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APPENDIXES

APPENDIX 1: Summary of CGT events

| DISPOSAL | | | | |
|-----------|-------------------------|---|--|--|
| CGT event | | Time of event | Capital gain | Capital loss |
| A1 | Disposal of a CGT asset | when the disposal contract is entered into or, if none, when the entity stops being the asset's owner | capital proceeds from disposal /less the asset's cost base | asset's reduced cost base /less capital proceeds |

| HIRE PURCHASE AND SIMILAR AGREEMENTS | | | | |
|--------------------------------------|---------------------------------------|----------------------------------|--|--|
| CGT event | | Time of event | Capital gain | Capital loss |
| B1 | Use and enjoyment before title passes | when use of the CGT asset passes | capital proceeds /less the asset's cost base | asset's reduced cost base /less capital proceeds |

| END OF A CGT ASSET | | | | |
|--------------------|--|--|--|---|
| CGT event | | Time of event | Capital gain | Capital loss |
| C1 | Loss or destruction of a CGT asset | when compensation is first received or, if none, when the loss is discovered or destruction occurred | capital proceeds /less the asset's cost base | asset's reduced cost base /less capital proceeds |
| C2 | Cancellation, surrender and similar endings | when the contract ending an asset is entered into or, if none, when an asset ends | capital proceeds from the ending /less the asset's cost base | asset's reduced cost base /less capital proceeds |
| C3 | End of an option to acquire shares and so on | when the option ends | capital proceeds from granting the option /less expenditure in granting it | expenditure in granting the option /less capital proceeds |

| BRINGING A CGT ASSET INTO EXISTENCE | | | | |
|-------------------------------------|--|--|---|---|
| CGT event | | Time of event | Capital gain | Capital loss |
| D1 | Creating contractual or other rights | when the contract is entered into or the right is created | capital proceeds from creating the right /less incidental costs of creating the right | incidental costs of creating the right /less capital proceeds |
| D2 | Granting an option | when the option is granted | capital proceeds from the grant /less expenditure to grant it | expenditure to grant the option /less capital proceeds |
| D3 | Granting a right to income from mining | when the contract is entered into or, if none, when the right is granted | capital proceeds from the grant of right /less the expenditure to grant it | expenditure to grant the right /less capital proceeds |
| D4 | Entering into a conservation covenant | when covenant is entered into | capital proceeds from covenant /less cost base apportioned to the covenant | reduce cost base apportioned to the covenant /less capital proceeds from covenant |

TRUSTS

| CGT event | | Time of event | Capital gain | Capital loss |
|-----------|---|--|---|--|
| E1 | Creating a trust over a CGT asset | when the trust is created | capital proceeds from creating the trust <i>less</i> the asset's cost base | asset's reduced cost base <i>less</i> capital proceeds |
| E2 | Transferring a CGT asset to a trust | when the asset is transferred | capital proceeds from the transfer <i>less</i> the asset's cost base | asset's reduced cost base <i>less</i> capital proceeds |
| E3 | Converting a trust to a unit trust | when the trust is converted | market value of the asset at that time <i>less</i> its cost base | asset's reduced cost base <i>less</i> that market value |
| E4 | Capital payment for trust interest | when the trustee makes the payment | non-assessable part of the payment <i>less</i> the cost base of the trust interest | <i>no capital loss</i> |
| E5 | Beneficiary becoming entitled to a trust asset | when the beneficiary becomes absolutely entitled | for a trustee – market value of the CGT asset at that time <i>less</i> its cost base; for a beneficiary – that market value <i>less</i> the cost base of the beneficiary's capital interest | for a trustee – reduced cost base of the CGT asset at that time <i>less</i> that market value; for a beneficiary – reduced cost base of the beneficiary's capital interest <i>less</i> that market value |
| E6 | Disposal to a beneficiary to end an income right | the time of the disposal | for a trustee – market value of the CGT asset at that time <i>less</i> its cost base; for a beneficiary – that market value <i>less</i> the cost base of the beneficiary's right to income | for a trustee – reduced cost base of the CGT asset at that time <i>less</i> that market value; for a beneficiary – reduced cost base of the beneficiary's right to income <i>less</i> that market value |
| E7 | Disposal to a beneficiary to end capital interest | the time of the disposal | for a trustee – market value of the CGT asset at that time <i>less</i> its cost base; for a beneficiary – that market value <i>less</i> the cost base of the beneficiary's capital interest | for a trustee – reduced cost base of the CGT asset at that time <i>less</i> that market value; for a beneficiary – reduced cost base of the beneficiary's capital interest <i>less</i> that market value |
| E8 | Disposal by a beneficiary of capital interest | when the disposal contract is entered into or, if none, when the beneficiary ceases to own the CGT asset | capital proceeds <i>less</i> the appropriate proportion of the trust's net assets | appropriate proportion of the trust's net assets <i>less</i> the capital proceeds |
| E9 | Creating a trust over future property | when the entity makes an agreement | market value of the property (as if it existed when the agreement was made) <i>less</i> incidental costs in making the agreement | incidental costs in making the agreement <i>less</i> the market value of the property (as if it existed when the agreement was made) |

LEASES

| CGT event | | Time of event | Capital gain | Capital loss |
|-----------|--|--|--|--|
| F1 | Granting a lease | for granting a lease – when the entity enters into the lease contract or, if none, at the start of the lease; for a lease renewal or extension – at the start of the renewal or extension | capital proceeds <i>less</i> the expenditure on grant, renewal or extension | expenditure on grant, renewal or extension <i>less</i> capital proceeds |
| F2 | Granting a long-term lease | for granting a lease – when the lessor grants the lease; for a lease renewal or extension – at the start of the renewal or extension | capital proceeds from the grant, renewal or extension <i>less</i> the cost base of the leased property | reduced cost base of the leased property <i>less</i> the capital proceeds from the grant, renewal or extension |
| F3 | Lessor pays lessee to get lease changed | when the lease term is varied or waived | <i>no capital gain</i> | amount of expenditure to get lessee's agreement |
| F4 | Lessee receives payment for changing a lease | when the lease term is varied or waived | capital proceeds <i>less</i> the cost base of lease | <i>no capital loss</i> |
| F5 | Lessor receives payment for changing a lease | when the lease term is varied or waived | capital proceeds <i>less</i> expenditure in relation to variation or waiver | expenditure in relation to variation or waiver <i>less</i> capital proceeds |

SHARES

| CGT event | | Time of event | Capital gain | Capital loss |
|-----------|--|---|---|---|
| G1 | Capital payment for shares | when the company pays a non-assessable amount | payment <i>less</i> cost base of shares | <i>no capital loss</i> |
| G3 | Liquidator or administrator declares shares or financial instruments worthless | when declaration is made | <i>no capital gain</i> | shares' or financial instruments' reduced cost base |

SPECIAL CAPITAL RECEIPTS

| CGT event | | Time of event | Capital gain | Capital loss |
|-----------|--|---|---|---|
| H1 | Forfeiture of a deposit | when the deposit is forfeited | deposit <i>less</i> expenditure in connection with the prospective sale | expenditure in connection with the prospective sale <i>less</i> deposit |
| H2 | Receipt for an event relating to a CGT asset | when the act, transaction or event occurred | capital proceeds <i>less</i> the incidental costs | incidental costs <i>less</i> capital proceeds |

CESSATION OF RESIDENCY

| CGT event | | Time of event | Capital gain | Capital loss |
|-----------|--|---|---|---|
| I1 | Individual or company stops being an Australian resident | when the individual or company stops being an Australian resident | for each CGT asset the person owns, its market value <i>less</i> its cost base | for each CGT asset the person owns, its reduced cost base <i>less</i> its market value |
| I2 | Trust stops being a resident trust | when the trust ceases to be a resident trust for CGT purposes | for each CGT asset the trustee owns, its market value <i>less</i> its cost base | for each CGT asset the trustee owns, its reduced cost base <i>less</i> its market value |

REVERSAL OF ROLLOVER

| CGT event | Time of event | Capital gain | Capital loss |
|--|--|--|--|
| J1 Company stops being a member of a wholly owned group after a rollover | when the company stops being a member of a wholly owned group after a rollover | market value of the asset at the time of the event <i>less</i> its cost base | reduced cost base of the asset <i>less</i> that market value |
| J2 Change in status of a CGT asset that was a replacement asset in a rollover under Subdivision 152-E | when the change in status happens | the amount of the capital gain that you disregarded under Subdivision 152-E | <i>no capital loss</i> |
| J3 A change happens in circumstances where a share in a company or an interest in a trust was a replacement asset in a rollover under Subdivision 152-E | when the change in circumstances happens | the amount of the capital gain that you disregarded under Subdivision 152-E | <i>no capital loss</i> |
| J4 Trust failing to cease to exist after rollover under Subdivision 124-N | when the failure to cease to exist happens | for the company – market value of the asset at the time the company acquired it <i>less</i> its cost base at that time for a shareholder – market value of the share at the time the shareholder acquired it <i>less</i> its cost base at that time | for the company – reduced cost base of the asset at the time the company acquired it <i>less</i> its market value at that time for a shareholder – reduced cost base of the share at the time the shareholder acquired it <i>less</i> its market value at that time |

OTHER CGT EVENTS

| CGT event | Time of event | Capital gain | Capital loss |
|---|--|---|--|
| K2 Bankrupt pays an amount in relation to debt | when payment is made | <i>no capital gain</i> | that part of the payment that relates to the denied part of a net capital loss |
| K3 Asset passing to a tax-advantaged entity | when an individual dies | market value of the asset at death <i>less</i> its cost base | reduced cost base of the asset <i>less</i> that market value |
| K4 CGT asset starts being trading stock | when the asset starts being trading stock | market value of asset <i>less</i> its cost base | reduced cost base of asset <i>less</i> that market value |
| K5 Special capital loss from a collectable that has fallen in market value | when CGT event A1, C2 or E8 happens to shares in the company, or an interest in the trust, that owns the collectable | <i>no capital gain</i> | market value of the shares or interest (as if the collectable had not fallen in market value) <i>less</i> the capital proceeds from CGT event A1, C2 or E8 |
| K6 Pre-CGT shares or trust interest | when another CGT event involving the shares or interest happens | capital proceeds from the shares or trust interest that are attributable to post-CGT assets owned by the company or trust, <i>less</i> the assets' cost bases | <i>no capital loss</i> |
| K7 Balancing adjustment occurs for a depreciating asset that you used for purposes other than taxable purposes | when the balancing adjustment event occurs | termination value <i>less</i> cost <i>times</i> fraction | cost <i>less</i> termination value <i>times</i> fraction |

OTHER CGT EVENTS

| CGT event | Time of event | Capital gain | Capital loss |
|---|---|---|--|
| K8 Direct value shifts affecting your equity or loan interests in a company or trust | the decrease time for the interests | the capital gain worked out under section 725-365 | <i>no capital loss</i> |
| K9 Entitlement to receive payment of a carried interest | when you become entitled to receive the payment | capital proceeds from the entitlement | <i>no capital loss</i> |
| K10 You make a forex realisation gain as a result of forex realisation event 2 and item 1 of the table in subsection 775-70(1) applies | when the forex realisation event happens | equal to the forex realisation gain | <i>no capital loss</i> |
| K11 You make a forex realisation loss as a result of forex realisation event 2 and item 1 of the table in subsection 775-75(1) applies | when the forex realisation event happens | <i>no capital gain</i> | equal to the forex realisation loss |
| K12 Foreign hybrid loss exposure adjustment | just before the end of the income year | <i>no capital gain</i> | the amount stated in subsection 104-270(3) |

CONSOLIDATIONS

| CGT event | Time of event | Capital gain | Capital loss |
|---|--|--|--|
| L1 Reduction under section 705-57 in tax cost setting amount of assets of entity becoming subsidiary member of consolidated group or MEC group | just after entity becomes subsidiary member | <i>no capital gain</i> | amount of reduction |
| L2 Amount remaining after step 3A etc of 'joining allocable cost amount is negative' | just after entity becomes subsidiary member | amount remaining | <i>no capital loss</i> |
| L3 Tax cost setting amounts for retained cost base assets exceed joining allocable cost amount | just after entity becomes subsidiary member | amount of excess | <i>no capital loss</i> |
| L4 No reset cost base assets against which to apply excess of net allocable cost amount on joining | just after entity becomes subsidiary member | <i>no capital gain</i> | amount of excess |
| L5 Amount remaining after step 4 of 'leaving allocable cost amount is negative' | when entity ceases to be subsidiary member | amount remaining | <i>no capital loss</i> |
| L6 Error in calculation of tax cost setting amount for joining entity's assets | start of the income year when the Commissioner becomes aware of the errors | the net overstated amount resulting from the errors, or a portion of that amount | the net understated amount resulting from the errors, or a portion of that amount |
| L7 Discharged amount of liability differs from amount for allocable cost amount purposes | start of the income year in which the liability is realised | your allocable cost amount <i>less</i> what it would have been had you used the correct amount for liability | what your allocable cost amount would have been had you used the correct amount for the liability <i>less</i> your allocable cost amount |
| L8 Reduction in tax cost – setting amount for reset cost base assets on joining cannot be allocated | just after entity becomes subsidiary member | <i>no capital gain</i> | amount of reduction that cannot be allocated |

