule 2019 (CGT schedule).

*This amount beside **11** represents your net capital gain or loss arising from the sale of investments and capital gain components included in trust distributions, after the concession of 50% has been applied to relevant gains. Supporting Schedule D contains details of the calculation of capital gains and losses for both disposal of shares and units (if applicable) and capital gains included in trust distributions.*

Please refer to Part 1 — Wrap Tax Policy Guide for an explanation of how we have calculated capital gains and how we have offset capital losses against capital gains.

Individual investors with total current year capital gains or losses of more than \$10,000 and who lodge their Tax Return electronically (not including through Australia Post) may be required to complete the CGT schedule. Instructions on how to complete this form are included on pages 22 to 23 of this Guide. It may assist you to complete the CGT Schedule before you complete Question **18** of the Tax Return.

We also suggest you obtain a copy of the 'Guide to capital gains tax 2019' (CGT guide) by downloading it from the ATO website www.ato.gov.au.

Tax Statement reference number	Tax Return question
11	18

[illegible]

Step 1

Refer to the supporting Schedule D – Net Capital Gains. If there are any capital gains from trust distributions or capital gains and/or capital losses from the disposal of investments, refer to Question 18 of your Tax Return.

Print 'X' in the YES box at **G**, Question **18** of your Tax Return.

If you applied an exemption or rollover to any of these capital gains, print 'X' in the YES box at **M**, Question **18** of your Tax Return. Refer to the ITR supplement instructions and insert the relevant code in the 'code' box at **M**, Question **18**.

Step 2

Refer to the instructions in the CGT guide to calculate your total current year capital gains.

Refer to the detailed supporting Schedule D – Net Capital Gains. Add the sub-totals from both columns ‘Gains not eligible for discount’ and ‘Gains eligible for discount’, shown under the heading of ‘Optimal capital gains position’ (this is the row ‘total capital gains/losses’) to any capital gains you made from other sources.

Step 3

Record the total capital gain at **H** in Question **18** of your Tax Return.

Step 4

Refer to the supporting Schedule D – Net Capital Gains. If there are any capital losses from the disposal of investments, refer to the instructions in the CGT guide to calculate your total current year capital losses and how to offset them against your capital gains.

Add the capital loss amounts transferred to columns 'Gains not eligible for discount' and 'Gains eligible for discount', shown under the heading of 'Optimal capital gains position' (this is the row 'application of losses') to any capital losses applied against capital gains from other sources.

If you have any net capital losses from previous years, refer to Question **18** of your Tax Return, and to the instructions in the CGT guide to determine how to offset prior year net capital losses against your capital gains.

Step 5

If total capital gains are more than the sum of current year and net prior year capital losses, you have made a net capital gain.

Refer to the instructions in the CGT guide to determine the remaining gains you can reduce by the 50% CGT discount and then calculate your net capital gain.

Step 6

Record the net capital gain at **A** in Question **18** of your Tax Return.

Step 7

If total capital gains are less than the sum of current year and net prior year capital losses, you have made a net capital loss.

Refer to the instructions in the CGT guide to determine the net capital loss available to carry forward to future years and record it at **V** in Question **18** of your Tax Return. Please note that if your net capital losses carried forward to future years exceeds \$100,000 you may be required to complete the Losses Schedule as part of your Tax Return.

Foreign income

Information shown at **12** on your Tax Statement will help you complete Question **20** of your Tax Return.

Tax Statement reference number	Tax Return question
12	20

20 Foreign source income and foreign assets or property

Assessable foreign source income **E**

Other net foreign employment income **T**

Net foreign pension or annuity income WITHOUT
an undeducted purchase price **L**

Net foreign pension or annuity income
WITH an undeducted purchase price **D**

Net foreign rent **R**

Other net foreign source income **M**

Also include at **F** Australian franking credits from a New Zealand franking company that you have received indirectly through a partnership or trust.

Australian franking credits from a New Zealand franking company **F**

Net foreign employment income – payment summary **U**

Exempt foreign employment income **N**

Foreign income tax offset **O**

During the year did you own, or have an interest in, assets located outside Australia which had a total value of AUD\$50,000 or more? **P** No ☐ Yes ☐

Step 1

If there is an amount beside **12** on your Tax Statement, refer to Question **20** and Parts E and F in your ITR supplement instructions.

Please note

There could be several items on your Tax Statement with this reference number under both Schedule C and Schedule E. The foreign income amounts have been totalled up in the Summary section of your Statement.

Step 2

Follow Part **E** in your ITR supplement instructions and record the total foreign income at **M** in Question **20** of your Tax Return.

Step 3

Follow Part **F** in your ITR supplement instructions and record this amount at **E** in Question **20**.

