FirstWrap
2021–22 Tax guide

Your Annual tax statement and this Tax guide

How to use this Tax guide

This Tax guide has been prepared primarily for individual resident taxpayers with an account in FirstWrap Investments, FirstWrap Plus Investments or FirstWrap Plus for Atrium SMA – Investments (the Service). This Tax guide will assist you in completing your 2022 tax return, when used in conjunction with your Annual tax statement (Statement).

Your Statement may include income, capital gains/losses and deductions from the Service.

A tax statement is not issued for superannuation or pension accounts. The trustee of a superannuation fund lodges a superannuation fund tax return which includes the income, capital gains/losses and deductions for superannuation and pension accounts.

If you have income, capital gains/losses or deductions from investments other than those shown in your Statement you will also need to include these details in your tax return.

If you have invested in warrants during the financial year, the corresponding Warrant tax statement and Warrant tax guide will be included with your Statement. The Warrant tax guide will have further explanatory information that will assist you in completing your tax return.

Simply follow the steps outlined in this Tax guide for each part of your Statement, while referring to your 2022 tax return. The information in this Tax guide is for use by Australian resident individuals in the submission of the 2022 tax return to the Australian Taxation Office (ATO).

Your tax return

The tax return for individuals has been divided into two parts if you are lodging a paper based tax return: the Tax return for individuals 2022 and the Tax return for individuals (supplementary section) 2022. You can obtain a copy of these two forms by contacting the ATO or visiting their website at **www.ato.gov.au**. Alternatively, you can lodge your tax return electronically with myTax, available online via the myGov website at **my.gov.au**

This Tax guide contains information only and is not tax advice.
Please contact your tax agent or accountant about personal tax matters. You should seek independent, professional tax advice before making any decision based on this information.

For information about your investments, or if you have any questions about this Tax guide, please speak with your adviser.

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Annual tax statement

When you receive your Statement, it will be made up of five parts, Part A to Part E. You will find that each section provides you with information required to complete your tax return:

Part A – Summary of Tax return for individuals 2022 and Tax return for individuals (supplementary section) 2022: A summary of income earned on your portfolio during the financial year and the relevant tax return references. This section excludes capital gains/losses from the disposal of investments as disclosed in Part D, where applicable.

Part B – Additional capital gains information: Provides further details to assist in the completion of Question **18** of the Tax return for individuals (supplementary section) 2022.

Part C – Components of income: Provides further details of those items included in Part A. Note that this excludes capital gains/losses from the disposal of investments as disclosed in Part D, where applicable.

Part D – Realised capital gains/losses from disposal of investments: Includes details of realised gains/losses from the disposal of investments during the year. These gains/losses are in addition to those included in Part A.

Part E – Gains/losses from disposal of traditional securities: Provides further details of any gains and losses from the disposal of traditional securities during the year, as shown in Part A Question **24** and Question **D15** respectively.

You will find further information on each of these sections in this Tax guide to help you complete your tax return.

Additional information for your tax return

Your adviser is able to provide you with additional information on your account, including a detailed Income statement report if required.

Third-party access
If an accountant and/or self-managed superannuation fund administrator assists you with preparing your tax return, you can provide them with access to your account in order to access the information they need for your tax return. Speak to your adviser as to how this can be arranged.

Part A – Summary of tax return

This section shows the income your portfolio within the Service has earned and information on how to include the relevant income, credits and/or deductions on your tax return. When completing your tax return, you should consider your Statement and any other income, credits and/or deductions relevant to the investments you hold outside of the Service.

Your Annual tax statement

Interest

	Tax return label
Question 10 – *Tax return for individuals 2022*	
Gross interest	10L
Credit for TFN amounts withheld from gross interest	10M

Your tax return

1 This section shows the gross interest received for your account in the Service. The amount includes payments made from listed securities that pay interest as opposed to a dividend and where the instrument is not considered a trust. It also includes interest paid from term deposits held in the Service and interest income earned on your funds held in the pooled cash accounts.

You need to include the total amount at **Item 10 Label L** on your tax return.

2 If you have not supplied your tax file number (TFN) (or relevant exemption) to us, we have deducted tax at the highest marginal tax rate (45% plus Medicare levy and other applicable levies) from your distribution and paid it to the ATO. This TFN withholding tax will be offset against the tax payable on your income or refunded to you by the ATO when you lodge your 2022 tax return.

Include the total of any credit for TFN amounts withheld from gross interest at **Item 10 Label M** on your tax return.