APPENDIX 2: Consumer price index (CPI)

ALL GROUPS – WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES

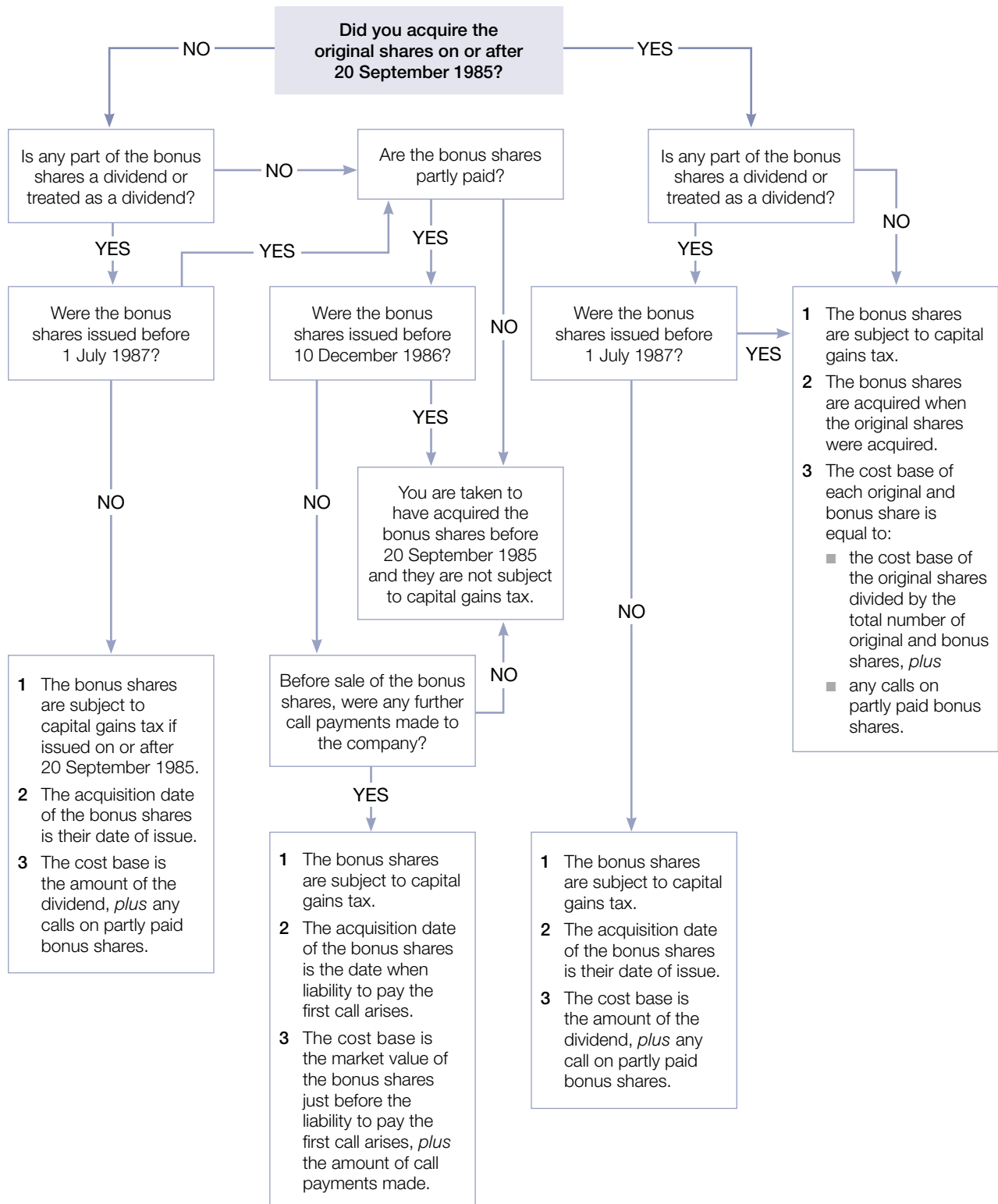
| Year | Quarter ending | | | |
|------|----------------|--------|--------|--------|
| | 31 Mar | 30 Jun | 30 Sep | 31 Dec |
| 1985 | – | – | 71.3 | 72.7 |
| 1986 | 74.4 | 75.6 | 77.6 | 79.8 |
| 1987 | 81.4 | 82.6 | 84.0 | 85.5 |
| 1988 | 87.0 | 88.5 | 90.2 | 92.0 |
| 1989 | 92.9 | 95.2 | 97.4 | 99.2 |
| 1990 | 100.9 | 102.5 | 103.3 | 106.0 |
| 1991 | 105.8 | 106.0 | 106.6 | 107.6 |
| 1992 | 107.6 | 107.3 | 107.4 | 107.9 |
| 1993 | 108.9 | 109.3 | 109.8 | 110.0 |
| 1994 | 110.4 | 111.2 | 111.9 | 112.8 |
| 1995 | 114.7 | 116.2 | 117.6 | 118.5 |
| 1996 | 119.0 | 119.8 | 120.1 | 120.3 |
| 1997 | 120.5 | 120.2 | 119.7 | 120.0 |
| 1998 | 120.3 | 121.0 | 121.3 | 121.9 |
| 1999 | 121.8 | 122.3 | 123.4 | N/A* |

For an explanation of indexation and how it applies, see page 24.

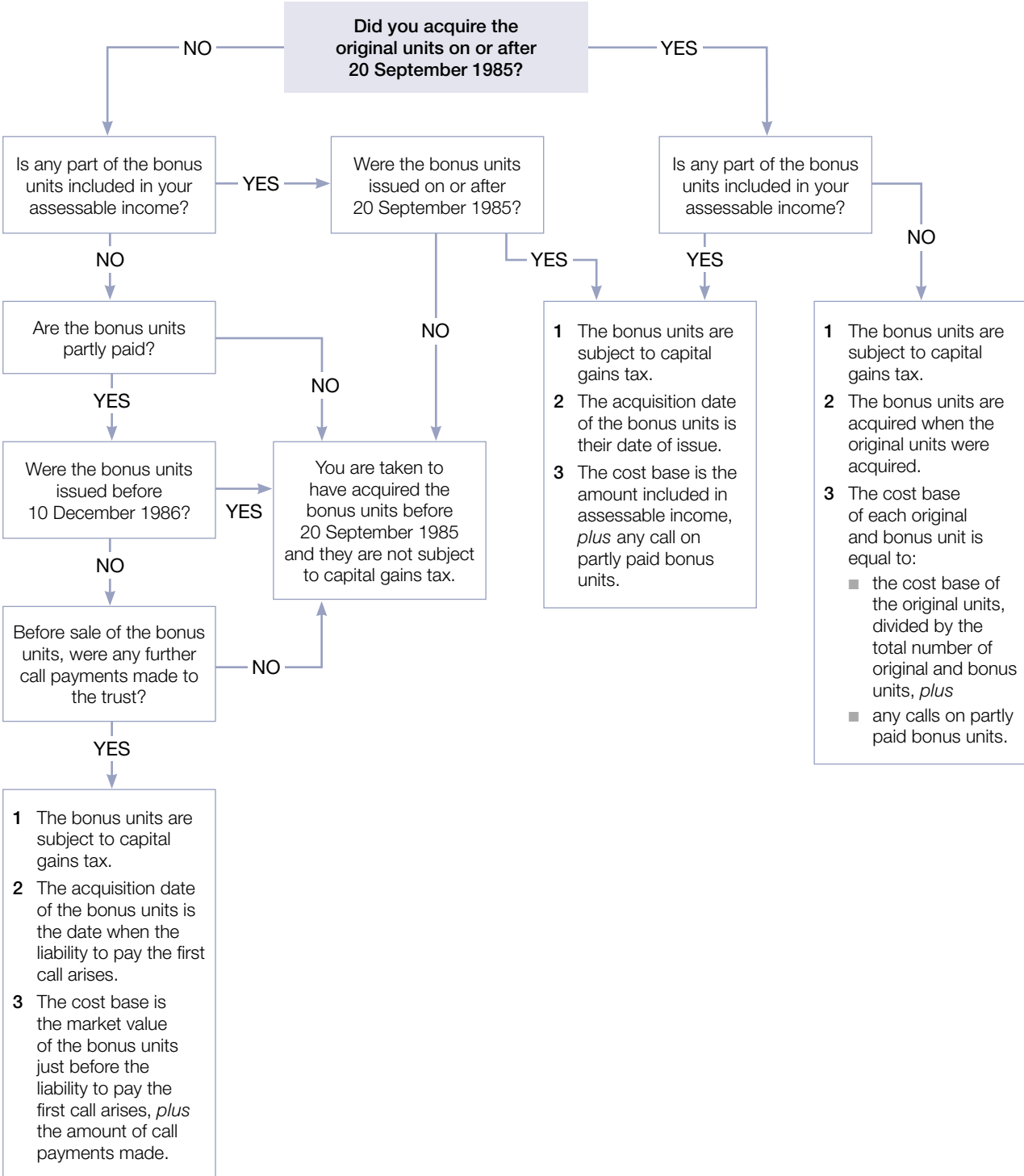
*If you use the indexation method to calculate your capital gain, the indexation factor is based on increases in the CPI up to September 1999 only.

