

## Pendal Capital Gains Tax Statement Guide

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2020



**This guide will help you understand your Pendal Capital Gains Tax Statement (Pendal CGT Statement) and assist you in completing your 2019-2020 tax return.**

This guide refers to the tax return for individuals (supplementary section) 2020 and is not intended for use without reference to the appropriate Australian Taxation Office (ATO) instructions.

Copies of ATO publications referred to in this guide can be obtained from the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

This guide provides general information only and should not be regarded as tax advice. If you require further assistance in order to complete your tax return or information about your personal circumstances, we recommend that you consult your accountant or tax adviser.

### How to read your Pendal CGT Statement

You only need to refer to the section of your statement that corresponds to the type of taxpayer you are (ie Individual, Trust, Company or Complying Superannuation Fund).

For companies, only a single capital gain/loss column is displayed, as the discount method of calculating capital gains is not applicable. For non-complying superannuation funds, please refer to the section of the statement in respect of individuals.

Where an amount (including zero) appears in both columns for a disposal, you should only include one of the amounts when calculating your overall capital gain or loss. You can choose the amount that best suits your circumstances.



#### Company name changes

As you would be aware, BT Investment Management Limited changed its company name to Pendal Group Limited. To reflect our new brand, the name of our responsible entity has also changed from BT Investment Management (Fund Services) Limited to Pendal Fund Services Limited.

Whilst we have made these changes across the majority of our documents and systems, it will take some time to reflect the new names in all our systems. You will therefore still see the BT brand and name appearing in some places, including sections of your CGT statement.

We are working on making the remaining changes and appreciate your understanding during this transition period.

Please note that the names of our Pooled Superannuation Trust (PST) products and the name(s) of their Approved Trustee(s) have not changed as part of the Pendal Group Limited company name change.

## How to complete your tax return for individual taxpayers

To include your capital gains and/or losses in your 2019-2020 tax return, you will need the following documents:

- Tax return for individuals 2020
- Tax return for individuals (supplementary section) 2020
- Individual tax return instructions 2020
- Individual tax return instructions supplement 2020

If you have capital gains or losses from other sources, you may need to use the 'Guide to Capital Gains Tax 2020' or 'Personal Investors Guide to Capital Gains Tax 2020' (NAT 4152.06-2020) if during the year you only:

- sold shares;
- sold or redeemed units in a managed fund; or
- received a distribution of capital gains from a managed fund.

If you are not the sole holder of an account, show only your share of capital gains and losses.

### Calculate total current year capital gains (Item 18H)

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**Step 1** Print X in the 'Yes' box at 18G.

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**Step 2** Add together the capital gain amounts from your Pandal CGT Statement. For distributed capital gains, all amounts must be included in your calculation. For each disposal of units in your Pandal investment, where there is an amount in both the 'Capital gain indexed and other' and 'Capital gain eligible for discount' columns, you should only include one of these amounts.

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**Step 3** Add to this any capital gain amounts from other sources.

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**Step 4** Write the total current year capital gains at 18H.

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You should also refer to the ATO instructions when performing these steps.

### Calculate net capital gain (Item 18A)

#### Apply current year capital losses

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**Step 1** Add any current year capital losses shown on your Pandal CGT Statement to any other current year capital losses you have made from other sources.

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**Step 2** Apply your current year capital losses against your total current year capital gains. You can choose which capital gains are reduced by current year losses.

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#### Apply prior year net capital losses

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**Step 1** Apply any prior year net capital losses against your remaining current year capital gains.

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#### Apply the CGT discount

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**Step 1** If after applying current year and prior year capital losses you have capital gains that are eligible for CGT discount (i.e. assets held for 12 months or more), then these gains can be reduced by the 50% CGT discount for individuals.

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## Net capital gain

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**Step 1** Any capital gain remaining after offsetting capital losses and applying the CGT discount is your net capital gain.

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**Step 2** Write this amount at 18A.

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**Step 3** If your capital losses have reduced your capital gain to zero, write '0' at item 18A.

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## Calculate net capital losses carried forward to later income years (Item 18V)

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**Step 1** Any current year and prior year net capital losses remaining after reducing your current year capital gains are your net capital losses to be carried forward.

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**Step 2** Write this amount at 18V.

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## When your Pandal CGT Statement is not appropriate

There may be circumstances where your Pandal CGT Statement is inappropriate or you may not be subject to CGT, these may include (but not limited to):

- if we withdrew any part of your investment to correct your unit balance;
- units redeemed relate to, or were held jointly with, a deceased unit holder;
- units redeemed were transferred to you by a deceased estate;
- units redeemed were transferred to you due to a divorce settlement;
- your financial adviser rebated some of the purchase price of your units by way of a cash payment to you;
- you have transferred the units to another person or have acquired units from another person at any time;
- you have transferred the units and there was no change in beneficial ownership;
- you are able to obtain a CGT roll-over relief;
- you were a non-resident for Australian tax purposes at any time while you held the assets;
- units redeemed were either 'trading stock' or 'revenue assets of a business carried on by you';
- you incurred incidental costs in acquiring, holding and/or disposing of your units;
- you took out a loan to finance the purchase of your units and you were unable to claim a tax deduction for interest paid on the loan; or
- you have used a different parcel selection method than First-In, First Out (FIFO) (see below).

If these or other circumstances have occurred, we recommend that you seek professional taxation advice to help calculate your actual capital gains tax liability.