By providing us with your TFN, you can prevent us withholding tax at the highest marginal tax rate in future years.

Dividends

	Tax return label
Question 11 – *Tax return for individuals 2022*	
Dividends - unfranked amount	11S
Dividends - franked amount	11T
Dividends - franking credits	11U
Credit for TFN amounts withheld from dividends	11V

Your tax return

1 If you've received any unfranked dividends from your investments in the Service, they will be shown in this section. The amount on your Statement should be reported at **Item 11 Label S** on your tax return.

2 If you have any dividends-franked amount received from your holdings in the Service, this needs to be reported as the total amount of assessable franked dividends at **Item 11 Label T** on your tax return.

3 Any dividend-franking credits received from your holdings in the Service should be reported at **Item 11 Label U**. For franking credits affected by the '45/90 day rule', please refer to the Tax guide assumptions section on page 8.

4 If you have not supplied your TFN (or relevant exemption) to us, we have deducted tax at the highest marginal tax rate (45% plus Medicare levy and other applicable levies) from your dividend payments. You should report the total of any credit for TFN amounts withheld from dividends at **Item 11 Label V** on your tax return. By providing us with your TFN, we won't be required to apply withholding tax at the highest marginal tax rate in future years.

Managed funds and unit trust distributions income

	Tax return label
Question 13 – *Tax return for individuals (supplementary section) 2022*	
Non-primary production income	13U
Non-primary production income - Franked distributions from trusts	13C
Other deductions relating to distributions	13Y
Franking credits from franked dividends	13Q
Credit for tax file number amounts withheld from interest, dividends and unit trust distributions	13R

Assessable trust distributions are shown in this section on your Statement for managed fund investments and unit trusts you hold in the Service.

Your tax return

1 Distributions received as non-primary production income from managed funds and unit trusts shown on your Statement should be reported at **Item 13 Label U** on your tax return as share of net income from trusts, less capital gains, foreign income and franked distributions.

2 If you have received franked distributions from managed funds and unit trusts in your portfolio, the total amount for this distribution should be reported at Item **13 Label C** on your tax return.

3 Your holdings in the Service may also have other deductions in relation to distributions you've received. This amount is the same as shown in Part C under Other expenses. The total amount should be reported at **Item 13 Label Y** on your tax return.

4 If you have received any available franking credits from managed funds and unit trusts in the Service the amount should be reported at **Item 13 Label Q** on your tax return.

5 If you have not supplied your TFN (or relevant exemption) to us, we have withheld tax at the highest marginal tax rate (45% plus Medicare levy and other applicable levies) from your income received for your managed fund and unit trust investments. You should report the total of any credit for TFN amounts withheld at **Item 13 Label R** on your tax return. By providing us with your TFN, you can prevent us withholding tax at the highest marginal tax rate in future years.

Capital gains and/or losses

	Tax return label
Question 18 – *Tax return for individuals (supplementary section) 2022*	
Total current year capital gains	18H
Net capital gain	18A

The Summary in Part A of your Statement includes any relevant capital gains and net capital gains for your managed fund and/or unit trust holdings. This is detailed in Part C of your Statement and this Tax guide. When completing your tax return you need to also consider any relevant capital gains/losses from Part D.

Your tax return

1 Once you combine the relevant amounts from Part A and Part D for the total capital gains, the amount should be reported at **Item 18 Label H** on your tax return.

2 For the net capital gain, you will also need to take into account any capital losses and relevant discount from Part D of your Statement. You should consult your tax adviser

on how to combine distributed capital gains from Part C with Part D of your Statement.

3 Refer to Part D of this Tax guide on how to use your Statement for your capital gains/losses in the Service.

Foreign income

	Tax return label
Question 19 – *Tax return for individuals (supplementary section) 2022*	
CFC income	19K
Question 20 – *Tax return for individuals (supplementary section) 2022*	
Assessable foreign source income	20E
Other net foreign source income	20M
Aust franking credits from New Zealand companies	20F
Foreign income tax offsets	20O

Your tax return

Foreign entities

1 In this section you will find any income you may have received in regards to a Controlled Foreign Company (CFC), if applicable to you.

The amount should be reported at **Item 19 Label K** on your tax return.

Foreign assets

1 You should use the assessable foreign source income reported on your Statement and report this total at **Item 20 Label E**.

2 If you have any other foreign source of income, report the total at **Item 20 Label M** on your tax return.

3 If any of your investments include New Zealand companies that have paid Australian franking credits, ensure you add this to any other such franking credits and report at **Item 20 Label F** on your tax return.

