



APA GROUP 2009 TAX RETURN GUIDE

This guide has been prepared to assist you in completing your income tax return for the year ended 30 June 2009 using your APA Group Annual Tax Statement.

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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, or 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 2009 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) 2009" 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.

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 2009 income tax return. For tax purposes the APT dividends and APTIT trust distributions must be separately disclosed in your 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 2008 and March 2009. 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 2009.

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.

<p>12 Dividends</p> <p>If you are a non-resident make sure you have printed your country of residence on page 1.</p> <p>Tax file number amounts withheld from dividends V <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"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/></p>	<p>Unfranked amount S <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"/> <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"/> <input type="text"/> <input type="text"/></p> <p>Franked amount T <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"/> <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"/> <input type="text"/></p> <p>Franking credit U <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"/> <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"/> <input type="text"/></p>
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ANSWERING THIS QUESTION

You will need your statements from each Australian company, corporate limited partnership, corporate unit trust, public trading trust and listed investment company that paid you dividends or made distributions to you between 1 July 2008 and 30 June 2009.

Statements may show:

- amounts of franked and unfranked dividends
- amounts of franking credits
- tax file number (TFN) amounts withheld from unfranked dividends.

Franking credits are amounts of tax paid by the company that are allocated to your dividend or distribution. You include them at this item and receive a credit on your tax assessment.

If within 45 days of buying the shares (90 days for certain preference shares), you either sold them or entered into an arrangement to reduce the risk of making a loss on them, you may not be entitled to claim the credit. Additionally, if you were under an obligation to make, or were likely to make, a related payment, you may not be entitled to claim the credit. See **holding period rule and related payments rule** on pages 105–6 for more information.

TFN amounts are amounts of tax withheld from dividends and some distributions by investment bodies because you did not provide your TFN or ABN to them. TFN amounts are shown on your dividend statement. These amounts must be included in the amount of unfranked dividends you write on your tax return.

COMPLETING YOUR TAX RETURN

If any of your statements do not show franked and unfranked portions of the dividend, include the total dividend amount at **T** item 12 when you complete step 2.

Step 1

Add up all the unfranked dividend amounts from your statements, including any TFN amounts withheld. Also include any other amounts that are treated as dividends.

Write the total amount at **S** item 12.

Step 2

Add up all the franked dividend amounts from your statements, and any other franked dividends paid or credited to you.

Write the total amount at **T** item 12.

Step 3

Add up the franking credit amounts that you are entitled to claim shown on your statements. Do not include them if the **holding period rule** or **related payments rule** prevents you from claiming them. See pages 105–6 for more information.

Write the total amount at **U** item 12.

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.

Keep your dividend statements. For more information on record keeping, refer to pages 102–3.

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 part of the APTIT taxable trust income distributions paid to you in September 2008 and all of the APTIT taxable trust income distributions paid to you in March 2009 and September 2009. It includes tax deferred distributions paid to you in September 2008 and March 2009.

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) 2009 and represent your share of the "net income" of APTIT for 2009.

Where you have not provided your Tax File Number, income tax has been withheld from all Trust Distributions and Tax Deferred amounts paid to you by APTIT 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.

13 Partnerships and trusts	Include any deferred non-commercial business losses from a prior year at X or Y as appropriate and insert the relevant code in the TYPE box.	
Primary production		
Distribution from partnerships	N <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	If you have a net loss from a partnership business activity, complete items P3 and P9 in the <i>Business and professional items schedule for individuals 2009</i> in addition to item 13 .
Distribution from trusts	L <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Landcare operations and deduction for decline in value of water facility	I <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Other deductions relating to distribution	X <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <small>TYPE</small>	
Non-primary production		
	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"/> <small>LOSS</small>
Distribution from partnerships, less foreign income	O <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	Show distributions of: <input type="checkbox"/> net capital gains at item 18 and <input type="checkbox"/> foreign income at item 19 or 20 .
Distribution from trusts, less net capital gains and foreign income	U <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Landcare operations expenses	J <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Other deductions relating to distributions shown at O and U	Y <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <small>TYPE</small>	
Share of credits from income and tax offsets		
	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"/> <small>LOSS</small>
Share of credit for tax withheld where Australian business number not quoted	P <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Share of franking credit from franked dividends	Q <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Share of credit for tax file number amounts withheld from interest, dividends, and unit trust distributions	R <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Share of credit for tax paid by trustee	S <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	
Share of credit for amounts withheld from foreign resident withholding or a managed investment trust fund payment	A <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	

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 Capital Gains Tax ("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.

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.

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 2008/09

Distributions Cents per Unit (cpu)

Date	APT	APTIT		Total APA
	(cpu)	Trust Distribution (cpu)	Tax Deferred (cpu)	08/09 Tax Statement (cpu)
September 2008	9.0	1.92943	2.8	13.72943
March 2009	9.0	2.81	3.19	15.0
September 2009	–	1.7122	–	1.7122

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