



## APA GROUP 2008 TAX RETURN GUIDE

This guide has been prepared to assist you in completing your income tax return for the year ended 30 June 2008 using your APA Group Annual Tax Statement.

About this guide	1
APA Annual Tax Statement	
APT Dividend Distribution	2
APTIT Distribution	3
Taxable Income	3
Tax Deferred	3
Disposal of Your Stapled Securities	4
Cost Base of Units	4
Cost Base of Units	4
Calculation of Capital Gain/Loss	4
Appendix A	4

This guide is not intended to be, and should not be relied upon as, personal taxation or financial advice. Since every person's circumstances are different we have made a number of general assumptions which may not be applicable to you. Where you require help relating to your particular tax position you should refer to the Australian Taxation Office's TaxPack 2008 or seek independent taxation advice.

The general assumptions made in preparing this Guide include that you are:

- an individual securityholder;
- a resident of Australia for income tax purposes;
- holding your APA Group stapled securities for investment purposes rather than for resale at a profit and the Capital Gains Tax ("CGT") provisions apply to you;
- using the "Tax return for individuals (supplementary section) 2008" to complete your income tax return.

APA Group is a "stapled security" listed on the ASX consisting of units in Australian Pipeline Trust ("APT") and units in APT Investment Trust ("APTIT"). These units can only be traded together. For tax purposes APT is a Division 6C "public trading" trust, which is taxed as if it were a company while APTIT is a Division 6 "pass through" trust.

For tax purposes the dividends in respect of your units in APT and trust distributions in respect of your APTIT units must be separately disclosed in your income tax return. The APA Group Annual Tax Statement provides details of the dividends and trust distributions to which you are entitled and these amounts should be used in preparing your 2008 income tax return.

Included as Appendix A is a table showing the components of the APA Group Annual Tax Statement on a cents per security basis.

# APA Annual Tax Statement

## APT Dividend Distribution

For an individual Australian resident taxpayer, dividends from APT are recognised on a receipts basis. Your APA Group Annual Tax Statement includes the APT dividends paid to you in September 2007 and March 2008. These dividends were unfranked for tax purposes.

Amounts shown as Unfranked Dividends from APT on the Annual Tax Statement should be included at Item 12S on the Tax return for individuals 2008.

Where you have not provided your Tax File Number, income tax has been withheld from all unfranked dividends paid to you by APT at 46.5%. This should be claimed as a credit in your income tax return by including the amount disclosed on the Annual Tax Statement at Item 12V.

### 12 Dividends

If you are a non-resident make sure you have printed your country of residence on page 1 of your tax return.

Tax file number amounts withheld from dividends **V**

Unfranked amount **S**

Franked amount **T**

Franking credit **U**

### COMPLETING THIS ITEM

There is an example in the next column that explains how to show unfranked and franked dividends. It may help you complete the following steps.

**STEP 1** Add up all the unfranked dividend amounts on your statements – including any TFN amounts withheld – plus any amounts treated as dividends. Write the total amount at **S** item 12 on page 2 of your tax return. Do not show cents.

**STEP 2** Add up all the franked dividend amounts on your statements and any other franked dividends paid or credited to you. Include also any amounts treated as franked dividends. Write the total amount at **T** item 12. Do not show cents.

#### NOTE

If your statement does not show the franked and unfranked portions of the dividend, include the total dividend amount at **T** item 12.

**STEP 3** Add up all the allowable franking credit amounts on your statements. Write the total amount at **U** item 12. Do not show cents.

**STEP 4** Add up any TFN amounts withheld that have not been refunded to you. Write the total amount at **V** item 12. Show cents. This amount will appear as a credit on your notice of assessment.

#### CHECK THAT YOU HAVE . . .

- written on your tax return the total unfranked amount
- written on your tax return the total franked amount
- written on your tax return the total allowable franking credit amount
- written on your tax return the total tax file number (TFN) amount withheld from dividends, and
- kept your dividend statements with your other records.

