

Centuria

Guide to understanding your annual tax statement

About this Guide

This guide aims to assist you in completing your 2023 Tax Return for Individuals (tax return) and the 2023 Tax Return for Individuals (supplementary section).

The information in this guide outlines, in a very general nature, the treatment of your income distributions as shown in your annual tax statement. You should refer to the Individual tax return instructions from the Australian Tax Office (ATO). They are available for [download](#) from the ATO ([ato.gov.au/forms/Tax-return-for-individuals-2023](#)) and there are also [online instructions](#) for the 2023 supplementary section ([ato.gov.au/forms/Tax-return-for-individuals-\(supplementary-section\)-2023](#)).

We recommend that you seek professional advice when completing your tax return. If you have any questions about your tax return, please consult your tax adviser or the ATO. Centuria is not able to provide you with tax advice.

Summary of your 2023 tax return (supplementary section)

This part in your annual tax statement summarises the income components which you may have in your distribution. It has been designed to help you complete your tax return for FY23. The tax return labels in your annual tax statement reflect the labels in the tax return (supplementary section) form.

The table below also highlights the income tax components which you may need to be aware of when completing the form.

| Income component on your annual tax statement | Explanation | Tax return label |
|--|--|------------------|
| Primary production (PP) income | Your share of Australian sourced primary production income from the fund. It excludes income which is shown elsewhere on your annual tax statement, such as franked dividends, capital gains and foreign income. | 13L |
| Other deductions relating to PP distributions | The total of other deductible expenses you incurred in deriving the primary production income, including any deductible expenses relating to franked distributions from the fund. | 13X |
| Non-primary production (NPP) income | Your share of Australian sourced non-primary production income from the fund. It excludes income which is shown elsewhere on your annual tax statement, such as franked dividends, capital gains and foreign income. | 13U |
| NPP income - Franked distributions from trusts | Franked distributions, including franking credits. | 13C |
| Other deductions relating to NPP distributions | The total of other deductible expenses you incurred in deriving the non-primary production income, including any deductible expenses relating to franked distributions from the fund. | 13Y |
| Share of franking credits from franked dividends | This is your share of franking credits which you may be entitled to claim as a tax offset. | 13Q |
| Share of credit for tax file number (TFN) amounts withheld | This is withholding tax that has been deducted from payments made to you during the financial year, because you didn't provide a tax file number (TFN). | 13R |
| Share of credit of non-resident withholding amounts withheld | This is withholding tax that has been deducted from payments made to you during the financial year, because you were a non-resident. | 13A |

| Income component on your annual tax statement | Explanation | Tax return label |
|--|--|------------------|
| Total current year capital gains | <p>This includes the following amounts which have been used in determining the amount distributed to you:</p> <ul style="list-style-type: none"> capital gains – discount method: This item is shown after the application of the 50% discount; capital gains – indexation method; and capital gains – other. | 18H |
| Net capital gain | <p>This reflects the total capital gains (Label 18H) after applying the 50% discount which is included in your distribution. In understanding the amount to include in 18A in your tax return, you will need to consider whether any of the following items are relevant to you in respect of other capital gains or loss items from other investments you may have:</p> <ul style="list-style-type: none"> capital losses from this year; unapplied net capital losses from prior years; any CGT discounts on discounted capital gains; the small business 50% active asset reduction; and the small business retirement exemption or rollover. <p>You may wish to obtain a copy of the ATO publication 'Personal investors guide to capital gains tax 2023', which can be downloaded from the ATO website (ato.gov.au/Forms/Personal-investors-guide-to-capital-gains-tax-2023/)</p> | 18A |
| Assessable foreign source income | The amount of any foreign income earned from investments which is not exempt from paying tax in Australia, before any foreign tax paid or withheld on this income. | 20E |
| Other net foreign source income | This item reflects the assessable foreign source income disclosed in Label 20E after applying any deductible expenses incurred in relation to earning this income. | 20M |
| Foreign income tax offsets | <p>This includes the foreign tax paid or withheld in respect of the assessable foreign source income you disclosed in Label 20E. Your actual entitlement to a foreign tax offset depends on your individual circumstances.</p> <p>For assistance, you may wish to obtain a copy of the ATO publication ' Guide to foreign income tax offset rules', which can be downloaded from the ATO website (ato.gov.au/forms/Guide-to-foreign-income-tax-offset-rules-2023/)</p> | 200 |
| Australian franking credit from New Zealand franking company | This is your share of Australian franking credits from New Zealand franking companies which you may be entitled to claim as a tax offset. | 20F |

Please note: only those distribution components that apply to your investment will appear on your annual tax statement.