APPENDIX 3: Flowcharts

FLOWCHART 1 Treatment of **bonus shares** issued on or after 20 September 1985

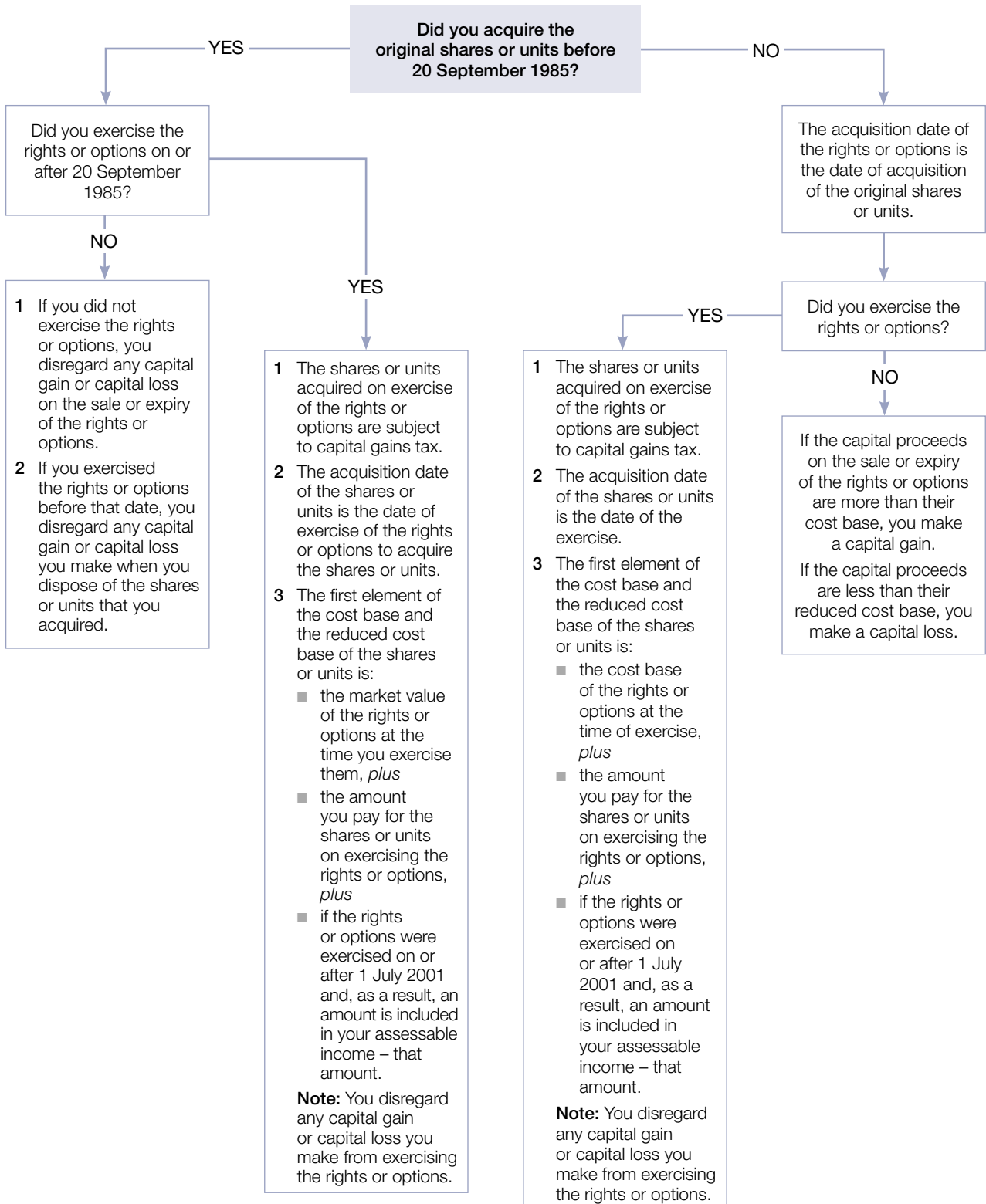


FLOWCHART 2



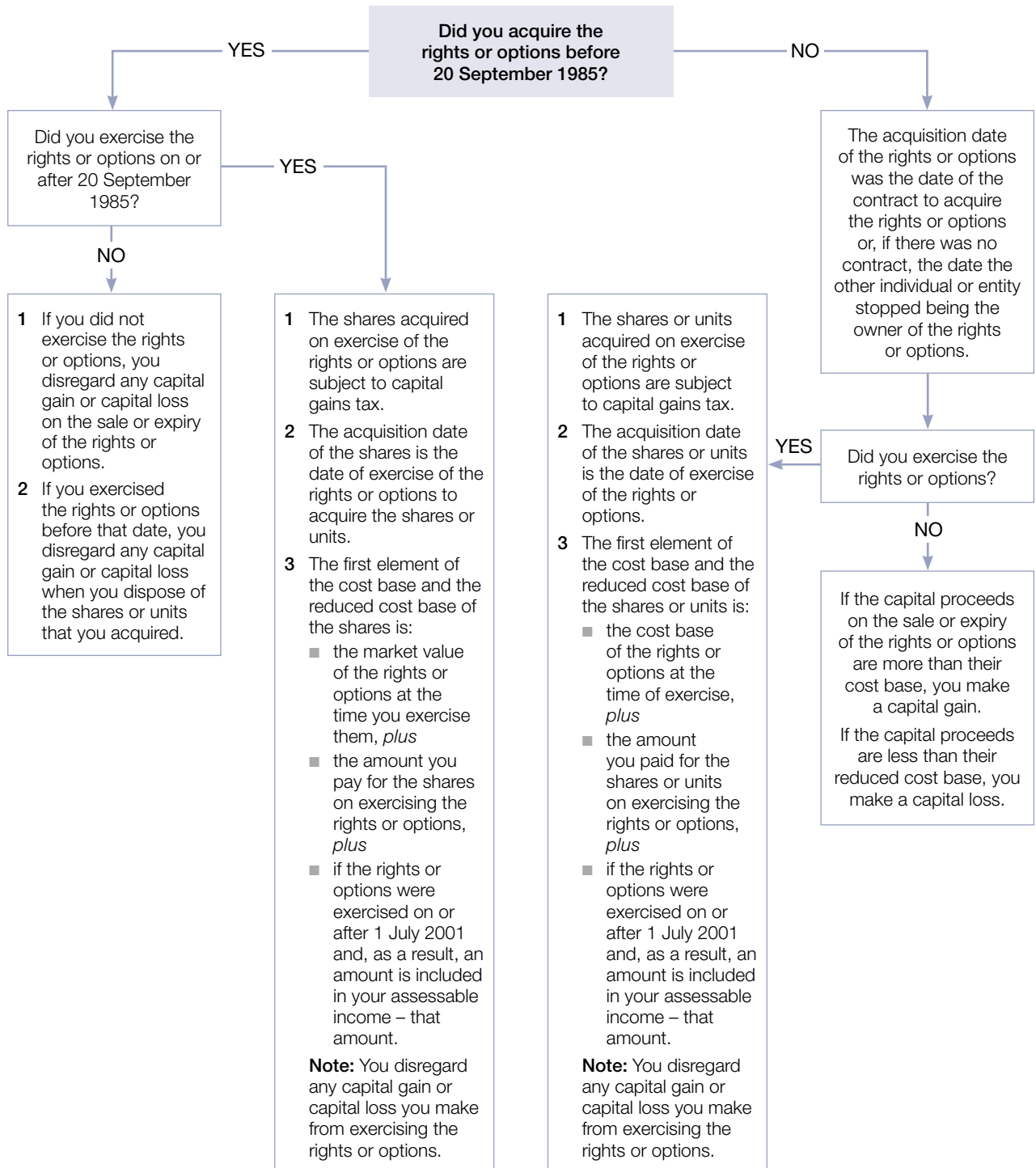
FLOWCHART 3 Treatment of rights or options:

- to acquire shares where the rights or options were issued directly to you by the company (but not under an employee share scheme) for no payment because you were a shareholder, or
- to acquire units where the rights or options were issued directly to you after 28 January 1988 by the trust for no payment because you were a unit holder.



FLOWCHART 4 Treatment of rights or options:

- to acquire shares where the rights or options were acquired by you from an individual or entity that acquired them as a shareholder in the company, or
- to acquire units where the rights or options were issued after 28 January 1988 and were acquired by you from an individual or entity that acquired them as a unit holder in the trust.

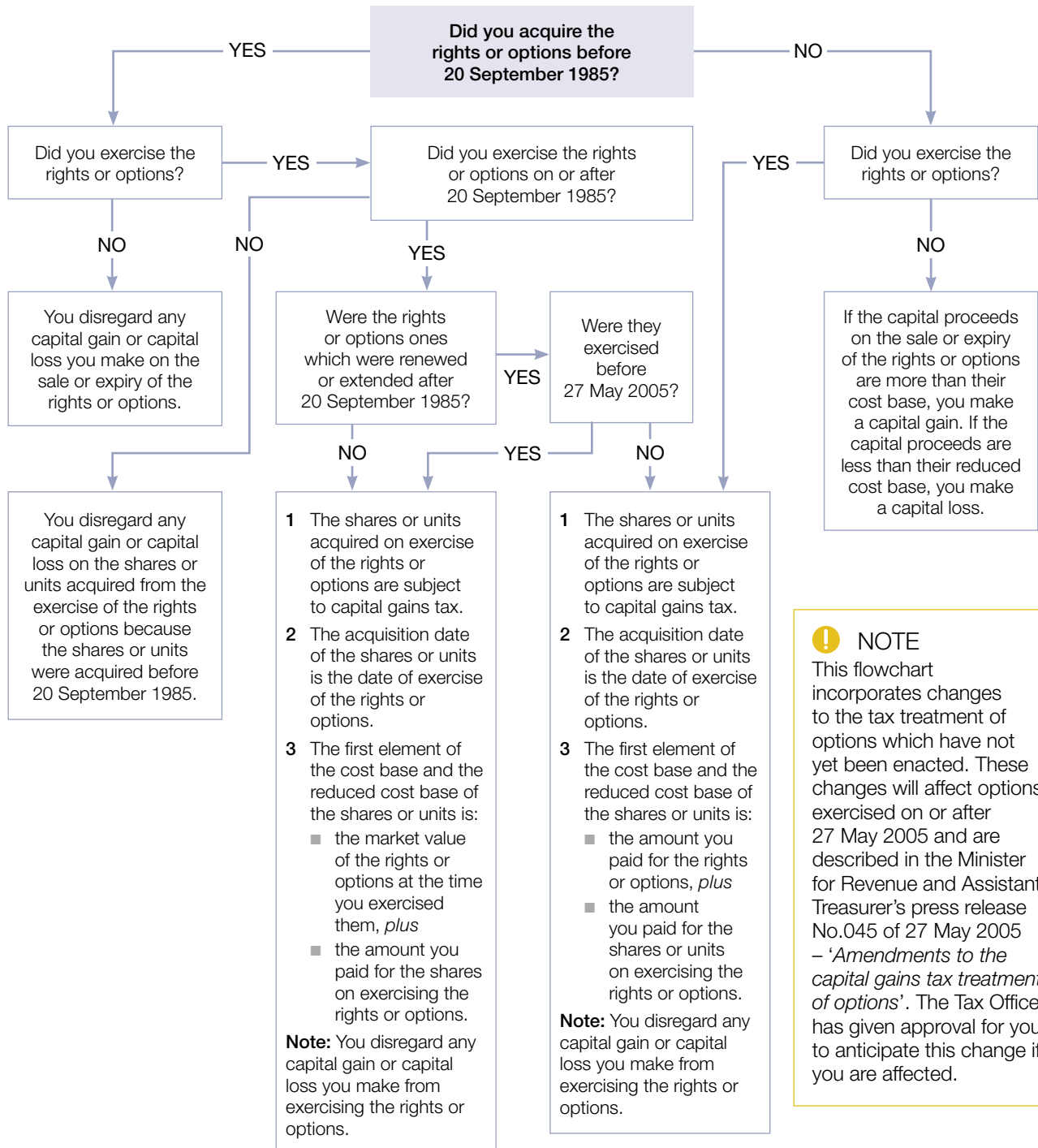


FLOWCHART 5

Treatment of rights or options to acquire shares or units:

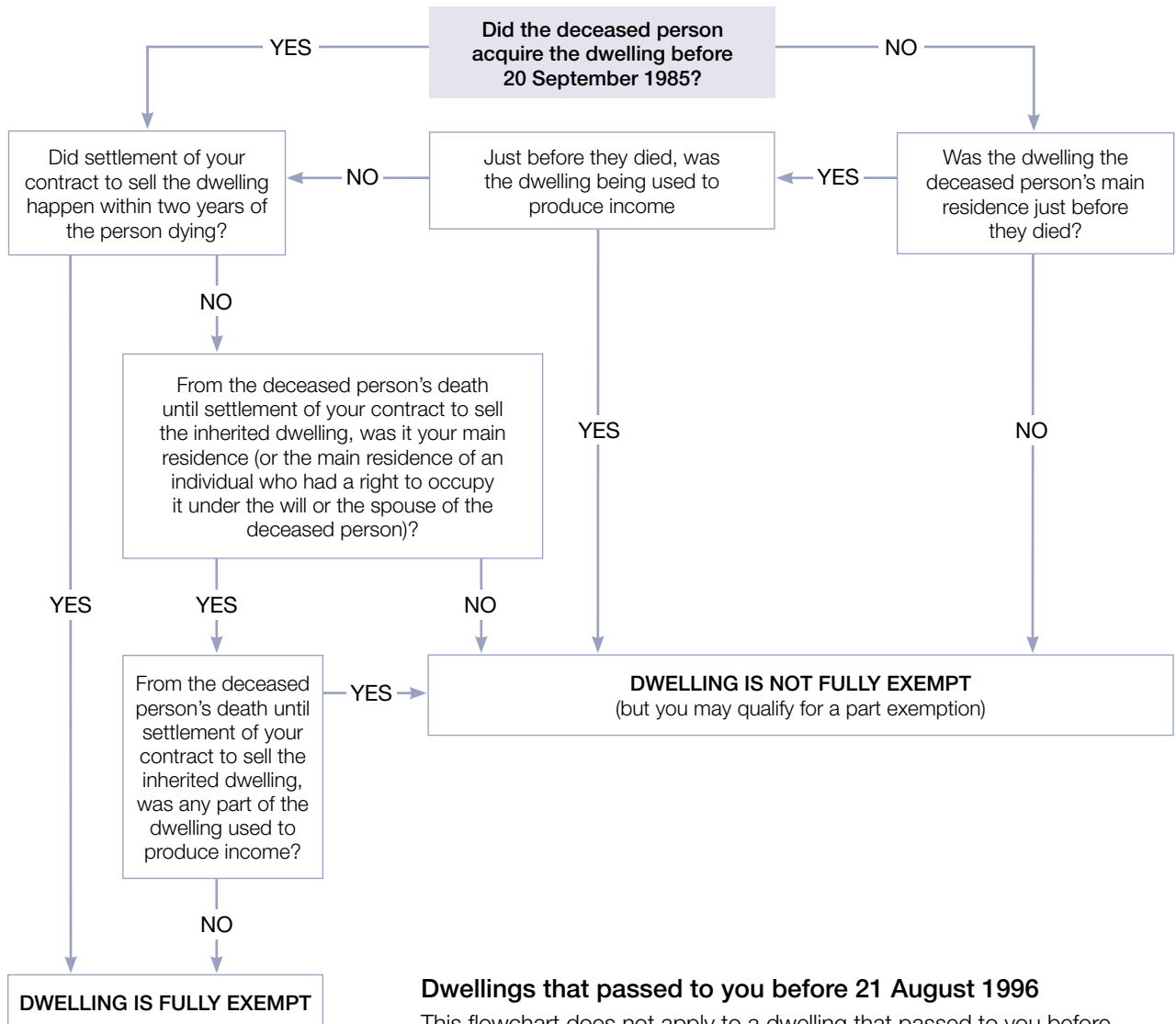
- you paid for and which were issued directly to you from the company (but not under an employee share scheme) or trust, or
- you acquired from an individual or entity that was not a shareholder or unit holder.

Note: This flowchart does not apply to rights or options for the issue of units by the grantor of the rights or options if they were exercised before 27 May 2005.