### EXAMPLE 2: How to show unfranked and franked dividends

Ranjini has shares in Coals Tyre Ltd, Melmott Ltd, JT Corporate Unit Trust and SYF Ltd. She has not given her TFN to Melmott or SYF.

For the 2007–08 year, Ranjini's dividend statements from the companies she has shares in showed:

- a) Coals Tyre Ltd – fully franked dividends of \$70 and a \$30 franking credit
- b) Melmott Ltd – an unfranked dividend of \$100. A TFN amount of \$46.50 was withheld from her payment, so she received \$53.50. The unfranked dividend amount Ranjini must show on her tax return is \$100 (\$53.50 plus \$46.50)
- c) JT Corporate Unit Trust – unfranked dividends of \$50, franked dividends of \$70 and a \$30 franking credit
- d) SYF Ltd – dividends totalling \$240, made up of an unfranked dividend of \$100 and a franked dividend of \$140. A TFN withheld amount of \$46.50 was withheld from the unfranked dividend amount, so Ranjini received \$53.50. The unfranked dividend amount she must show on her tax return is \$100 (\$53.50 plus \$46.50). For the franked dividend of \$140, she had a franking credit of \$60. No TFN amount is withheld from fully franked dividends.

Company or trust	Unfranked amount*	Franked amount	Franking credit	TFN amounts withheld from dividends
a) Coals Tyre Ltd	\$0.00	\$70.00	\$30.00	\$0.00
b) Melmott Ltd	\$100.00	\$0.00	\$0.00	\$46.50
c) JT CU Trust	\$50.00	\$70.00	\$30.00	\$0.00
d) SYF Ltd	\$100.00	\$140.00	\$60.00	\$46.50
Total	<b>S</b> \$250.00	<b>T</b> \$280.00	<b>U</b> \$120.00	<b>V</b> \$93.00

\* Unfranked amount includes both the amount received or credited and the TFN amount withheld.

## APTIT Distribution

For tax purposes the cash distribution from APTIT comprises both taxable trust income and tax deferred amounts. For an individual Australian resident taxpayer, the taxable trust income from APTIT is recognised for tax purposes on a present entitlement and not on a receipts basis. Tax deferred amounts are recognised on a receipts basis.

Your APA Group Annual Tax Statement includes all APTIT taxable trust income distributions paid to you in September 2007 and March 2008 and part of the distribution paid to you in September 2008. It includes tax deferred distributions paid to you in September 2007 and March 2008.

## Taxable Income

Under the tax legislation, as a unitholder of APTIT, you are subject to tax on your proportionate share of the "net income" of APTIT which includes interest and other income.

Amounts shown as Trust Distribution from APTIT on the Annual Tax Statement should be included at Item 13U on the Tax return for individuals (supplementary section) 2008 and represent your share of the "net income" of APTIT for 2008.

Where you have not provided your Tax File Number, income tax has been withheld from all Trust Distributions paid to you by APT at 46.5%. This should be claimed as a credit in your income tax return by including the amount disclosed on the Annual Tax Statement at Item 13R.