4 Any foreign income tax offsets that can be claimed should be reported at **Item 20 Label O** on your tax return. If your total foreign income tax paid from all sources for the year is $1,000 or less, you can claim this amount in full. Otherwise, you will need to refer to the ATO publication Guide to foreign income tax offset rules 2022 available on the ATO website **www.ato.gov.au** to work out your entitlement.

Traditional securities and miscellaneous payments

	Tax return label
Question 24 – *Tax return for individuals (supplementary section) 2022*	
Gain on disposal of traditional securities	24Y
Miscellaneous payments as assessable income	24V
Question D15 – *Tax return for individuals (supplementary section) 2022*	
Loss on disposal of traditional securities	D15J

Your tax return

1 If you have any gain on disposal of traditional securities shown on your Statement, report this amount at **Item 24 Label Y**.

You will also need to write 'Gain on traditional securities' in the 'Type of income - Category 1' description box next to **Item 24 Label Y**.

2 If you have any miscellaneous payments as assessable income (for example, refund of deductible fees paid or rebate income), report this amount at **Item 24 Label V**.

You will also need to write a description in the 'Type of income - Category 4' box next to **Item 24 Label V**. You may wish to look at your Transaction statement and, in particular, how any miscellaneous payment transactions are described.

3 If you have a loss on disposal of traditional securities, the amount on your Statement should be reported at **Item D15 Label J** on your tax return.

You will also need to write 'Loss on traditional securities' in the 'Description of claim' box next to Item **D15 Label J**.

Listed investment company (LIC) deductions

	Tax return label
Question D8 – *Tax return for individuals 2022*	
Listed investment company (LIC) deductions	D8H

If an LIC pays a dividend to you including an LIC capital gain amount, you may be entitled to an income tax deduction. If this is applicable to you the amount can be seen on your Annual tax statement in this section of Part A. The total amount should be reported at **Item D Label 8H** of your tax return.

Tax offsets

	Tax return label
Question T7 – ***Tax return for individuals (supplementary section) 2022***	
Early stage venture capital limited partnership	T7K

Your tax return

If you have received tax offsets relating to an early stage venture capital limited partnership, report this amount at **Item T7 Label K**.

	Tax return label
Question T8 – ***Tax return for individuals (supplementary section) 2022***	
Early stage investor	T8L

Your tax return

If you have received tax offsets relating to an early stage innovation company, report this amount at **Item T8 Label L**.

	Tax return label
Question T9 – ***Tax return for individuals (supplementary section) 2022***	
Other refundable tax offsets	T9P

Your tax return

If you have received exploration credits, report this amount at **Item T9 Label P** and also report E in the Code box.

Part B – Additional capital gains information

Part B in your Statement shows the sum of all capital gain amounts distributed to you. This has been provided to help you complete your tax return if you have capital losses.

Speak to your adviser if you need further information in regard to this section.

Part C – Components of income

In Part C of your Statement, you will find a breakdown of the income components. This section explains the components and what they relate to, if relevant for you.

Gross interest

The amount in 'Gross interest' equals the amount in 'Gross Interest' in Part A.

Distributions - interest

This amount includes interest income received as part of distributions from managed funds, listed trusts and unlisted property syndicates.

Other allowable trust deductions

Certain expenses incurred by a managed fund or other trust, in the course of earning business income, are tax deductible. These deductions may be distributed by the fund or trust and used to reduce the taxable portion of distributed income.

Capital gains tax concession amount

This amount represents the non-taxable component of a discountable capital gain. The amount is the percentage of capital gain that is not assessable.

AMIT CGT gross up amount

This amount only relates to Attributable Managed Investment Trust (AMIT) investments. It is similar in nature to the CGT concession amount for other trusts except that under the AMIT regime, it will equal the amount of discounted capital gains. It is not taxable but is included as a cost base increase for the AMIT investment.

Tax deferred amounts

This category represents distributions that are not taxable to you. They have arisen due to differences between accounting and taxable income. Tax deferred income may alter your cost base for CGT purposes when you sell your investments.

Tax free amounts

This category represents non-assessable income which has been included as part of distributions you have received from investments held during the year. Tax free income may alter your cost base for CGT purposes when you sell your investments.

Other non-assessable amounts

These amounts only relate to AMIT investments and broadly correspond to amounts that for a non-AMIT are shown separately in your statement as tax free amounts and tax deferred amounts. These amounts are not included in your taxable income but are included as a cost base adjustment amount for the AMIT investment.