FLOWCHART 6 The capital gains tax (CGT) main residence exemption rules when you sell a dwelling you inherited.

Chapter 6 needs to be read with this flowchart.



Dwellings that passed to you before 21 August 1996

This flowchart does not apply to a dwelling that passed to you before 21 August 1996. Chapter 6 sets out the rules that apply in that situation.

Where the deceased person died before 20 September 1985

If the deceased person died before 20 September 1985, the dwelling is fully exempt when you sell it. However, if you made a major capital improvement to the dwelling on or after 20 September 1985 and have used it to produce assessable income it may be subject to CGT (see chapter 6).

APPENDIX 4: Some major share transactions

| COMPANY | DETAILS OF TRANSACTION |
|---|--|
| AMP Ltd | <p>Demutualisation</p> <p>The acquisition cost for AMP Ltd shares was \$10.43 per share and the acquisition date was 20 November 1997.</p> <p>Demerger</p> <p>In December 2003 the UK operations of AMP (referred to as 'HHG') were demerged from AMP. There were tax consequences from the demerger for shareholders in 2003–04 which are set out in our fact sheet <i>AMP Group demerger: How it affects Australian resident shareholders</i>. You can also work out the cost base of AMP and HHG shares after the demerger using the fact sheet or the AMP demerger calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information').</p> <p>2005 return of capital</p> <p>On 16 June 2005, AMP made a return of capital to shareholders of \$0.40 per share. Shareholders needed to reduce the cost base and reduced cost base of each share by \$0.40. For each share that had a cost base of less than \$0.40, the difference was a capital gain in 2004–05. See our fact sheet <i>AMP 2005 return of capital</i>.</p> |
| Aristocrat Leisure Ltd | <p>2005 return of capital</p> <p>On 15 July 2005, Aristocrat made a return of capital to shareholders of \$0.21 per share. Shareholders needed to reduce the cost base and reduced cost base of each share by \$0.21. For each share that had a cost base of less than \$0.21, the difference was a capital gain in 2005–06. See our fact sheet <i>Aristocrat Leisure Limited (Aristocrat): 2005 return of capital</i>.</p> |
| Australian Gas Light Company Ltd (AGL) | <p>Return of capital</p> <p>On 29 April 2005, AGL made a return of capital to shareholders of \$0.50 per share. Shareholders needed to reduce the cost base and reduced cost base of each share by \$0.50. For each share that had a cost base of less than \$0.50, the difference was a capital gain in 2004–05. See our fact sheet <i>Australian Gas Light Company (AGL) return of capital</i>.</p> |
| Aviva Corporation Ltd | <p>Demerger</p> <p>In September 2004, NGM Resources Ltd (NGM) was demerged from Aviva Corporation Ltd (Aviva). The demerger involved a return of capital of \$0.0012 per share, and a demerger dividend of approximately \$0.002 per share in Aviva. This amount was compulsorily applied as a consideration for the acquisition of shares in NGM. Aviva shareholders were entitled to one NGM share for every 37 of their Aviva shares.</p> <p>The fact sheet <i>2004 Aviva Corporation Ltd demerger</i> and the demergers calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information') will help you work out the cost bases of your Aviva and NGM shares after the demerger.</p> |
| BHP Billiton Ltd | <p>Demerger</p> <p>In July 2002 BHP shareholders received one BHP Steel Ltd share for every five BHP Billiton shares held. In November 2003 BHP Steel Ltd changed its name to BlueScope Steel Ltd.</p> <p>BHP Billiton has advised that BHP Steel represented 5.063% of the market value of the group as a whole just after the demerger. Shareholders who received BHP Steel shares should use this percentage to apportion the sum of the cost bases of their post-CGT BHP Billiton shares between these shares and the BHP Steel shares they received in relation to those post-CGT BHP Billiton shares.</p> <p>The fact sheet <i>2002 BHP Billiton Group demerger</i> and the demergers calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information') will help you work out the cost bases of your BHP Billiton and BlueScope shares after the demerger.</p> |

| COMPANY | DETAILS OF TRANSACTION |
|---|--|
| BHP Billiton Ltd (continued) | <p>2006 share buy-back</p> <p>On 3 April 2006, BHP Billiton completed an off-market share buy-back. Shareholders who took part in the buy-back received \$23.45 per share, which included a fully franked dividend of \$21.35 per share.</p> <p>For capital gains tax purposes, they are taken to have received \$5.96 per share.</p> <p>The date the shares were sold under the buy-back was 3 April 2006.</p> <p>If the capital proceeds of \$5.96 were more than the cost base of the share, the difference is a capital gain to the shareholder in 2004–05. If \$5.96 was less than the share's reduced cost base, the difference is a capital loss.</p> <p>See our fact sheet <i>BHP Billiton 2006 off-market share buy-back</i>.</p> |
| BlueScope Steel Ltd | <p>2005 share buy-back</p> <p>In February 2005, BlueScope Steel Ltd (formerly BHP Steel Ltd) announced a share buy-back. Shareholders who took part in the buy-back received \$7.75 per share, which included a fully franked dividend of \$4.68 per share.</p> <p>For capital gains tax purposes, they are taken to have received \$4.79 per share.</p> <p>The date the shares were sold under the buy-back was 12 April 2005.</p> <p>If the capital proceeds of \$4.79 was more than the cost base of the share, the difference is a capital gain to the shareholder in 2004–05. If \$4.79 was less than the share's reduced cost base, the difference is a capital loss.</p> <p>See our fact sheet <i>BlueScope Steel Limited: 2005 off-market share buy-back</i>.</p> |
| Coles Myer Ltd | <p>2005 share buy-back</p> <p>On 17 March 2005, Coles Myer announced a share buy-back. Shareholders who took part in the buy-back received \$8.30 per share, which included a fully franked dividend of \$5.30 per share.</p> <p>For capital gains tax purposes, they are taken to have received \$3.84 per share.</p> <p>The date the shares were sold under the buy-back was 23 May 2005.</p> <p>If the capital proceeds of \$3.84 were more than the cost base of the share, the difference is a capital gain to the shareholder in 2004–05. If \$3.84 was less than the share's reduced cost base, the difference is a capital loss.</p> <p>See our fact sheet <i>Coles Myer 2005 off-market share buy-back</i>.</p> |
| Commonwealth Bank of Australia Ltd | <p>Public share offer</p> <p>The Commonwealth Bank public shares were acquired on 13 July 1996. For shareholders who use the indexation method in calculating their capital gain, they index their first and final instalments from 13 July 1996.</p> |
| CSR Limited – Rinker Group Ltd | <p>Demerger</p> <p>In April 2003 CSR shareholders received one Rinker share for every CSR share they held.</p> <p>CSR has advised that Rinker represented 75% of the market value of the group as a whole just after the demerger. Shareholders who received Rinker shares should use this percentage to apportion the sum of the cost bases of their post-CGT CSR shares between these shares and the Rinker shares they received in relation to those post-CGT CSR shares.</p> <p>The demergers calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information') will help you work out the cost bases of your Rinker and CSR shares after the demerger. Also see our fact sheet <i>2003 CSR Ltd demerger</i>.</p> |
| Henderson Group PLC (formerly HHG PLC) | <p>Return of cash and reduction of investor base</p> <p>In April 2005, HHG PLC undertook a capital reduction which included:</p> <ul style="list-style-type: none"> ■ a return of cash to all shareholders, and ■ a reduction in investor base – which affected shareholders unless they chose not to participate. <p>There are capital gains tax consequences for shareholders. See our fact sheet <i>HHG PLC capital reduction</i>.</p> |

| COMPANY | DETAILS OF TRANSACTION |
|---|--|
| Hibernian Friendly Society (NSW) Ltd (now Aevum Ltd) | <p>Demutualisation</p> <p>The acquisition cost for Hibernian shares was \$1.162 per share and the acquisition date was 2 September 2002. Hibernian changed its name to Aevum Ltd in May 2004.</p> |
| Insurance Australia Group (IAG) Ltd | <p>Share purchase plan</p> <p>Offers opened on 4 November 2002 for shareholders to purchase shares from IAG (formerly NRMA) for \$2.40 per share free of brokerage and transaction costs.</p> <p>There are no CGT consequences at the time of purchase. However, there are tax consequences in relation to owning and disposing of the shares you purchase.</p> |
| IOOF Ltd | <p>Demutualisation</p> <p>The acquisition cost for IOOF shares was \$2.53 per share and the acquisition date was 14 June 2002.</p> |
| Mayne Group Ltd | <p>Demerger</p> <p>On 30 November 2005 Mayne Group demerged Mayne Pharma and shareholders received a return of capital of \$2.49 for every Mayne Group share they owned. These amounts were compulsorily applied as consideration for the acquisition of shares in Mayne Pharma. Shareholders received one Mayne Pharma Ltd share for every Mayne Group share they held. After the demerger Mayne Group Limited changed its name to Symbion Health Ltd.</p> <p>Mayne Group has advised that Mayne Pharma represented 44.217% of the market value of the group as a whole just after the demerger. Shareholders who received Mayne Pharma shares should use this percentage to apportion the sum of the cost bases of their post-CGT Mayne Group shares between these shares and the Mayne Pharma shares they received in relation to those post-CGT Mayne Group shares.</p> <p>The fact sheet <i>2005 Mayne Group Ltd (renamed Symbion Health Ltd) demerger</i> and the demergers calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information') will help you work out the cost bases of your Mayne Group and Mayne Pharma shares after the demerger and to work out whether have made a capital gain under the demerger.</p> |
| Mincor Resources NL | <p>Demerger</p> <p>In October 2003 Mincor shareholders received one Tethyan Copper Company Ltd (TCC) share for every 3.37 Mincor shares they held.</p> <p>Mincor has advised that TCC represented 9.582% of the market value of the group as a whole just after the demerger. Shareholders who received TCC shares should use this percentage to apportion the sum of the cost bases of their post-CGT Mincor shares between these shares and the TCC shares they received in relation to those post-CGT Mincor shares.</p> <p>The demergers calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information') will help you work out the cost bases of your Mincor and TCC shares after the demerger.</p> <p>See our fact sheet <i>2003 Mincor Resources NL demerger</i>.</p> |
| Minotaur Resources Ltd | <p>Demerger and takeover</p> <p>On 17 February 2005, Minotaur Resources Ltd (Minotaur) demerged Minotaur Exploration Ltd (MinEx) and shareholders received a return of capital of \$0.3258 and a dividend for every Minotaur share they owned. These amounts were compulsorily applied as consideration for the acquisition of shares in MinEx. That is, shareholders did not receive a cash payment, instead these amounts were used to give them a MinEx share.</p> <p>For every Minotaur share owned, shareholders received one MinEx share.</p> |

| COMPANY | DETAILS OF TRANSACTION |
|---|---|
| Minotaur Resources Ltd (continued) | <p>In conjunction with the demerger, Oxiana Ltd (Oxiana) and Minotaur shareholders agreed to a takeover of Minotaur. Under the takeover, Minotaur shareholders received 1.85 new Oxiana shares for each of their Minotaur shares.</p> <p>The fact sheet <i>2005 Minotaur Resources Ltd demerger</i> and the demergers calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information') will help you work out the cost bases of your MinEX and Oxiana shares after the demerger and to work out whether you have made a capital gain under the demerger.</p> |
| MPI Mines Ltd | <p>Demerger and takeover</p> <p>On 26 November 2004, MPI Mines Ltd (MPI) demerged Leviathan Resources Ltd (Leviathan). Shareholders received a return of capital of \$0.28 for every MPI share they owned. This amount was compulsorily applied as consideration for shares in Leviathan. For every three MPI shares they received one Leviathan share.</p> <p>In conjunction with the demerger, LionOre Australia Pty Ltd (LionOre) made a takeover offer for MPI shares. Under the takeover, MPI shareholders were offered \$1 and 0.1675 of a LionOre share (in the form of a CHESS Depository Interest) for each of their MPI shares. The takeover offer was accepted by the majority of shareholders. Those who did not accept the offer then had their MPI shares compulsorily acquired by LionOre.</p> <p>Our fact sheet <i>2004 MPI Mines Ltd demerger and takeover – Impact on resident individual shareholders</i> will help you work out the tax consequences of both the demerger and takeover.</p> |
| News Corporation Ltd | <p>Reincorporation</p> <p>In September 2004, News Corporation Ltd reincorporated in the US. Shareholders of News Corporation Ltd can choose scrip-for-scrip rollover (see page 40 Takeovers and mergers) on the receipt of News Corporation shares (including those represented by CHESS Depository Instruments or CDIs) for the cancellation of their News Corporation Ltd shares. Note: Scrip-for-scrip rollover does not apply to a capital loss.</p> <p>If rollover is chosen, the first element of the cost base of each News Corporation share (including those represented by CDIs) is the sum of the cost base of the two News Corporation Ltd shares they exchanged for it, and shareholders are taken to have acquired their News Corporation shares or CDIs at the time they acquired the News Corporation Ltd shares they exchanged for them.</p> <p>See our fact sheet <i>Newscorp reincorporation</i>.</p> |
| NRMA Insurance Group Ltd (NIGL) | <p>Demutualisation</p> <p>The acquisition cost of NIGL shares allocated to shareholders was \$1.78 per share.</p> <p>The acquisition date was 19 June 2000.</p> <p>For additional shares purchased through the facility, the acquisition cost was \$2.75 and the acquisition date was 6 August 2000.</p> |
| Over 50s Mutual Friendly Society Limited (OFM Ltd) | <p>Demutualisation</p> <p>The acquisition cost of OFM Ltd shares was \$1.65 per share and the acquisition date was 12 June 2001.</p> |
| Pasminco Ltd | <p>Declaration that shares are worthless made by administrators</p> <p>Following the declaration by the administrators on 31 March 2005 that they consider that Pasminco shares are worthless, shareholders of Pasminco can choose to make a capital loss in the 2004–05 year equal to the reduced cost base of their shares at the time of the declaration.</p> <p>See our fact sheet <i>Capital losses on Pasminco Ltd shares</i>.</p> <p>Creation of a trust over shares</p> <p>Shareholders may make a capital loss if they create a valid trust over shares they own in a company under administration – for example, Pasminco shareholders who agree to sell their shares but hold them on trust for the buyer until the sale can be completed. See our fact sheet <i>Capital losses on Pasminco Ltd shares and Taxation Determination TD 2004/13 – Income tax: capital gains: can CGT event E1 in section 104–55 of the Income Tax Assessment Act 1997 happen to a shareholder in a company in voluntary administration under Part 5.3A of the Corporations Act 2001 who declares a trust over their shares?</i></p> |