Information shown at **13** on your Tax Statement and the supporting schedule 'Summary of foreign income tax offsets' will help you complete Question **20** of your Tax Return.

20 Foreign source income and foreign assets or property

Assessable foreign source income	E	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	\$0	LOSS
Other net foreign employment income	T	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	\$0	LOSS
Net foreign pension or annuity income WITHOUT an undeducted purchase price	L	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	\$0	LOSS
Net foreign pension or annuity income WITH an undeducted purchase price	D	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	\$0	LOSS
Net foreign rent	R	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	\$0	LOSS
Other net foreign source income	M	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	\$0	LOSS

Also include at **F** Australian franking credits from a New Zealand franking company that you have received indirectly through a partnership or trust.

Australian franking credits from a New Zealand franking company	F	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	\$0	LOSS
---	---	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	---	-----	------

Net foreign employment income – payment summary

U - \$0 LOSS

Exempt foreign employment income

N - \$0

Foreign income tax offset

O

During the year did you own, or have an interest in, assets located outside Australia which had a total value of AUD\$50,000 or more?

P No ☐ Yes ☐

Refer to the foreign income tax offset amounts shown at **13** . Also refer to the supporting schedule 'Summary of foreign income tax offsets'.

If the total amount of foreign tax you paid for the 2018–2019 year from all sources as well as your investment in Wrap exceeded \$1,000 you will need to follow the instructions in the ‘Guide to foreign income tax offset rules’ to work out the amount of foreign income tax offset that you are entitled to claim. Once you have worked it out write this amount at **O** in Question **20** of your Tax Return.

Information shown at **6**, **18** and **19** on your Tax Statement will help you complete **F** Question **20** of your Tax Return.

Broadly, your ability to claim a tax offset for the franking credits you have received may depend upon whether you have held your New Zealand company shares or units at risk for more than 45 days. Please refer to Part 1 – Wrap Tax Policy Guide – Schedule B – Dividends – Franking credits for an explanation of our application of the 45 day rule.

20 Foreign source income and foreign assets or property

Assessable foreign source income	E	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	G\$	LOSS
Other net foreign employment income	T	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	G\$ LOSS
Net foreign pension or annuity income WITHOUT an undeducted purchase price	L	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	G\$ LOSS
Net foreign pension or annuity income WITH an undeducted purchase price	D	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	G\$ LOSS
Net foreign rent	R	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	G\$ LOSS
Other net foreign source income	M	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	G\$ LOSS

Also include at F Australian franking credits from a New Zealand franchising company that you have received indirectly through a partnership or trust.

Australian franking credits from a New Zealand franchising company	F	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	G\$ LOSS
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Net foreign employment income – payment summary

U - G\$ ☐

Exempt foreign employment income

N - G\$

Foreign income tax offset

O

During the year did you own, or have an interest in, assets located outside Australia which had a total value of AUD\$50,000 or more?

P No ☐ Yes ☐

- 22

Information shown at **14** on your Tax Statement will help you complete Question **24** of your Tax Return.

24 Other income			
Type of income	Category 1	<input type="text"/>	Y <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>
	Category 2 (ATO interest)	<input type="text"/>	X <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>
	Category 3 (FHSS)	<input type="text"/>	R <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>
	Category 4	<input type="text"/>	V <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>
Tax withheld – lump sum payments in arrears		E <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>	
Taxable professional income		Z <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>	
Tax withheld – assessable FHSS released amount		S <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/>	
TOTAL SUPPLEMENT INCOME OR LOSS		For the amounts in the right-hand column at items 13 to 24 add up all the income amounts and deduct any loss amounts.	\$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> - <input type="text"/> <input type="text"/> LOSS <input type="text"/>
Transfer this amount to I on page 3 of your tax return.			

Refer to the amounts beside **14** on your Tax Statement and add them together (Total Amount).

Please note

Add the Total Amount (if income) to any other 'category 1 and 2 income' you received from other sources. Category 1 and 2 income is explained in the ITR supplement instructions. Record the total 'other income' at **Y** or **V** in Question **24** and write a description of the income in the 'Category' box.

D7 Interest deductions

Information shown at **15** on your Tax Statement will help you complete Question **D7** of your Tax Return.

Refer to the amounts beside **15** on your Tax Statement.

Add this amount to any other allowable deductions (as described in the ITR instructions) you have incurred outside Wrap. Do not include any deductions included at **Y** in Question **13** of your Tax Return. Record the total deduction at **I** in Question **D7**.

How to complete the ATO Capital Gains Tax (CGT) Schedule

You may need to complete the ATO Capital Gains Tax (CGT) Schedule 2019 (CGT Schedule) if the total current year capital gains or losses are more than \$10,000.

