

Pendal Tax Statement Guide for Individuals

●
2021



This guide will help you to understand your Pendal Tax Statement and assist you in completing your 2020-2021 tax return.

Although we are able to provide you with information about your investment, please be aware, we are unable to provide tax advice. If you require further information to help complete your tax return or information about your personal circumstances, we recommend that you consult your tax accountant or tax adviser.

Your Pendal Tax Statement contains references to the 2021 tax return for individuals (supplementary section) 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.

Attribution Managed Investment Trust (AMIT)

Eligible Pendal funds that have elected into the AMIT regime are required to issue an Attribution Managed Investment Trust Member Annual statement (AMMA Statement) to members. If the Pendal fund you have received distributions from is not an AMIT, you will receive an Annual Tax Statement.

Your Pendal 2020-2021 Tax Statement

The summary information on each Pendal Tax Statement shows the taxable components of all the distributions that you received from your Pendal investment during the financial year (eg your September 2020, December 2020, March 2021 and June 2021 distributions). Your June 2021 distribution must be included in your 2021 tax return even though you received it in July.

You must include all these distributions whether they have been banked, sent to you by cheque or reinvested. The statement also shows the net capital gains you received where the Pendal fund disposed of investments during the year. These gains are passed onto you in your distribution and as an investor in the fund, you will need to account for them in your tax return.

If you are not the sole holder of your Pendal investment, show only your share of the relevant amounts.

If you disposed of any part of your investment during the year, you will need to calculate the capital gain or loss from the disposal of your units and include this in your tax return. Further information on how to calculate your net capital gain or loss can be found in the ATO's publication 'Personal investors guide to capital gains tax 2021'.

We have not applied the Taxation of Financial Arrangements legislation to your Pendal investment for the current year. If you believe these provisions apply to your investment, please speak to your accountant or tax adviser to confirm the applicable tax treatment.

Non-Residents

The Pandal Tax Statement has been prepared on the basis that you are an individual and resident of Australia for income tax purposes. Investors who are non-residents should seek professional taxation advice on the consequences of receiving these distributions or, where applicable, the disposal of units in Pandal funds.

Non-resident investors should note that Pandal is required to deduct withholding tax on certain Australian sourced components of income. Distributions that are classified as foreign income, conduit foreign income (CFI) and Non-Taxable Australian Real Property capital gains (NTARP) are free of Australian withholding tax.

Australian residents

The summary information shows the taxable components of all the distributions that you received from your investment during the financial year. All tax return references are for the 2021 Tax return for individuals (supplementary section).

If you are completing your individual income tax return electronically by using myTax, please refer to the 'Pandal 2021 myTax Guide' available at www.pandalgroup.com/financialyearend.

Non-primary production income (Item 13U)

Step 1 Add each amount of non-primary production income (13U) from every statement summary to any other non-primary production income you received from other trust investments.

Step 2 Write the total income at 13U of your 2021 tax return.

Franked distributions (Item 13C)

Step 1 Add each amount of franked distributions (13C) from every statement to any other franked distributions from other trust or partnership investments. Do not include any franked dividends from direct share investments, these should be shown at Question 11 of the tax return for individuals 2021 (not the supplementary section).

Step 2 Write this total at 13C.

Other deductions relating to distribution (Item 13Y)

Step 1 Deductions relating to your investment, such as interest on loans used to finance your trust investment, or other expenses incurred deriving income from your investment should be shown at Item 13Y.

Net non-primary production amount

Step 1 Add the amounts you have disclosed at 13O, 13U and 13C (or subtract loss amounts) and subtract the amounts at 13J and 13Y. The result should be entered in the 'Net non-primary production amount' box in Question 13. If this is a negative amount (a loss), write 'L' in the box to the right of this figure.

Franking credits (Item 13Q)

Step 1 Add each amount of franking credits (13Q) from every statement to any franking credits you received from other trust or partnership investments. Do not include any franking credits from direct share investments, these should be shown at Question 11 of the tax return for individuals 2021 for individuals (not the supplementary section).

Step 2 Write this total at 13Q.

Please note:

If you are not required to lodge an income tax return, you may be able to claim a refund of franking credits. You'll need to obtain a copy of the refund of franking credits application form (NAT 4098) from the ATO.

For Pandal Funds that are AMITs

Subject to the Commissioner of Taxation determining otherwise, members of a trust that is an AMIT are deemed to be a 'qualified person' in respect of franked distributions made by that trust. You are not required to apply the 45 day holding period rule in respect of franked distributions received from an AMIT, and are generally entitled to claim the full amount of franking credits disclosed on your AMMA Statement.

For Pandal Funds that are not AMITs

If you disposed of units in the trust within 45 days of acquiring the units (excluding the acquisition and disposal days), you may not be able to claim all of your franking credits, unless the total franking credits you are claiming from all sources for the year is \$5,000 or less. Further information about the holding period rule can be found in the ATO publication 'You and your shares 2021' (NAT 2632-06.2021).

Credit for TFN amounts withheld (Item 13R)

TFN withholding is required to be deducted where a valid Australian Tax File Number (TFN) has not been provided. If you are an Australian resident investor and did not provide your TFN in relation to your Pandal investment, TFN withholding tax has been deducted from your income distributions for the year ended 30 June 2021.