| COMPANY | DETAILS OF TRANSACTION |
|---------------------------------|---|
| Pivot Ltd | <p>Merger</p> <p>Pivot Ltd changed its name to Incitec-Pivot Ltd in April 2003 and then merged with Incitec Fertilizers Ltd (IFL) on 1 June 2003.</p> <p>Shareholders of Pivot who acquired their shares before 20 September 1985 made a capital gain under CGT event K6 if their capital proceeds per share was more than \$15.08 and they disposed of them after 28 July 2003.</p> <p>The capital gain is equal to 70% of the difference between the capital proceeds and \$15.08. (No capital loss is available under CGT event K6.)</p> <p>See our fact sheet <i>Pivot merger with Incitec – CGT on sale of pre-CGT shares</i>.</p> |
| Promina Group Ltd | <p>2005 return of capital</p> <p>On 20 June 2005 Promina Group Ltd made a return of capital to shareholders of \$0.23 per share. Shareholders needed to reduce the cost base and reduced cost base of each share by \$0.23. For each share that had a cost base of less than \$0.23, the difference was a capital gain in 2004–05.</p> <p>See our fact sheet <i>Promina Group Ltd (Promina) return of capital</i>.</p> |
| Rio Tinto Ltd | <p>2005 share buy-back</p> <p>On 3 February 2005, Rio Tinto announced a share buy-back. Shareholders who took part in the buy-back received \$36.70 per share, which included a fully franked dividend of \$32.70 per share. For capital gains tax purposes, they are taken to have received \$6.44 per share.</p> <p>The date the shares were sold under the buy-back was 9 May 2005.</p> <p>If the capital proceeds of \$6.44 was more than the cost base of the share, the difference is a capital gain to the shareholder in 2004–05. If \$6.44 was less than the share's reduced cost base, the difference is a capital loss.</p> <p>See our fact sheet <i>Rio Tinto: 2005 off-market share buy-back</i>.</p> |
| Telstra | <p>Public share offer 1</p> <p>The Telstra public shares were acquired on 15 November 1997. For shareholders who use the indexation method in calculating their capital gain, they index their first and final instalments from 15 November 1997.</p> <p>Public share offer 2</p> <p>The Telstra public shares were acquired on 22 October 1999 if the instalment receipts were purchased through the offer. Indexation does not apply as the shares were acquired after 11.45am (by legal time in the ACT) on 21 September 1999.</p> |
| Virtualplus Holdings Ltd | <p>Demerger</p> <p>In December 2004, Novacoat Holdings Ltd (NHL) was demerged from Virtualplus Holdings Ltd (VHL), formerly mBox.com Ltd.</p> <p>The demerger involved a return of capital of \$0.02162 per share in VHL. This amount was compulsorily applied as a consideration for the acquisition of shares in NHL. VHL shareholders were entitled to one NHL share for every 10 of their VHL shares.</p> <p>The fact sheet <i>2005 Virtualplus Holdings Ltd demerger</i> and the demergers calculator on our website at www.ato.gov.au/demergers (follow the link under 'Shareholder information') will help you work out the cost bases of your VHL and NHL shares after the demerger and to work out whether you have made a capital gain under the demerger.</p> |

| COMPANY | DETAILS OF TRANSACTION |
|---|--|
| Western Mining Corporation Ltd – WMC Resources Ltd | <p>Demerger</p> <p>In December 2002 WMC shareholders received one WMCR share for every WMC share held. Also WMC Limited changed its name to Alumina Ltd.</p> <p>Alumina has advised that WMCR represented 46.30% of the market value of the group as a whole just after the demerger. Shareholders who received WMCR shares should use this percentage to apportion the sum of the cost bases of their post-CGT Alumina shares between these shares and the WMCR shares they received in relation to those post-CGT Alumina shares.</p> <p>The demergers calculator on our website at www.ato.gov.au/demergers (follow the link under ‘Shareholder information’) will help you work out the cost bases of your Alumina and WMCR shares after the demerger.</p> <p>Takeover</p> <p>In March 2005 BHP Billiton Ltd made a takeover offer for WMC Resources Ltd. Shareholders received \$7.85 for each WMC share they held.</p> <p>The date the shares were disposed of under the takeover offer was:</p> <ul style="list-style-type: none"> ■ 3 June 2005 – if the shareholder accepted the offer on or before that date, or ■ the date the offer was accepted – if the shareholder accepted the offer between 4 June 2005 and 17 June 2005 and the acceptance was received by BHP by 7.30pm on 17 June 2005, or ■ for other WMC shareholders – in the 2005-06 income year, when BHP Billiton completed the compulsory acquisition. <p>If the capital proceeds of \$7.85 per share was more than the cost base of the share, the difference is a capital gain in 2004–05. If \$7.85 was less than the share’s reduced cost base, the difference is a capital loss in 2004–05.</p> <p>See our fact sheet <i>WMC Resources Limited takeover by BHP Billiton Ltd</i>.</p> <p>Shareholders who did not accept the offer by 17 June 2005 should also see the fact sheet.</p> |
| Westfield | <p>Capital restructure</p> <p>In July 2004, Westfield Group restructured by issuing holders of Westfield Ltd shares, Westfield Trust units, and Westfield America Trust units with stapled securities.</p> <p>Participants received Westfield Group stapled securities through either a stapling arrangement or a sale facility. They also had the option of receiving cash under the sale facility.</p> <p>The tax consequences of these transactions vary depending on whether the shareholder or unit holder chose the ‘cash alternative’ or ‘exchange by sale alternative’ or did nothing. See our fact sheets <i>Westfield Group (Westfield) 2004 Capital Restructure – Tax consequences for Westfield Limited shareholders</i>; <i>Westfield Group 2004 Restructure – Tax consequences for Westfield Trust unit holders</i>; <i>Westfield 2004 Capital Restructure – Tax consequences for Westfield America Trust unit holders</i>.</p> |

To get a copy of a fact sheet referred to in this appendix, visit our website or, if you do not have internet access, phone our Publications Distribution Service on **1300 720 092**.

Fact sheets may be on our website which do not appear in the table above.

For fact sheets about demergers, select ‘For Businesses’, then click on ‘Large Corporates and Multinationals homepage’. From the menu on the left, under ‘Tax topics explained’, select ‘Demergers’ and click on ‘Shareholder information’.

For factsheets on other issues, such as restructures and returns of capital, select ‘Individuals’ and then click on ‘Capital gains tax’. Click on ‘Publications’ or on ‘Special circumstances’ to get fact sheets.

For more information about share transactions in earlier years, visit our website.

DEFINITIONS

ASSESSABLE INCOME

Assessable income is all the income you have received that should be included on your tax return. Generally, assessable income does not include non-assessable payments from a unit trust, including a managed fund.

BONUS SHARES

Bonus shares are additional shares a shareholder receives wholly or partly as a dividend. You may also be required to pay an amount to get them.

BONUS UNITS

Bonus units are additional units a unit holder receives from the trust. You may also be required to pay an amount to get them.

CALLS ON SHARES

A company may sometimes issue a share at less than its par or face value and then make calls to pay up part or all of the remaining outstanding balance.

CAPITAL GAIN

You may make a capital gain from a CGT event such as the sale of an asset. Generally your capital gain is the difference between your asset's cost base (what you paid for it) and your capital proceeds (what you received for it). You can also make a capital gain if a managed fund or other unit trust distributes a capital gain to you.

CAPITAL GAINS TAX

Capital gains tax (CGT) refers to the income tax you pay on any net capital gain you make and include on your annual income tax return. For example, when you sell (or otherwise dispose of) an asset as part of a CGT event, you are subject to CGT.

CAPITAL IMPROVEMENTS

A capital improvement does not include a repair that is deductible for income tax purposes.

CAPITAL LOSS

Generally, you may make a capital loss as a result of a CGT event if you received less capital proceeds for an asset than its reduced cost base (what you paid for it).

CAPITAL PROCEEDS

Capital proceeds is the term used to describe the amount of money or the value of any property you receive or are entitled to receive as a result of a CGT event. For shares or units, capital proceeds may be:

- the amount you receive from the purchaser
- the value of shares (or units) you receive on a demerger
- the value of shares (or units) and the amount of cash you receive on a merger/takeover, or
- their market value if you give them away.

CGT ASSET

CGT assets include shares, units in a unit trust, collectables (such as jewellery), assets for personal use (such as furniture or a boat) and other assets (such as an investment property).

CGT-CONCESSION AMOUNTS

These amounts are the CGT discount component of any actual distribution from a managed fund.

CGT DISCOUNT

The CGT discount is the amount (or percentage) by which a capital gain may be reduced under the discount method (see **Discount method**).

CGT EVENT

A CGT event happens when a transaction takes place such as the sale of a CGT asset. The result is usually a capital gain or capital loss.

CONSOLIDATED INCOME TAXATION OF CORPORATE GROUPS

Taxing wholly owned groups as single entities. Subsidiary members are treated as parts of the head company. Intra-group transactions are disregarded for income tax purposes. Consolidation enables assets to be transferred between members of a group without triggering capital gains or requiring cost base adjustments for membership interests. Effective from 1 July 2002.

CONVERTIBLE NOTE

A convertible note is another type of investment you can make in a company or unit trust. A convertible note earns interest on the amount you pay to acquire the note until the note's expiry date. On expiry of the note, you can either ask for the return of the money paid or convert that amount to acquire new shares or units.

COST BASE

The cost base of an asset is generally what it costs you. It is made up of five elements:

- money you paid or property you gave for the asset
- incidental costs of acquiring or selling it (for example, brokerage and stamp duty)
- costs of owning it (generally this will not apply to shares or units because you will usually have claimed or be entitled to claim these costs as tax deductions)
- costs associated with increasing or preserving its value or installing or moving it, and
- what it has cost you to preserve or defend your title or rights to it – for example, if you paid a call on shares.

You may need to reduce the cost base for a share or unit by the amount of any non-assessable payment you receive from the company or fund.

DEBT FORGIVENESS

A debt is forgiven if you are freed from the obligation to pay it. A commercial debt that is forgiven may reduce your capital loss, your cost base or your reduced cost base.

DEMERGER

A demerger involves the restructuring of a corporate or trust group by splitting its operations into two or more entities or groups. Under a demerger the owners of the head entity of the group acquire a direct interest in an entity (demerged entity) that was formerly part of the group.

DEMERGER ROLLOVER

This may apply to CGT events that happen on or after 1 July 2002 to interests that you own in the head entity of a demerger group where a company or trust is demerged from the group. Generally, the head entity undertaking the demerger will advise owners whether demerger rollover is available but you should seek our advice if you are in any doubt. The Tax Office may have provided advice in the form of a class ruling on a specific demerger, confirming that the rollover is available.

This rollover allows you to defer your CGT obligation until a later CGT event happens to your original or your new shares or units.

DEMUTUALISATION

A company demutualises when it changes its membership interests to shares. If you received shares as part of a demutualisation of an Australian insurance company (for example, AMP, IOOF or NRMA), you are not subject to capital gains tax until you sell the shares or another CGT event happens.

Usually the company will advise you of your cost base for the shares you received. The company may give you the choice of keeping the shares they have given you or of selling them and giving you the capital proceeds.

DEPRECIATING ASSETS

A depreciating asset is an asset that has a limited effective life and can reasonably be expected to decline in value over the time it is used. Depreciating assets include items such as computers, tools, furniture and motor vehicles.