<p><b>13 Partnerships and trusts</b></p> <p><b>Primary production</b></p> <p>Distribution from partnerships <b>N</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input type="text"/></p> <p>Distribution from trusts <b>L</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input type="text"/></p> <p>Landcare operations and deduction for decline in value of water facility <b>I</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00</p> <p>Other deductions relating to distribution <b>X</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input type="text"/></p> <p><b>Non-primary production</b></p> <p>Distribution from partnerships, less foreign income <b>O</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input type="text"/></p> <p>Distribution from trusts, less net capital gains and foreign income <b>U</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input type="text"/></p> <p>Landcare operations expenses <b>J</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00</p> <p>Other deductions relating to distributions shown at <b>O</b> and <b>U</b> <b>Y</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input type="text"/></p> <p><b>Share of credits from income</b></p> <p>Share of credit for tax withheld where Australian business number not quoted <b>P</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .</p> <p>Share of franking credit from franked dividends <b>Q</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .</p> <p>Share of credit for tax file number amounts withheld from interest, dividends, and unit trust distributions <b>R</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .</p> <p>Share of credit for tax paid by trustee <b>S</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .</p> <p>Share of credit for amounts withheld from foreign resident withholding or a managed investment trust fund payment <b>A</b> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .</p>	<p>Include any deferred non-commercial business losses from a prior year at <b>X</b> or <b>Y</b> as appropriate and insert the relevant code in the <b>TYPE</b> box.</p> <p>If you have a net loss from a partnership business activity, complete items <b>P3</b> and <b>P9</b> in the <i>Business and professional items schedule for individuals 2008</i> in addition to item <b>13</b>.</p> <p>Net primary production distribution <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input style="border: 1px solid black; padding: 2px;" type="text"/>LOSS</p> <p>Show distributions of:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> net capital gains at item <b>18</b> and</li> <li><input type="checkbox"/> foreign income at item <b>19</b> or <b>20</b>.</li> </ul> <p>Net non-primary production distribution <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> .00 <input style="border: 1px solid black; padding: 2px;" type="text"/>LOSS</p>
--	--

## Tax Deferred

Your APA Group Annual Tax Statement includes the "tax deferred" amount of your gross cash distribution. This amount has arisen because the gross cash distribution from APTIT exceeds the taxable income of APTIT.

The "tax deferred" amount is not immediately taxable but will reduce the CGT cost base of the units held by you. Once the tax deferred distributions reduce your CGT cost base to nil, any additional tax deferred distributions will give rise to an immediate capital gain. However this gain may be reduced on account of the CGT 50% discount where units have been held for more than 12 months.

## Disposal of Your Stapled Securities

The following summary will help you to determine whether you have any liability for CGT if you have sold your stapled securities. You should however obtain your own independent tax advice where you have sold stapled securities.

For tax purposes the sale of an APA Group stapled security is treated as a disposal of a unit in APT and a unit in APTIT. Upon disposal of an APA Group stapled security, you will realise a capital gain if the consideration you receive exceeds the CGT cost base of the APT and APTIT units.

### Cost Base of Units

Generally the cost base of your units is the amount you paid for them including the incidental costs of acquisition and disposal. The cost base will be reduced by any tax deferred distributions or capital returns previously made in respect of the units. Details of tax deferred distributions and previous capital returns are available from the "Financial Information" section of the APA Group website at [www.apa.com.au](http://www.apa.com.au).

For capital gains tax purposes, the cost of each APA Group stapled security and the consideration received on disposal of each APA Group stapled security will need to be apportioned between the unit in APT and the unit in APTIT on a reasonable basis. One possible method of apportionment is on the basis of an estimate of the relative net assets of APT and APTIT at the time you acquired your units. Details of relative net assets for APT and APTIT are available from the "Investor Relations" section of the APA Group website at [www.apa.com.au](http://www.apa.com.au).

### Calculation of Capital Gain/Loss

Your capital gain or capital loss from the disposal of your APA Group stapled securities may be ascertained as follows:

- *Capital Gains* – A taxable capital gain is calculated as the excess of the sale proceeds received over the cost base of the APA Group stapled securities.
- *Discount Capital Gains* – Where the APA Group stapled securities have been held for more than 12 months, you may choose to reduce your taxable capital gain by the CGT discount of 50% for individuals.
- *Capital Loss* – A capital loss will comprise the excess of the reduced cost base of the APA Group stapled securities over the sale proceeds received.

## Appendix A

### APA Group Annual Tax Statement 2007/08

*Distributions Cents per Unit (cpu)*

Date	APT	APTIT		Total APA
	(cpu)	Trust Distribution (cpu)	Tax Deferred (cpu)	(cpu)
September 2007	2.0	3.0	2.0	7.0
March 2008	9.8	2.0	2.7	14.5
September 2008		1.27057		

For further information, please contact:

Link Market Services Limited

Phone 1800 992 312

Overseas (+61 2) 8280 7132

Email: [apagroup@linkmarketservices.com.au](mailto:apagroup@linkmarketservices.com.au)