Total income

From 1 July 2015 eligible Managed Investment Trusts are able to elect into the Attribution Managed Investment Trust (AMIT) regime. Under this regime, an AMIT can attribute tax components to investors which may differ from the cash distributed. This may result in the total income amount not reconciling with cash received. Where applicable, this difference will result in an AMIT cost base adjustment amount for the investment.

We have applied any AMIT cost base adjustment amount to the cost base/reduced cost base of your AMIT units. This adjustment is included in the adjusted or reduced cost base column in the separate platform reports for realised/unrealised capital gains.

Non-resident withholding tax

If you are not a resident of Australia, we are required to withhold tax from some components of your managed fund distributions. For AMIT investments, non-resident withholding tax may apply to attributed income, even where there is no cash payment. Interest withholding tax is deducted from Australian interest income and dividend withholding tax is deducted from unfranked dividends paid by Australian companies. Other components from managed fund distributions may also be subject to tax under Subdivision 12H of the *Taxation Administration Act 1953*. Please see your tax professional for further information.

Other expenses

The amount in 'other expenses' equals the amount in 'other deductions relating to distributions' in Part A. This amount includes fees incurred by you on the accounts included in your portfolio, including administration fees. All fees paid for ongoing advice (including one-off advice fees) are treated as tax deductible. We have relied on information provided by your adviser that the fees are for ongoing advice (and not initial advice). If there are other advice fees deducted from your account relating to other products or advice provided to you, please consult your adviser and/or tax professional on the appropriate tax treatment.

Part D – Realised capital gains/losses from disposal of investments

When calculating capital gains or losses to be included in Question **18** of your tax return you will need to make a choice as to which capital gain calculation method to apply to each applicable disposal shown in Part D of your Statement.

Generally, you make a capital loss if your reduced cost base is greater than your capital proceeds from the disposal of the investment. The excess is your capital loss. This amount has been calculated for you.

If we were unable to calculate CGT positions for any of your investments, it will be reported on the last page of the Statement with the applicable reason.

When you have determined the capital gain calculation method, refer to the capital gains – method of calculation section of this Tax guide. You should combine the results from Part D with both the Total current year capital gains and Net capital gain in Part A and include these values in **18H** and **18A** of your tax return. Refer to the earlier section in this Tax guide on how you should report this amount.

Where you have capital losses in Part D, you will need to offset these against any capital gains. We recommend that you discuss the appropriate treatment of capital losses with your adviser or tax professional to best cater for your individual circumstances.

Part E – Gains/losses from disposal of traditional securities

Part E in your Statement provides further detail of any gains/losses from the disposal of traditional securities during the year, as shown in Part A (Question **24** or **D15**).

Traditional securities represent a class of instruments listed on the Australian Securities Exchange (ASX) that are taxed outside the CGT regime. The instruments concerned are generally interest bearing securities (eg convertible notes) that were issued after 10 May 1989.

Traditional securities upon disposal, redemption or conversion (for convertible notes issued on or before 14 May 2002) crystallise a profit or loss that is considered to be either assessable income (Other income) or a deductible item (Other deductions).

For convertible notes issued after 14 May 2002, the conversion will not crystallise a profit or loss, but rather, the position will be carried forward within the cost base of the newly converted equity interest. This treatment applies only where the notes are converted into ordinary shares.

For any traditional securities where we are unable to calculate results, they will be reported on the last page of this statement. Any gains/losses are in addition to those included in Part A of the Statement.

Capital gains - methods of calculation

In Parts B, C and D of your Statement, the calculation of capital gains is shown using the three methods outlined in this section. If you need further information on how the capital gains are calculated, we recommend you speak to your adviser or a professional tax adviser.

Capital gains - indexation method

This amount represents capital gains that have been calculated using the indexation method for investments acquired on or before September 1999. This method essentially adjusts the cost base for inflation (if held for more than 12 months) but with indexation frozen at September 1999 for any disposals subsequent to that date. This is also referred to as an 'indexed gain'.

Capital gains - discount method

This amount represents gains that have been calculated using the discount method for investments held for more than 12 months. The discount method does not apply indexation to the cost base of the investment, but allows you to discount the capital gain by the CGT discount percentage applicable to you. This is also referred to as a 'discounted capital gain'.

The discount percentages that have been applied in your Statement are:

- Individuals and trusts – 50% of the full nominal gain
- Superannuation funds – 33.33% of the full nominal gain
- Companies are not eligible for the discount and therefore have no discounted capital gains.