Step 1 Add each amount of TFN withholding credits (13R) from every statement to any other TFN withholding tax that may have been deducted from other trust or partnership investment income.

Step 2 Write this total at 13R.

Net capital gains

This is the amount of net capital gains distributed to you using the discount, and/or other method. Capital gains are classified as either Taxable Australian Real Property (TARP) or Non-Taxable Australian Real Property (NTARP). The classification is only relevant to non-residents, where they will only be subject to Australian income tax on capital gains that are TARP.

Discount method

This component represents capital gains on the disposal of investments by the Pandal fund where the 50% discount method has been used. If you are not entitled to the 50% discount or are applying capital losses against these capital gains, you will need to double this component, deduct any capital losses and then apply the discount relevant to your circumstances.

Other method

This component represents capital gains on the disposal of investments by the Pandal fund where they were held for less than 12 months.

Question 18 of the Tax Return for Individuals 2021

If you have capital gains and losses from shares or units in a unit trust or managed investment fund, you will need a copy of the ATO's 'Personal investors guide to capital gains tax 2021' (NAT 4152.06-2021) to assist you in working out your capital gains and losses.

-
- Step 1** If you made no capital gain or loss during the year, write X in the 'No' box at 18G.
-
- Step 2** If there is a capital gain (18H) on your statement summary, write X in the 'Yes' box at 18G.
-
- Step 3** Add each amount of total current year capital gains (18H) from every statement to any other capital gains you have from other sources.
-
- Step 4** Write the total current year capital gains at 18H.
-
- Step 5** If the total of your current year capital gains is more than the total of your current year capital losses and prior year capital losses carried forward, you have made a current year capital gain. Use the ATO guide to assist you in calculating your net capital gain to include at 18A.
-
- Step 6** If the total of your current year capital gains is less than the total of your current year capital losses and prior year capital losses carried forward, you have made a net capital loss. Use the ATO guide to assist you in calculating your net capital loss to include at 18V.
-

AMIT cost base adjustments

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. Each AMMA Statement will show the required AMIT cost base adjustment required for the relevant Pandal fund.

AMIT cost base net amount – excess

If your AMMA Statement shows an AMMA cost base net amount – excess, you must decrease 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.

Foreign income

This is income the fund has received from foreign sources. The amounts have been grossed up for any foreign tax paid.

The ATO has published the 'Guide to foreign income tax offset rules 2021' to assist you in working out the total amount of foreign tax credits you can claim.

Question 20 on Tax Return for Individuals 2021

-
- Step 1** Using the foreign income information on each Pandal Tax Statement summary, add the amount of 'foreign income' to any 'foreign income' that you may have received from other sources.
-
- Step 2** Follow the Individual tax return instructions supplement 2021 instructions to calculate the amount of your assessable foreign income.
-
- Step 3** Write the amount of your assessable foreign income at 20E.
-
- Step 4** Follow the Individual tax return instructions supplement 2021 to calculate the amount of your net foreign income.
-
- Step 5** Write the amount of net foreign income at 20M.
-
- Step 6** Calculate your foreign income tax offset using the Guide to foreign income tax offset rules and write the amount you can claim at 20O.
-

Australian franking credits from a New Zealand franking company (Item 20F)

Dividends received from New Zealand companies may have Australian franking credits. If your summary statement shows an amount at item 20F add this amount to any other Australian franking credits from New Zealand companies you may have received and write this amount at Item 20F. Do not include franking credits from Australian companies at this item.

Management fee rebate (Item 24V)

Any management fee rebate you have received during the year relating to your investment has not been included on your Pandal Tax Statement.

If you have received a management fee rebate during the year, you will need to include this amount at item 24V.

Is your accountant or tax adviser helping you complete your tax return? If yes:

- provide them with every tax statement and this guide to help them complete your tax return easily and efficiently
- if you need us to send copies of your statements and this guide to your accountant or tax adviser, please contact our Client Services team.

Other information

If your Tax Statement shows tax free, tax deferred, tax exempt, return of capital or CGT concession amounts, these components are generally not assessable for income tax purposes, so you don't need to include them in your tax return. When you dispose of your investment, these may affect your capital gain or loss. We suggest you consult your accountant or tax adviser for further details when you consider the disposal of your investment.

If your AMMA Statement shows AMIT cost base net amount – excess or AMIT cost base net amount – shortfall, these amounts are not assessable for tax purposes, however, you are required to make the relevant adjustment to the cost base and reduced cost base of your investment.

Can anyone use this guide?

While most Australian resident individual investors (including joint holders) should be able to use this guide to complete their tax return, there are some instances where this guide may not be appropriate. For example:

- you've changed your residency status during the year or since acquiring your units
- you are a foreign resident subject to Australian tax
- you treat your investments on revenue account

For more information see your financial adviser or visit pandalgroup.com

This guide has been prepared by Pandal Fund Services Limited (Pandal) 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 2021. Although we are able to give you information about your investment, we are unable to give you tax advice. Pandal 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 Pandal Tax Statement/AMMA 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 Pandal nor any company in the Pandal group accepts any responsibility or liability for the accuracy or completeness of this information.