Land and items of trading stock are specifically excluded from the definition of depreciating asset, as are most intangible assets such as options, rights and goodwill.

DISCOUNT METHOD

The discount method is one of the ways to calculate your capital gain if:

- the CGT event happened after 11.45am (by legal time in the ACT) on 21 September 1999
- you acquired the asset at least 12 months before the CGT event.

If you use the discount method, you do not index the cost base but you may be able to reduce your capital gain by the CGT discount. However, you must first reduce your

capital gains by the amount of any capital losses made in the year and any unapplied net capital losses from earlier years. You discount any remaining capital gain.

If you acquired the asset before 11.45am (by legal time in the ACT) on 21 September 1999, you may be able to choose either the discount method or the indexation method, whichever gives you the better result.

DISCOUNTED CAPITAL GAIN

A discounted capital gain is a capital gain that has been reduced by the CGT discount. If you received the discounted capital gain from a managed fund you will need to gross up the amount before you apply any capital losses and then the CGT discount.

DIVIDEND REINVESTMENT PLANS

Under these plans, shareholders can choose to have their dividend used to acquire additional shares in the company instead of receiving a cash payment. For CGT purposes, you are treated as if you received a cash dividend and then used it to buy additional shares. Each share (or parcel of shares) received in this way is treated as a separate asset when the shares are issued to you.

DWELLING

A dwelling is anything that is used wholly or mainly for residential accommodation. Examples of a dwelling are a home, an apartment, a strata title unit or a unit in a retirement village.

EMPLOYEE SHARE SCHEMES

If you acquired shares or rights at a discount under an employee share scheme and the scheme complies with the income tax rules for employee share schemes, you can choose when to include the amount of the discount in your assessable income on your tax return. There are special CGT rules relating to the calculation of the cost base of these shares or rights and, in some circumstances, you disregard a capital gain or capital loss you make.

GROSS UP

Grossing up applies to unit holders who are entitled to a share of the fund's income that includes a capital gain reduced by the CGT discount. In this case, you 'gross up' your capital gain by multiplying by two your share of any discounted capital gain you have received from the fund. You may also have to gross up a capital gain that was reduced by the small business 50% active asset reduction.

INCOME YEAR

The income year is the financial year relating to your current income tax return.

INDEXATION FACTOR

The indexation factor is worked out based on the consumer price index (CPI) at appendix 2.

The indexation of the cost base of an asset is frozen as at 30 September 1999. For CGT events after that time the

indexation factor is the CPI for the September 1999 quarter (123.4), divided by the CPI for the quarter in which you incurred costs relating to the asset. The result is rounded to three decimal places.

INDEXATION METHOD

The indexation method is one of the ways to calculate your capital gain if you bought a CGT asset before 11.45am (by legal time in the ACT) on 21 September 1999. This method allows you to increase the cost base by applying an indexation factor (based on increases in the consumer price index up to September 1999).

You cannot use the indexation method for:

- CGT assets bought after 11.45am (by legal time in the ACT) on 21 September 1999, or
- expenditure relating to a CGT asset acquired after that date.

For CGT events after 11.45am (by legal time in the ACT) on 21 September 1999 the discount method may give you the better result.

LEGAL PERSONAL REPRESENTATIVE

A legal personal representative can be either:

- the executor of a deceased estate (that is, a person appointed to wind up the estate in accordance with the will), or
- an administrator appointed to wind up the estate if the person does not leave a will.

LIC CAPITAL GAIN AMOUNT

This is an amount notionally included in a dividend from a listed investment company (LIC) which represents a capital gain made by that company. The amount is not included as a capital gain at item **17** on the tax return (supplementary section), or item **9** if you use the tax return for retirees. See page 55 for an example and the instructions for dividend income for question **11** in *TaxPack 2006* (or question **8** if you use *Retirees TaxPack 2006*).

MAIN RESIDENCE

Your main residence is your home – that is, the dwelling you regard as your main place of residence and nominate as such for any CGT concessions dealing with the disposal of a main residence. See **Is the dwelling your main residence** on page 67 for more information.

MAIN RESIDENCE EXEMPTION

Generally, you can ignore a capital gain or capital loss from a CGT event that happens to a dwelling that is your main residence (also referred to as ‘your home’). You may make a capital gain or capital loss if you have used your home to produce income, if it was not your home for the full period you owned it or if the land around your home is more than 2 hectares.

MANAGED FUND

A managed fund is a unit trust. The types of managed funds available include cash management trusts, fixed interest trusts, mortgage trusts, property trusts, equity trusts, international trusts and diversified trusts.

MARKET VALUE SUBSTITUTION RULE FOR CAPITAL PROCEEDS

In some cases, if you receive nothing in exchange for a CGT asset (for example, if you give it away as a gift) you are taken to have received the market value of the asset at the time of the CGT event. You may also be taken to have received the market value if your capital proceeds are more or less than the market value of the CGT asset, and you and the purchaser were not dealing with each other at arm’s length in connection with the event.

You are said to be dealing at arm’s length with someone if each party acts independently and neither party exercises influence or control over the other in connection with the transaction. The law looks at not only the relationship between the parties but also the quality of the bargaining between them.

MARKET VALUE SUBSTITUTION RULE FOR COST BASE AND REDUCED COST BASE

In some cases, the general rules for calculating the cost base and reduced cost base have to be modified. For example, the market value may be substituted for the first element of the cost base and reduced cost base if:

- you did not incur expenditure to acquire the asset
- some or all of the expenditure you incurred cannot be valued, or
- you did not deal at arm’s length with the previous owner in acquiring the asset.

NET CAPITAL GAIN

A net capital gain is the difference between your total capital gains for the year and the total of your capital losses for the year and unapplied net capital losses from earlier years, less any CGT discount and small business CGT concessions to which you are entitled.

NET CAPITAL LOSS

If your total capital losses for the year are more than your total capital gains, the difference is your net capital loss for the year. This loss can be carried forward and deducted from capital gains you make in later years. There is no time limit on how long you can carry forward a net capital loss.

Capital losses from collectables can only be used to reduce capital gains from collectables. If your total capital losses from collectables for the year are more than your total capital gains from collectables, you have a net capital loss from collectables for the year. This loss is carried forward and deducted from capital gains from collectables in later years. There is no time limit on how long you can carry forward a net capital loss from a collectable.

NON-ASSESSABLE PAYMENT

A non-assessable payment is a payment received from a company or fund that is not assessed as part of your income on your tax return.

This includes some distributions from unit trusts and managed funds and, less commonly, from companies.

‘OTHER’ METHOD

To calculate your capital gain using the ‘other’ method, you subtract your cost base from your capital proceeds. You must use this method for any shares or units you have bought and sold within 12 months (that is, when the indexation and discount methods do not apply).

OWNERSHIP INTEREST

You have an ownership interest if you own a dwelling or land and/or meet the conditions outlined in **What is an ownership interest** on page 66.

PRE-CGT

Acquired before 20 September 1985. Assets acquired before this date are generally exempt from CGT. An exception is if CGT event K6 applies.

PRIOR YEAR NET CAPITAL LOSSES

See **Unapplied net capital losses from earlier years**.

POST-CGT

Acquired on or after 20 September 1985.

REDUCED COST BASE

The reduced cost base is the amount you take into account when you are working out whether you have made a capital loss when a CGT event happens.

The reduced cost base may need to have amounts deducted from it such as non-assessable payments.

The reduced cost base does not include indexation or costs of owning the asset such as interest on monies borrowed to buy it.

ROLLOVER

Rollover allows a capital gain to be deferred or disregarded until a later CGT event happens.

SCRIP-FOR-SCRIP ROLLOVER

Scrip-for-scrip rollover can apply to CGT events that happen on or after 10 December 1999 in the case of a takeover or merger of a company or fund in which you have holdings. The company or fund would usually advise you if the rollover conditions have been satisfied.

This rollover allows you to defer your CGT obligation until a later CGT event happens to your shares or units.

You may only be eligible for partial rollover if you received shares (or units) plus cash for your original shares. In that case, if the information provided by the company or fund is not sufficient for you to calculate your capital gain, you may need to seek advice from the Tax Office.

SHARE BUY-BACKS

If you disposed of shares back to a company under a buy-back arrangement, you may have made a capital gain or capital loss.

Some of the buy-back price may have been treated as a dividend for tax purposes. The time you make the capital gain or capital loss will depend on the conditions of the particular buy-back offer.

SMALL BUSINESS CGT CONCESSIONS

There are four small business CGT concessions available if certain conditions are satisfied. They are:

- the small business 15-year exemption
- the small business 50% active asset reduction
- the small business retirement exemption, and
- the small business rollover.

These concessions apply to CGT events that happen after 11.45am (by legal time in the ACT) on 21 September 1999. For information on these concessions, see the *Guide to capital gains tax concessions for small business*.

TAKEOVERS AND MERGERS

If a company in which you held shares was taken over and you received new shares in the takeover company, you may be entitled to scrip-for-scrip rollover.

If the scrip-for-scrip conditions were not satisfied, your capital proceeds for your original shares will be the total of any cash and the market value of the new shares you received.

TAX-ADVANTAGED ENTITY

A tax-advantaged entity is a tax-exempt entity, or the trustee of:

- a complying superannuation fund
- a complying approved deposit fund, or
- a pooled superannuation fund.

TAX-DEFERRED AMOUNTS

These amounts include indexation allowed to a trust on its capital gains and accounting differences in income.

TAX-EXEMPTED AMOUNTS

These amounts are generally made up of exempt income and non-assessable non-exempt income of the trust, amounts on which the trust has already paid tax or income you had to repay to the trust. Tax-exempted amounts do not affect your cost base or your reduced cost base.

TAX-FREE AMOUNTS

These amounts arise where certain tax concessions allowed to the trust enable it to pay greater distributions to its beneficiaries.

UNAPPLIED NET CAPITAL LOSSES FROM EARLIER YEARS

This is the amount of net capital losses from earlier years remaining after you have deducted any capital gains made between the year(s) when the losses were made and the current year.

You use unapplied net capital losses from earlier years to reduce capital gains in the current year (after those capital gains have been reduced by any capital losses in the current year).

You can only use unapplied net capital losses from collectables from earlier years to reduce capital gains from collectables in the current and future years.

UNIT TRUST

A unit trust is a trust or fund that is divided into units representing capital and income entitlements. Units may be traded or redeemed (including the switching and transferring of units). A managed fund is a type of unit trust.

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CGT SUMMARY WORKSHEET FOR 2005–06 TAX RETURNS

This worksheet is for the use of individuals (including individual partners in partnership), companies, trusts and funds.
Complete only the parts or steps of this worksheet indicated for the taxpayer's type. For example, if you are an individual, complete only the parts or steps indicated to be completed by individuals.

PART A TOTAL CURRENT YEAR CAPITAL GAINS

Part A1: Current year capital gains from CGT assets and CGT events or a distribution from a trust that includes a capital gain (other than capital gains from collectables)

| | NON-ACTIVE ASSETS | | | ACTIVE ASSETS | | |
|---|---|---------------------------------------|--------------------------------------|---|---------------------------------------|--------------------------------------|
| | Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method | Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method |
| Shares and units (in unit trusts) | A | B | C | M | N | O |
| Real estate | D | E | F | P | Q | R |
| Other CGT assets and any other CGT events | G | H | I | S | T | U |
| Subtotal current year capital gains | A1 | A2 | A3 | A4 | A5 | A6 |

If you need to complete a *Capital gains tax (CGT) schedule 2006* (CGT schedule), transfer the amounts at **A** to **I** and **M** to **U** in the table above to the corresponding labels in **part A** of the CGT schedule.

If you made any capital gains or capital losses from collectables, complete **part A2** on the next page. Otherwise, go to **part A3**.

Part A2: Capital gains and capital losses from collectables

| | Capital gains – indexation method | Capital gains – discount method | Capital gains – ‘other’ method | Current year capital losses |
|--|---|---------------------------------------|--------------------------------------|--------------------------------|
| CYCG and CYCL – from collectables | C1 | C2 | C3 | C4 |
| Capital gains from collectables received as a distribution from a trust – grossed up at C6 as required | C5 | C6 | C7 | |
| Total CYCG from collectables | C8 | C9 | C10 | |

Step A2.1 Apply any current year capital losses from collectables

| | Capital gains – indexation method | Capital gains – discount method | Capital gains – ‘other’ method | Total CYCL from collectables applied |
|---|---|---------------------------------------|--------------------------------------|--|
| CYCL from collectables applied | 1A | 1B | 1C | 1D |
| CYCG from collectables after applying CYCL from collectables | 1E | 1F | 1G | |

In each column, the amount in the rows **1A** to **1C** cannot exceed the amount in the rows **C8** to **C10** in the table above.
The amount at **1D** cannot exceed the amount at **C4**.