Capital gains - discount method (grossed-up)

These capital gains have been calculated under the discount method and are able to be calculated on investments held for more than 12 months. The discount method does not apply indexation to the cost base of the investment, but allows you to discount the capital gain by the CGT discount applicable to you. However, the gains included here have not had a CGT discount applied to them. This is also referred to as a 'discountable capital gain'.

Capital gains - other method

This amount represents capital gains made on assets held for less than 12 months. Such gains do not qualify for either indexation or the CGT discount. This is also referred to as a 'short gain'.

Tax guide assumptions

This Tax guide makes a number of assumptions in order to assist you with completing your tax return. It assumes your investments are held on capital account. You should be aware that the document has considered the following information:

- Where you have disposed of investments during the year, your adviser may have elected the specific parcel of investments that has been sold. Where your adviser has not elected the parcel of investments that has been sold, we have assumed that the first parcel you sold was from all or part of the first parcel purchased. This is referred to as the first in, first out (FIFO) method.
- Your capital gains will have been discounted according to your investor status as reflected on our records. For example, if you are an individual or a trust a discount percentage of 50% has been applied.
- All amounts for jointly owned investments have been split proportionately between the owners. Where you hold investments in joint names, the amounts included in your Statement represent your proportion of jointly owned investment income. Each investor will receive an individual Statement.
- For the purpose of CGT, your Statement does not take into account any carried forward capital losses that the taxpayer may be entitled to offset against any realised capital gains as recorded in Part D.
- We have not applied the Taxation of Financial Arrangements (TOFA) regime to any investor's account. Where a security is a 'qualifying security' for tax purposes, we have not applied the accruals taxation regime under Division 16E of the Tax legislation.
- If a disposal has been made in error, the disposal will still give rise to a CGT event and is reported in Part D. We recommend that you review any erroneous disposal with your tax adviser to determine the appropriate tax treatment of the gain or loss arising from the erroneous disposal.

Franking credit adjustments

This section is only applicable where our records show that you have held investments affected by the '45/90 day rule', in which case your Statement will include fields in Part A and Part C called 'Franking credits affected by the 45/90 day rule'. If these fields are not displayed on your Statement, the rest of this section does not apply to you.

There are notes in Part A and Part C of your Statement which relate to our reporting of franking credits.

In certain instances (known as the '45/90 day rule'), you may not be entitled to claim franking credits which relate to:

- Shares held for a period of less than 45 days; or
- Preference shares held for a period of less than 90 days.

In the case where you are an individual investor and your total franking credits from all sources are less than $5,000, you may be entitled to the 'small shareholder exemption' from the 45/90 day rule. In this case:

- Annual tax statement Part A: You may record the amount labelled 'Dividends - franking credits' at Question **11U** in the tax return for individuals 2022 and disregard the amount labelled 'Franking credits affected by 45/90 day rule'; and
- Annual tax statement Part C: You are entitled to include the amounts labelled 'Franking credits affected by 45/90 day rule' (in both the 'Tax paid/offsets' and 'Taxable income' columns) to the total amount labelled 'Total Australian income'.

However, if your account is held in the name of a self-managed super fund (SMSF) or company, or if your franking credits total $5,000 or more, it is likely that you are not entitled to the exemption. In this case:

- Annual Tax Statement Part A: You must reduce the amount labelled 'Dividends - franking credits' by the amount labelled 'Franking credits affected by 45/90 day rule' before recording this net amount (calculated) at Question 11 U in the tax return for individuals 2022; and
- Annual tax statement Part C: You should disregard the amounts labelled 'Franking credits affected by 45/90 day rule' (in both the 'Tax paid/offsets' and 'Taxable income' columns) from the total amount labelled 'Total Australian income'.

In reporting your franking credits, we have assumed that all shares and preference shares are held 'at risk' and that there are no related payments. Please refer to the ATO website **www.ato.gov.au** for more information.

SMSF Investors

Where the SMSF trustee has elected to apply the transitional CGT relief to eligible assets, we have relied on the SMSF to provide the new CGT cost base for these assets.

Non-assessable distributions from stapled securities

The individual securities of a stapled security are treated as separate assets for tax purposes. Any non-assessable distribution should be applied against the cost base of the individual security that made the non-assessable distribution.

CFSIL does not maintain separate cost bases for the underlying assets of stapled securities. CFSIL strongly recommends that investors who have stapled securities seek independent tax advice to verify that the underlying cost bases are correct. Investors may need to consider the CGT impact where the non-assessable distributions for each separate asset exceed the cost base of that asset.

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