Components of distribution

This part in your annual tax statement provides a detailed breakdown of the income allocated to you by the fund for the financial year. The Cash Distributions column and the Attribution Amount column of the annual tax statement may have different amounts. When completing your tax return, you should always use the Taxable Amount column.

The distributions may include several tax components that have different tax treatments.

A summary of these and the likely tax treatment of certain components which appear on the annual tax statement for the fund are set out below.

Australian income

These details are included in:

- Label 13L Primary production income – your share of any ‘primary production non-concessional MIT income (NCMI)’ and ‘primary production excluded from NCMI’ is included in this label.

- Label 13U Non-primary production – your share of any ‘non-primary production NCMI’ and ‘non-primary production excluded from NCMI’ is included in this label, less capital gains, foreign income and franked distributions.
- Label 13C Non-primary production – franked distributions from trusts. This, if applicable for your 2023 tax return, is the amount after the deductions to the franked dividend and franking credits (grossed-up) have been allocated. The franking credits (grossed-up) amount, once reduced by deductions, could be less than the franking credits tax offset you may enter in Label 13Q.

This information may be necessary if you need to complete the ‘Application for refund of franking credits for individuals 2023’. We recommend you consult with your tax adviser or refer to the information on the ATO [website](https://ato.gov.au/Forms/Refund-of-franking-credits-for-individuals---application-form-2023) (ato.gov.au/Forms/Refund-of-franking-credits-for-individuals---application-form-2023)

Capital gains

Taxable Australian Property (TAP) and Non-Taxable Australian Property (non-TAP) capital gains

Your annual tax statement will outline the extent to which any taxable capital gains are attributable to TAP or non-TAP. Australian tax residents are assessed on both TAP and Non-TAP capital gains. However, non-Australian tax residents are only assessed on TAP gains.

Capital gains discount

This shows the discounted capital gains after applying the 50% capital gains tax (CGT) discount.

Capital gains – other method

This is the capital gains from your share of the net income which was not eligible for the 50% CGT discount.

Net capital gain

Net capital gains (discount and other methods) included in your share of the net income.

CGT concession amount (TAP) and CGT concession amount (NTAP)

The portion of your distribution on your annual tax statement that corresponds to the CGT concession amount represents non-assessable CGT discount. The CGT concession amount should not be included in your assessable income and should not be included in your individual income tax return, nor does the CGT concession amount form part of your tax deferred amount of distributions and therefore does not reduce the cost base of your investment.

Total current year capital gains

This is the total amount of capital gains allocated to you. It includes the grossed-up amount of the gains at discounted capital gains -TAP and discounted capital gains - Non-TAP, in the Taxable Amount column. The total amount of capital gains distributed in cash needs to be shown in the Cash distribution column.

Foreign income

Assessable foreign source income

The income derived from foreign sources including dividend, interest, any other foreign source investment income and foreign tax paid on those amounts (that is, gross of foreign income tax paid but net of the proportion of deductions allocated to this foreign income within the fund).

Tax offsets

Franking credit tax offset

The total amount of the franking credits that may be available to the investor to claim as a tax offset. Where your circumstances are relatively straight forward, you should be able to use these amounts directly however you should seek the advice of your tax advisor in relation to your eligibility to claim an offset for franking credits.

Foreign income tax offset

The foreign income tax offset is an amount of foreign income tax paid that counts towards a tax offset under Division 770 of the ITAA 1997. This is the maximum amount which you may be able to claim in respect of the foreign income attributed to you by the fund.

Other non-assessable amounts

Tax deferred amounts

Your annual tax statement includes the tax deferred amount from your distributions. The tax deferred amount has generally arisen due to tax deductions claimed for items such as depreciation and other capital allowances.

The tax deferred amount is not immediately assessable, but will reduce the CGT cost base of your investment. This reduction in cost base will be relevant in calculating any capital gain or capital loss on disposal of your investment.

In addition you make a capital gain (even if you do not sell your units) if the sum of the tax deferred amounts received for each unit exceeds the tax cost base of that unit at the time of the tax deferred distribution.

Return of capital

Return of capital amounts represents amounts of original capital invested that have been returned to investors during the year. Return of capital amounts are treated in a similar way to tax deferred amounts.

Other amounts deducted from distributions

This shows the amount withheld from your distributions where you have not provided a TFN, if you were a non-resident during the financial year (including MIT fund payments). We note for completeness that withholding applied to NCMI income will not be included in the MIT fund payment withholding amount.