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Fact Sheets

Investors

Investments are generally held to provide income and/or capital gains, and at regular intervals you receive interest, dividends or other forms of distributions. Apart from the income stream, the investment can grow in its base value, or have a capital gain. Income streams and capital gains are taxed in different ways. Additionally, there are differing sources of the income, and it may have tax credits attached. Different managed funds provide statements of this information, all of which is important in preparing your income tax return.

Below we have set out information on income, deductions, tax credits, capital gains, and other things to keep in mind for your tax. This is a not exhaustive but indicative list.

Assessable Income

• Interest
• Dividends (whether paid to you or reinvested)
• Distributions (Australian & Foreign)
• Capital Gains

Deductions

• Cost of the Investment - loan interest, bank fees on loan, early termination interest, borrowing costs
• Monitoring the Investment - brokers or planner fees, seminars about existing investments, travel (to planner, broker, general meetings, seminars), telephone, internet services, newspapers (up to 50%), investment magazines, memberships, subscriptions, depreciation (on printer, computer, desk, chair, etc)
• Administering the Investment - postage, home office, accountant, stationery

Capital Gains

When an investment is disposed of generally a capital gain or loss arises. This means that, in the case of a capital gain, the net amount received from the disposal of the investment was more than the total cost of acquiring the investment. In the case of a capital loss the opposite was true. In order to determine your liability for tax on a capital gain, or the amount of loss to be offset against other gains or carried forward, Cliftons need the following information;

• Purchase cost
• Date of Purchase
• Fees related to Purchase (broker, planner, etc)

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• Stamp duty (if any)
• Sale amount
• Date of Sale
• Fees related to Sale (commission, charges, etc)
• Any reductions to the Purchase amount (eg returns of capital)

Be aware that in the case of managed funds the fund will generally provide this information on their annual tax statement, which you should keep secure and provide to us.

Documents

You should keep all documents received in relation to your investments. This includes not only the purchase and sale, but communications in between the two. You should also keep all documentation that relates to any of the items mentioned above. If you are not sure, keep it anyway, or you can always contact us to get our opinion. In all case documents should be keep for 5 years from the date of the last tax return to which that information relates, which is that later of when the return was originally lodged, when it was amended, or when an objection was raised.

Other Issues

There are a number of other tax related issues in relation to investments that you should be aware of and take into consideration before you make an investment. These include;
• Other taxable income
• Income splitting
• Negative gearing
• Bonus shares
• Timing of Income
• Timing of Deductions

These are all important considerations. Should you wish to discuss them with one of our professional team, please contact us to make an appointment.

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