Step A2.2 Apply any prior year net capital losses from collectables

| | |
|--|----|
| PYNCL from collectables available | 2A |
| Less any adjustment for commercial debts forgiven | 2B |
| Remaining PYNCL from collectables available | 2C |

! ABBREVIATIONS
 CYCG current year capital gain
 CYCL current year capital losses
 PYNCL prior year net capital losses

| | Capital gains – indexation method | Capital gains – discount method | Capital gains – ‘other’ method | Total PYNCL from collectables applied |
|---|---|---------------------------------------|--------------------------------------|---|
| PYNCL from collectables applied | 2D | 2E | 2F | 2G |
| CYCG from collectables after applying CYCL and PYNCL | J | K | L | |

In applying the PYNCL from collectables, the amount in each column of rows **2D** to **2F** cannot exceed the amount at **step A2.1** in each column at rows **1E** to **1G**. The amount at **2G** cannot exceed the amount at **2C**.

Part A3: Total current year capital gains

| NON-ACTIVE ASSETS | | ACTIVE ASSETS | | |
|--|-----------------------------------|---------------------------------|--------------------------------|-------------------|
| | Capital gains – indexation method | Capital gains – discount method | Capital gains – ‘other’ method | |
| | A1 | A2 | A3 | |
| Subtotal CYCG – from part A1 | J | K | L | |
| CYCG from collectables after applying CYCL and PYNCL – from part A2 | A7 | A8 | A9 | |
| Total current year capital gains | | | | Total CYCG |
| | A10 | A11 | A12 | |

Individual taxpayers: transfer the amount at ‘**Total CYCG**’ to **H** **Total current year capital gains** item **17 (Capital gains)** on the *2006 tax return for individuals (supplementary section)* or item **9** if you use the tax return for retirees.

If you need to complete a CGT schedule, transfer the amounts at **J**, **K** and **L** above to the corresponding labels in **part A** of the CGT schedule.

If you made current year capital losses – other than capital losses from collectables – complete **part B**. Otherwise, go to **part D**.

PART B CURRENT YEAR CAPITAL LOSSES FROM CGT ASSETS AND CGT EVENTS, OTHER THAN CAPITAL LOSSES FROM COLLECTABLES

| | Current year capital losses |
|---|-----------------------------|
| Shares and units (in unit trusts) | A |
| Real estate | B |
| Other CGT assets and any other CGT events | C |
| Total CYCL | D |

! ABBREVIATIONS
CYCG current year capital gain
CYCL current year capital losses
PYNCL prior year net capital losses

If you need to complete a CGT schedule, transfer the amounts at **A**, **B**, **C** and **D** to the corresponding labels in **part B** of the CGT schedule.

! NOTE
There is no **part C** to this worksheet.

PART D APPLYING CAPITAL LOSSES AGAINST CURRENT YEAR CAPITAL GAINS

| NON-ACTIVE ASSETS | | | ACTIVE ASSETS | | |
|---|---------------------------------------|--------------------------------------|---|---------------------------------------|--------------------------------------|
| Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method | Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method |
| A7 | A8 | A9 | A10 | A11 | A12 |
| Total CYCG from part A3 | | | | | |

If you showed current year capital losses at **D** in **part B**, complete **step D1** . Otherwise, go to **step D2**.

Step D1 Apply current year capital losses against total current year capital gains shown at rows A7 to A12 above

| NON-ACTIVE ASSETS | | | ACTIVE ASSETS | | |
|---|---------------------------------------|--------------------------------------|---|---------------------------------------|--------------------------------------|
| Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method | Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method |
| 3A | 3B | 3C | 3D | 3E | 3F |
| 3G | 3H | 3I | 3J | 3K | 3L |
| Current year capital losses applied | | | | | H |
| CYCG after applying CYCL | | | | | |

In applying the current year capital losses, the amount in each column in rows **3A** to **3F** cannot exceed the amount in rows **A7** to **A12**.

The amount at **H** cannot exceed the amount at **D** in **part B**.

If you need to complete a CGT schedule:

Add the amounts at columns **3A** and **3D** above and transfer the total to **E** in **part D** of the CGT schedule.

Add the amounts at columns **3B** and **3E** above and transfer the total to **F** in **part D** of the CGT schedule.

Add the amounts at columns **3C** and **3F** above and transfer the total to **G** in **part D** of the CGT schedule.

Transfer the **Total CYCL applied** amount at **H** to **H** in **part D** of the CGT schedule.

If you have prior year net capital losses go to **step D2**. Otherwise, for individuals, trusts and funds go to **part E**. For companies, go to **step D3**.



ABBREVIATIONS

- CYCG current year capital gain
- CYCL current year capital losses
- PYNCL prior year net capital losses

Step D2 Apply any prior year net capital losses, other than those from collectables, against current year capital gains remaining after step D1

| | |
|---|----|
| PYNCL available | 4A |
| Less any adjustment for commercial debts forgiven | 4B |
| Remaining PYNCL available | 4C |

| | NON-ACTIVE ASSETS | | |
|------------------------------------|---|---------------------------------------|--------------------------------------|
| | Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method |
| PYNCL applied | 4D | 4E | 4F |
| CYCG after applying CYCL and PYNCL | 4J | 4K | 4L |

In applying the PYNCL, the amount in each column of rows **4D** to **4I** cannot exceed the amount at **step D1** in each column in rows **3G** to **3L**.

The amount at **L** cannot exceed the amount at **4C**.

If you need to complete a CGT schedule:

Add the amounts at columns **4D** and **4G** above and transfer the total to **L** in **part D** of the CGT schedule.

Add the amounts at columns **4E** and **4H** above and transfer the total to **J** in **part D** of the CGT schedule.

Add the amounts at columns **4F** and **4I** above and transfer the total to **K** in **part D** of the CGT schedule.

Transfer the **Total PYNCL applied** amount at **L** to **L** in **part D** of the CGT schedule.

Companies go to **step D3**. Individuals, trusts and funds go to **part E**.

! ABBREVIATIONS

CYCG current year capital gain

CYCL current year capital losses

PYNCL prior year net capital losses

Step D3 Companies only – Apply any capital losses transferred in

If the company had any capital losses transferred in from other group companies, complete **step D3**. Otherwise, go to **part E**.

| | NON-ACTIVE ASSETS | | |
|---------------|---|---------------------------------------|--------------------------------------|
| | Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method |
| PYNCL applied | 5A | 5B | 5C |

| ACTIVE ASSETS | | | Total capital losses transferred in |
|---|---------------------------------------|--------------------------------------|---|
| Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method | P |
| 5D | 5E | 5F | P |

In applying capital losses transferred in, the amounts at labels in each column of rows **5A** to **5F** cannot exceed the amounts in each column at **step D2**, rows **4J** to **4O**.

The amount at **P** cannot exceed remaining CYCG (after deducting CYCL and PYNCL).

If the company needs to complete a CGT schedule:

Add the amounts at columns **5A** and **5D** at **step D3** above and transfer the total to **M** in **part D** of the CGT schedule.
Add the amounts at columns **5B** and **5E** at **step D3** above and transfer the total to **N** in **part D** of the CGT schedule.
Add the amounts at columns **5C** and **5F** at **step D3** above and transfer the total to **O** in **part D** of the CGT schedule.
Transfer the **Total capital losses transferred** in amount at **P** in **step D3** to **P** in **part D** of the CGT schedule.

PART E CURRENT YEAR CAPITAL GAINS (CYCG) AFTER APPLYING CAPITAL LOSSES

| | NON-ACTIVE ASSETS | | ACTIVE ASSETS | |
|--|---|---------------------------------------|---------------------------------------|--------------------------------------|
| | Capital gains – indexation method | Capital gains – discount method | Capital gains – discount method | Capital gains – 'other' method |
| CYCG after applying CYCL, PYNCL and capital losses transferred in | A | B | D | F |

If you need to complete a CGT schedule, transfer the amounts at **A**, **B**, **C**, **D**, **E** and **F** to the corresponding labels in **part E** of the CGT schedule.

PART F CGT DISCOUNT ON CAPITAL GAINS

To be completed by individuals, trusts and funds only. Companies go to part G.

Calculate the CGT discount applicable to the capital gains at **B** and **E** in **part E** by applying the discount percentage – 50% for individuals and trusts and 33¹/₃% for complying superannuation entities (fund tax return). Show the amount of the discount at **J** and **K** respectively, then deduct the discount amounts at **J** and **K** from the amounts at **B** and **E** respectively in **part E**. Transfer the amounts at **A**, **C**, **D** and **F** in **part E** to **6A**, **6C**, **6D** and **6F** respectively.

! ABBREVIATIONS
CYCG current year capital gain
CYCL current year capital losses
PYNCL prior year net capital losses

| | NON-ACTIVE ASSETS | | ACTIVE ASSETS | |
|--|---|---------------------------------------|---------------------------------------|--------------------------------------|
| | Capital gains – indexation method | Capital gains – discount method | Capital gains – discount method | Capital gains – 'other' method |
| Discount amount | | J | K | |
| CYCG after capital losses and discount | (A above) 6A | (B above – J) 6B | (D above) 6D | (E above – K) 6E |
| | | | | (F above) 6F |

If you need to complete a CGT schedule, transfer the amounts at **J** and **K** to the corresponding labels in **part F** of the CGT schedule.

PART G CGT SMALL BUSINESS CONCESSIONS

This part does not include the small business 15-year exemption—this is shown separately at **part K** of the CGT schedule (if a schedule is required). **Part G** to be completed by individuals, companies, trusts and funds (where appropriate).

Apply one or more of the concessions to which you are entitled—small business 50% active asset reduction, small business retirement exemption, small business active asset rollover or any combination of these concessions to which you are entitled.

| | ACTIVE ASSETS | | | | Total CGT small business concessions |
|---------------------------------------|---|---------------------------------------|--------------------------------------|--|---|
| | Capital gains – indexation method | Capital gains – discount method | Capital gains – 'other' method | | |
| SBAAR | L | M | N | | |
| SBRE | O | P | Q | | |
| SBRO | R | S | T | | |
| Totals CGT small business concessions | 7A | 7B | 7C | | 7D |

! ABBREVIATIONS

- CYCG current year capital gain
- CYCL current year capital losses
- PYNCL prior year net capital losses
- SBAAR small business 50% active asset reduction
- SBRE small business retirement exemption
- SBRO small business active asset rollover
- UNCL unapplied net capital losses

If you need to complete a CGT schedule, transfer the amounts at rows **L** to **N**, **O** to **Q** and **R** to **T** to the corresponding labels in **part G** of the CGT schedule.

PART H NET CAPITAL GAIN CALCULATION

For individuals, trusts and funds, add up the current year capital gains at **6A**, **6B**, **6C**, **6D**, **6E** and **6F** in **part F** and deduct the total CGT small business concessions at **7D** (where appropriate) in **part G**.

For companies, add up the current year capital gains at **A**, **B**, **C**, **D**, **E** and **F** in **part E** and deduct the total CGT small business concessions at **7D** in **part G**. Show the result at **G**.

Net capital gain

G

If you do not need to complete a CGT schedule, transfer the amount at **G** to **A** **Net capital gain** on your tax return (supplementary section).

If you need to complete a CGT schedule, transfer the amount at **G** to **G** in **part H** of the CGT schedule.

PART I UNAPPLIED NET CAPITAL LOSSES CARRIED FORWARD TO LATER INCOME YEARS

| | |
|--|-----------|
| UNCL from collectables | H |
| UNCL from other CGT assets | I |
| UNCL carried forward to later income years | V (H + I) |

Transfer the amount at **V** to **V Net capital losses carried forward to later income years** on your tax return (supplementary section).

If you need to complete a CGT schedule, transfer the amounts at **H** and **I** to the corresponding labels in **part I** of the CGT schedule.



ABBREVIATIONS

- CYCG current year capital gain
- CYCL current year capital losses
- PYNCL prior year net capital losse
- SBAAR small business 50% active asset reduction
- SBRE small business retirement exemption
- SBRO small business active asset rollover
- UNCL unapplied net capital losses

CAPITAL GAIN OR CAPITAL LOSS WORKSHEET

This worksheet helps you calculate a capital gain for each CGT asset or any other CGT event¹ using the indexation method², the discount method³ and/or the 'other' method. It also helps you calculate a capital loss.