## Frequently asked questions

### How have you calculated my capital gain and loss amounts from disposals?

For each parcel of units, we have compared the proceeds on disposal with the cost base, reduced by non assessable distributions where applicable.

### What assumptions were made?

We have used the FIFO method for parcel selection. That is, the first parcel of units you bought is considered to be the first parcel of units you disposed of. If you choose another method, you should not use the Pandal CGT Statement either this year or in future years.

While most resident investors (including joint holders) should be able to use this guide to complete their tax return, this guide may not be appropriate to all investors.

### What happens if my investment is in more than one name?

If your investment is held in two or more names, all income, tax credits, capital gains etc should be divided between all investors. For example, if there are two investors with equal shares in one investment, each investor would have to declare only half the income, tax credits, capital gains, etc.

### When will I have a capital gain or loss?

A capital gain not eligible for discount will generally occur if the units were held for less than 12 months and the proceeds on disposal are greater than the adjusted cost base. This will be displayed on your statement in the 'Capital gain other' column.

A capital gain eligible for discount will occur if the units were held for at least 12 months and the proceeds from disposal are greater than the adjusted cost base. Units disposed of in a dollar stable fund (ie Pandal Managed Cash Fund) are not included in the statement as the disposal would not result in any gain or loss due to the fixed unit price.

A capital loss will occur when the reduced cost base is greater than the proceeds you received on disposal of your investment.

No capital gain or loss will occur when the proceeds received on disposal are greater than the reduced cost base but less than the adjusted cost base. A '0' will be displayed on your Pandal CGT Statement in this case.

## Definitions

### For Pandal Funds that are AMITs

Under the AMIT regime you are required to adjust the cost base of your units by either an AMIT cost base net amount – excess or an AMIT cost base net amount – shortfall. Your AMMA Statement will show the required AMIT cost base adjustment required for the relevant Pandal fund.

You will no longer need to refer separately to tax-free or tax-deferred amounts to determine the cost base adjustments for Pandal Funds that are AMITs, however these amounts are broadly reflected in the AMIT cost base net amount advised to you in your AMMA statement.

#### AMIT cost base net amount – excess

If your AMMA Statement shows an AMMA cost base net amount – excess, you must reduce the cost base and reduced cost base of your investment in the relevant Pandal fund by this amount.

#### AMIT cost base net amount – shortfall

If your AMMA Statement shows an AMMA cost base net amount – shortfall, you must increase the cost base and reduced cost base of your investment in the relevant Pandal fund by this amount.

### For Pandal Funds that are not AMITs

#### Adjusted cost base

Cost base – (non-assessable components excluding tax free components – reduction factor). Where your investment was acquired prior to 21 September 1999 and the indexation method is chosen, the 'Adjusted cost base' also includes indexation to September 1999.

#### CGT Concession

This component, when received before 1 July 2001 or in respect of the 30 June 2018 year or after, reduces the cost base when calculating a capital gain or loss.

**Cost base**

This is generally the amount you invested, including any fees you paid when you acquired your investment.

**Discount percentage**

50% for individuals, one-third for complying superannuation funds and nil for companies.

**Non-assessable distribution components**

Includes tax-free, tax-deferred, tax-exempt, return of capital and certain CGT-concession components.

**Reduced cost base**

Cost base – (non assessable components – reduction factor).

**Reduction factor**

When the cost base is reduced by a CGT concession amount, some or all of this reduction may be offset by a 'reduction factor'. As we have assumed that no capital losses have been offset against distributions in the 'Capital gain eligible for discount column' the reduction factor has been calculated as the lower of:

- discounted capital gains component –  $(2 \times \text{discounted capital gain component} \times \text{discount percentage})$ , or
- the relevant non-assessable distribution components –  $(2 \times \text{discounted capital gain component} \times \text{discount percentage})$ .

If capital losses have been offset against distributions of 'Capital gain eligible for discount' which were received pre 1 July 2001, the reduction factor we have calculated will not be appropriate.

**Return of capital amounts**

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

**Tax deferred amounts**

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

**Tax exempt amounts**

This component does not reduce the cost base when calculating a capital gain or loss.

**Tax free amounts**

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

For more information see your financial adviser or visit [pendalgroup.com](https://www.pendalgroup.com)

This guide has been prepared by Pental Fund Services Limited (Pental) ABN 13 161 249 332, AFSL No 431426, the responsible entity of each fund, and the information contained within is current as at 30 June 2020. Although we are able to give you information about your investment, we are unable to give you tax advice. Pental is not a registered tax (financial) adviser under the Tax Agent Services Act 2009 and you should seek tax advice from a registered tax agent or a registered tax (financial) advisor if you intend to rely on this information to satisfy your liabilities or obligations or claim entitlements that arise, or could arise under a taxation law. Please retain your Pental Capital Gains Tax Statement and this guide for tax purposes. This information is for general information purposes only, should not be considered as a comprehensive statement on any matter and should not be relied upon as such. It has been prepared without taking into account any recipient's personal objectives, financial situation or needs. This information may contain material provided by third parties, is given in good faith and has been derived from sources believed to be accurate as at its issue date. While such material is published with necessary permission, and while all reasonable care has been taken to ensure that the information in this guide is complete and correct, to the maximum extent permitted by law neither Pental nor any company in the Pental group accepts any responsibility or liability for the accuracy or completeness of this information.