The CGT Schedule can be found at the back of the ATO Guide to capital gains tax 2019 (CGT Guide) that also contains a CGT summary worksheet to assist you to complete the CGT Schedule. You can obtain a copy of the CGT Guide via the ATO website at www.ato.gov.au.

Please note

The column references below are to those in the detailed supporting Schedule D of your Tax Statement. Schedule D contains details of the calculation of capital gains and losses for both disposals of shares and units (if applicable) and capital gains included in trust distributions.

Capital gains from CGT assets and CGT events

Capital gains from disposals

1 Current year capital gains and capital losses	
Capital gain	Capital loss
Shares in companies listed on an Australian securities exchange A \$ <input type="text"/>	K \$ <input type="text"/>
Other shares B \$ <input type="text"/>	L \$ <input type="text"/>
Units in unit trusts listed on an Australian securities exchange C \$ <input type="text"/>	M \$ <input type="text"/>
Other units D \$ <input type="text"/>	N \$ <input type="text"/>
Real estate situated in Australia E \$ <input type="text"/>	O \$ <input type="text"/>
Other real estate F \$ <input type="text"/>	P \$ <input type="text"/>
Amount of capital gains from a trust (including a managed fund) G \$ <input type="text"/>	
Collectables H \$ <input type="text"/>	Q \$ <input type="text"/>
Other CGT assets and any other CGT events I \$ <input type="text"/>	R \$ <input type="text"/>
Amount of capital gain previously deferred under transitional CGT relief for superannuation funds S \$ <input type="text"/>	
Add the amounts at labels K to R and write the total in item 2 label A – Total current year capital losses.	
Total current year capital gains J \$ <input type="text"/>	

Step 1

From the columns 'Optimal capital gains position – Gains not eligible for discount' and 'Optimal capital gains position – Gains eligible for discount', categorise these capital gains into gains from (a) shares in companies listed on the ASX (b) units in unit trusts listed on the ASX and (c) units in units trusts not listed on the ASX. Add to each category any other capital gains from the disposal of other investments that relate to the same category. Write the total at 1 **A**, 1 **C** and 1 **D** (as applicable) of the CGT Schedule.

Capital gains from trust distributions

Step 2

In relation to capital gains from distributions, add together all capital gains from the 'Optimal capital gains position – Gains not eligible for discount' and 'Optimal capital gains position – Gains eligible for discount' columns. Add to this amount any other capital gains from other trust distributions relating any other investments you have and write the total at 1 **G** of the CGT Schedule.

Step 3

Add together the amounts from each capital gain column in item 1 of the CGT schedule and write the total at 1 **J** of the CGT Schedule.

Current year capital losses from CGT assets and CGT events

2 Capital losses

Total current year capital losses	A \$	<input type="text"/>	. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Total current year capital losses applied	B \$	<input type="text"/>	. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Total prior year net capital losses applied	C \$	<input type="text"/>	. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Total capital losses transferred in applied (only for transfers involving a foreign bank branch or permanent establishment of a foreign financial entity)	D \$	<input type="text"/>	. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Total capital losses applied	E \$	<input type="text"/>	. <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Add amounts at B, C and D.

Step 1 From the 'Capital losses' column, categorise all capital losses into losses from (a) shares in companies listed on the ASX (b) units in unit trusts listed on the ASX and (c) units in units trusts not listed on the ASX. Add to each category any other capital loss from the disposal of other investments that relate to the same category. Write the total at 1 **K**, 1 **M** and 1 **N** (as applicable) of the CGT Schedule.

Step 2 Add together the amounts from 1 **K** to 1 **R** of the CGT Schedule and write the total in 2 **A** of the CGT Schedule.

Applying capital losses against current year capital gains

Step 1 Add the 'Application of losses' amount under the 'Capital losses' column to any other capital losses applied against gains and write this amount at 2 **B** of the CGT Schedule.

Step 2 If you have any capital losses to apply from previous years, you should write the total prior year capital loss applied at 2 **C** of the CGT Schedule.

Step 3 Add together the amounts from 2 A to 2 D and write the totals at 2 E of the CGT Schedule.

Parts 3 to 8 of the CGT Schedule

To complete Items 3 to 8 of the CGT Schedule please refer to the instructions for the schedule in the CGT Guide.

Please note

The amount at 6 **A** of the CGT Schedule should be the same as the net capital gain at **A** Question **18** of your Tax Return.

Due to the complexity of calculating net capital gains, Wrap Services strongly recommend that you consult your accountant or tax adviser before completing your Tax Return and CGT Schedule.

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Speak to your financial adviser today



Things you should know

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