CGT asset type or CGT event

Shares and units (in unit trusts) ☐

Real estate ☐

Other CGT assets and any other CGT events⁴ ☐

Collectables⁵ ☐

Description of CGT asset or CGT event

Date of acquisition

Date of CGT event

ELEMENTS OF THE COST BASE OR REDUCED COST BASE

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|-------------------|---|---------------------------|---------------------------------|---------------------------|
| Amount | Amounts to be deducted for cost base ⁹ | Cost base (1 - 2) | Amounts to be deducted for reduced cost base ⁹ | Reduced cost base (1 - 4) | Indexation factor ¹⁰ | Cost base indexed (3 x 6) |
| Acquisition or purchase cost of the CGT asset ⁶ | | | | | | |
| Incidental costs to acquire the CGT asset | | | | | | |
| Incidental costs that relate to the CGT event ⁷ | | | | | | |
| Costs of owning the CGT asset ⁸ | | | | | | |
| Capital expenditure to increase or preserve the asset's value or to install or move it | | | | | | |
| Capital costs to establish, preserve or defend title to, or a right over, the CGT asset | | | | | | |
| Cost base unindexed | | \$ | | | | |
| | | Reduced cost base | | \$ | | |
| | | | | Cost base indexed | | \$ |

CAPITAL GAIN CALCULATION

| Indexation method | Discount method | 'Other' method (CGT asset held less than 12 months) |
|-----------------------------------|-----------------------------------|---|
| Capital proceeds ¹¹ \$ | Capital proceeds ¹¹ \$ | Capital proceeds ¹¹ \$ |
| less: cost base indexed \$ | less: cost base unindexed \$ | less: cost base unindexed \$ |
| Capital gain (a) \$ | Capital gain (b)* \$ | Capital gain \$ |

* In choosing between capital gain (a) or (b), remember that the CGT discount will not apply to (a) but it will reduce the amount of capital gain remaining after capital losses are deducted from (b).

Transfer the capital gain to **part A1** of the *CGT summary worksheet*, except for a capital gain from collectables which is transferred to **part A2** of that worksheet.

FOOTNOTES

See the back of this worksheet.

CAPITAL LOSS CALCULATION

| Capital loss |
|---|
| Reduced cost base \$ |
| less: capital proceeds ¹¹ \$ |
| Capital loss ¹² \$ |

Transfer the capital loss to **part B** of the *CGT summary worksheet*, except for a capital loss from collectables which is transferred to **part A2** of that worksheet.

1 CGT event

You make a capital gain or capital loss if certain events or transactions (called CGT events) happen. Most commonly, CGT events happen to a CGT asset (for example, the disposal of a CGT asset) but some CGT events can happen without involving a CGT asset. For more information about CGT events, see the *Guide to capital gains tax 2006*.

2 Indexation method*

For CGT assets acquired before 11.45am (by legal time in the ACT) on 21 September 1999, the indexation of the cost base of an asset is frozen as at 30 September 1999. Individuals, trusts and superannuation entities can choose to use either the cost base indexed, frozen as at 30 September 1999, or the CGT discount.

3 Discount method*

If a CGT event happens to a CGT asset after 11.45am (by legal time in the ACT) on 21 September 1999 and you acquired the asset at least 12 months before the CGT event, you may be entitled to discount the capital gain after applying capital losses. The discount percentage for an individual or trust is 50% and for a complying superannuation entity it is 33⅓%.

Companies (other than those life insurance companies and friendly societies which carry on life insurance business that are entitled to the CGT discount in respect of their complying superannuation business) are not eligible for the CGT discount. You apply current year capital losses and then unapplied net capital losses from earlier years against current year capital gains before applying the CGT discount. If any capital gains qualify for the CGT small business concessions, you then apply those concessions to each capital gain.

*** Note:** For CGT assets acquired before 11.45am (by legal time in the ACT) on 21 September 1999, you have the option of choosing the CGT discount or calculating the capital gain using

4 Other CGT assets and any other CGT events

This category is for a capital gain or capital loss made from a CGT asset or any other CGT event that is not from shares and units (in unit trusts), real estate or a collectable. You include capital gains from personal use assets here. If you acquired a personal use asset for \$10,000 or less, you disregard any capital gain. You disregard capital losses from personal use assets.

Note: There are special rules that apply when working out a capital gain or capital loss for a depreciating asset. A capital gain or capital loss will only arise to the extent that you use a depreciating asset for a non-taxable purpose (for example, used privately). You calculate the gain or loss having regard to concepts used in the uniform capital allowance provisions. Those provisions also treat as income or allow as a deduction any gain or loss from a depreciating asset to the extent that you use it for a taxable purpose.

5 Collectables

If you acquired a collectable – for example, jewellery or an antique – for \$500 or less, you disregard any capital gain or capital loss. You can only use capital losses from collectables to offset capital gains from collectables.

6 Acquisition or purchase cost

This is money you paid, property you gave or you are required to pay or give to acquire a CGT asset. The market value of any property you gave, or are required to give, is worked out at the time of acquisition. Modifications and special rules may apply to this element of the cost base – for example, the market value substitution rule.

indexation frozen as at 30 September 1999. Calculate your capital gain under each option to determine the best result in your particular circumstances.

7 Incidental costs that relate to a CGT event

This includes the incidental costs of disposal of a CGT asset or, if there is no disposal of a CGT asset, those incidental costs that relate to the CGT event.

8 Costs of owning the asset

Costs of owning the asset include interest on borrowed money, rates and land tax, and the costs of repairing or maintaining the CGT asset. You include them in the cost base provided you acquired the CGT asset after 20 August 1991. These costs cannot be indexed or used to work out a capital loss. You do not include non-capital costs of owning the asset in the cost base of collectables or personal use assets.

9 Cost base and reduced cost base

For the cost base, exclude all expenditure recouped or that has been deducted or can be deducted on assets acquired after 7.30pm (by legal time in the ACT) on 13 May 1997. For assets acquired before this time, exclude all expenditure recouped, or in respect of incidental costs and costs of owning, that have been claimed or can be claimed as a tax deduction. In some cases, cost base reductions are made before indexing (for example, recouped expenditure) and in others, after indexing (for example, capital works deductions). For the reduced cost base, exclude any expenditure recouped, that has been deducted, can be deducted or is a cost of owning. Indexation does not apply to the reduced cost base.

10 Indexation factor

Indexation is not relevant to:

- expenditure incurred after 11.45am (by legal time in the ACT) on 21 September 1999 relating to a CGT asset acquired before that time, or
- expenditure relating to a CGT asset acquired after that time.

The cost base includes indexation, frozen as at 30 September 1999, only if you acquired the CGT asset at or before 11.45am (by legal time in the ACT) on 21 September 1999 and have owned it for at least 12 months. There are some exceptions – for example, rollovers and assets inherited from a deceased estate. Indexation is not available for costs of owning the asset and it is not relevant to the reduced cost base. The indexation factor is an amount equal to the consumer price index (CPI) for the quarter of the year in which the CGT event happened to the asset, divided by the CPI for the quarter of the year in which you incurred the expenditure included in any of the cost base elements (except the third element – costs of owning). A list of CPI is at appendix 2.

11 Capital proceeds

This is money and the market value of any property that you have received or are entitled to receive, in respect of the CGT event happening. Modifications and special rules may apply to change the capital proceeds for certain CGT events. If the capital proceeds are greater than the cost base, you make a capital gain. If the capital proceeds are less than the reduced cost base, you make a capital loss. If the capital proceeds are between the cost base, or if applicable the indexed cost base, and the reduced cost base, you make neither a capital gain nor a capital loss.

12 Capital losses

You can only use capital losses from collectables to offset capital gains from collectables. You disregard capital losses from personal use assets. You cannot deduct net capital losses from your assessable income. If you became a bankrupt during the year, you disregard unapplied net capital losses from earlier years.



2006

Australian Government

Australian Taxation Office

Tax file number (TFN)

[illegible]

Australian business number (ABN)

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|

Signature as prescribed in tax return

Part A Capital gains from CGT assets and CGT events

Non-active assets

[illegible]

Capital gains – discount method

| B | E | H | K |
|------|------|------|------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| -000 | -000 | -000 | -000 |

Other capital gains

| C | F | I | L |
|----|----|----|----|
| | | | |
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Active assets

[illegible][illegible][illegible]

Add amounts at **A** to **S** above and write the total at **V** below.

[illegible]

Add amounts at **B** to **T** above and write the total at **W** below.

[illegible]

Add amounts at **C** to **U** above and write the total at **X** below.
























T

[illegible]

Cash and other considerations

Part L **Scrip-for-scrip rollover for acquiring entity – to be completed by companies and trusts only**

[illegible]

Part M Did you have an employee share scheme in place at any time during the year? – to be completed by companies only

N Yes ☐ No ☐ Print **X** in the appropriate box.

Part N Same majority underlying ownership and pre-CGT assets – Division 149 – to be completed by companies only

O Yes ☐ No ☐ Print **X** in the appropriate box.

MORE INFORMATION

INTERNET

- For up-to-date and comprehensive information about deductions and to download publications, rulings and general tax information, visit **www.ato.gov.au**

PUBLICATIONS

Publications relevant to this guide, including recent Rulings and Determinations, include:

- *Capital allowances schedule instructions 2006* (NAT 4089–6.2006)
- *Capital gains tax (CGT) schedule 2006* (NAT 3423–6.2006)
- *Company tax return 2006* (NAT 0656–6.2006)
- *Consolidation reference manual*
- *Employee share schemes – answers to frequently asked questions by employees*
- *Fund income tax and regulatory return 2006* (NAT 0658–6.2006)
- *General value shifting regime in brief* (NAT 8933)
- *Guide to capital gains tax concessions for small business* (NAT 8384)
- *Guide to depreciating assets 2006* (NAT 1996–6.2006)
- *Guide to the general value shifting regime*
- *Personal investors guide to capital gains tax 2006* (NAT 4152–6.2006)
- *Rental properties 2006* (NAT 1729–6.2006)
- *Tax return for individuals (supplementary section) 2006* (NAT 2679–6.2006)
- *Tax return for retirees 2006* (NAT 2597–6.2006)
- *Trust tax return 2006* (NAT 0660–6.2006)
- *Venture capital concessions (capital gains tax) – overview*
- *Practice Statement PS LA 2006/1 (GA) – Calculating the cost base and reduced cost base of a CGT asset if a taxpayer does not have sufficient information to determine the amount of construction expenditure on the asset for the purpose of working out their entitlement to a deduction under Division 43 of the Income Tax Assessment Act 1997.*
- *Practice Statement PS LA 2005/1 (GA) – Taxation of a net capital gain included in the net income of a resident trust estate for an income year. (It replaces PS LA 2004/3 which was withdrawn on 1 September 2005).*
- *Taxation Determination TD 2004/3: Income tax: capital gains tax: does an asset ‘pass’ to a beneficiary of a deceased estate under section 128-20 of the Income Tax Assessment Act 1997 if the beneficiary becomes absolutely entitled to the asset as against the trustee of the estate?*
- *Taxation Determination TD 2005/33 – Does expenditure – which is a non-capital cost of ownership of a CGT asset – form part of the cost base of the asset, if it is a tax benefit in connection with a scheme to which the general anti-avoidance rules in Part IVA of the Income Tax Assessment Act 1936 apply?*
- *Taxation Determination TD 2005/47: Income tax: what do the words ‘can deduct’ mean in the context of those provisions in Division 110 of the Income Tax Assessment Act 1997 which reduce the cost base or reduced cost base of a CGT asset by amounts you ‘have deducted or can deduct’, and is there a fixed point in time when this must be determined?*

- *Draft Taxation Ruling TR 2005/D15: Income tax: capital gains: meaning of the words ‘the beneficiaries and terms of both trusts are the same’ in paragraphs 104-55(5)(b) and 104-60(5)(b) of the Income Tax Assessment Act 1997*
- *Draft Taxation Ruling TR 2004/D25 – Income tax: capital gains: meaning of the words ‘absolutely entitled to a CGT asset as against the trustee of a trust’ as used in Parts 3-1 and 3-3 of the Income Tax Assessment Act 1997*
- *Taxation Ruling TR 92/3 – Whether profits on isolated transactions are income*
- *Taxation Ruling TR 2002/10 – Capital gains tax: assets register.*
- *Taxation Ruling TR 2005/6: Income tax: lease surrender receipts and payments*
- *Taxation Ruling TR 2005/9: Income tax: record keeping – electronic records*
- *Taxation Ruling TR 2005/15: Income tax and capital gains tax: tax consequences of financial contracts for differences*
- *Taxation Ruling TR 2005/23: Income tax: Listed investment companies*
- *Taxation Ruling TR 2005/D14: Income tax: capital gains tax: consequences of creating, and dealing in, life and remainder interests in property*
- Fact sheets for shareholders listed in appendix 4.

INFOLINES

We can offer a more personalised service if you provide a tax file number.

- **Personal tax** **13 28 61**
Individual income tax and general personal tax enquiries, including capital gains tax
- **Business** **13 28 66**
General business tax enquiries including capital gains tax
- **Superannuation** **13 10 20**
- **Fax** **13 28 60**
Get information faxed to you about individual taxes—phone **13 28 60** and follow the instructions.

OTHER SERVICES

- **Translating and Interpreting Service** **13 14 50**
If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service for help with your call.
- **National Relay Service** **13 36 77**
If you have a **hearing or speech impairment** and use a TTY or modem, phone the National Relay Service.
For 1800 free call numbers phone **1800 555 677** and quote the number you require.
- **Speech to Speech Relay Service** **1300 555 727**
If you have a **speech impairment** and do not use a TTY or modem, phone the Speech to Speech Relay Service.
For 1800 free call numbers phone **1800 555 727** and quote the number you require.

