

# Understanding your AMIT Member Annual (AMMA) Statement

AUSTRALIAN INDIVIDUAL TAX RETURN GUIDE | JULY 2023

This information is to help you understand your Magellan 2023 AMMA statement and assist you in completing your 2022/23 tax return.

Magellan elected into the Attribution Managed Investment Trust (AMIT) regime for all of Magellan's investment funds for 2017/18 and subsequent financial years. The AMIT regime requires that all income attributed to you is summarised on an 'AMIT Member Annual Statement', also known as an AMMA Statement.

## HOW TO USE THIS GUIDE

This guide is designed to help you understand your AMMA Statement and to assist you in completing your 2023 Tax Return for Individuals (tax return) and the 2023 Tax Return for Individuals (supplementary section).

## ABOUT YOUR AMMA STATEMENT

- Your AMMA statement includes the income attributed to you from Magellan funds relating to the financial year ended 30 June 2023. You are required to include these amounts in your tax return for 2022/23 financial year.
- If your AMMA statement is for a joint account, it includes 100% of all income attributed to the joint account. You will need to split the income attributed between joint account holders in accordance with your records.
- If you hold more than one Magellan fund, you will receive a separate AMMA statement for each fund.
- The income attributed may include realised net capital gains resulting from the sale of investments by the fund.
- Your AMMA statement does not include any taxable capital gains or losses that may have resulted from your disposal of units in the fund. If you have withdrawn, transferred or switched units during the financial year, you will need to separately calculate the gain or loss from your investment records and include it in your tax return.

## OBTAINING YOUR OWN TAX ADVICE AND COMPLETING YOUR TAX RETURN

We recommend you seek professional assistance when completing your tax return. If you have questions about your tax return, please consult your tax adviser or the Australian Tax Office (ATO). Magellan is not able to provide you with tax advice.

The information in this guide is not tax advice and is not a complete guide to completing your tax return. You should refer to the Individual tax return instructions 2023, which is available from the ATO. Download it from the ATO (<https://www.ato.gov.au/Individuals/Tax-return/2023/>) and the online instructions for the 2023 supplementary section (<https://www.ato.gov.au/Individuals/Tax-return/2023/Supplementary-tax-return/>).

UNDERSTANDING THE COMPONENTS OF YOUR MAGELLAN AMMA STATEMENT

Your Magellan AMMA statement is separated into several parts:

- 1. Your details
- 2. Summary of 2023 tax return (supplementary section) items
- 3. Components of an Attribution Amount

21 July 2023

MR JOHN EXAMPLE  
PO Box 1234  
SYDNEY NSW 2000

Investor Number: 000000

Attribution Managed Investment Trust Member Annual (AMMA) Statement

For the year ended 30 June 2023

Magellan Infrastructure Fund - APFR Code MGE0002AU

Part A - Your Details

You are recorded as being Superannuation

Australian Tax File Number (TFN): ABR Quoted: Provided

Country of residence at 30 Jun 2023: Australia

Part B - Summary of 2023 Tax Return (supplementary section) items

Amount	Tax return label
Share of net income from trusts, less net capital gains, foreign income and franked distributions	13U
Franked distributions from trusts	13C
Other deductions relating to non-primary production income	13Y
Share of credit for foreign resident withholding amounts (excluding capital gains)	13A
Share of National rental affordability scheme tax offset	13B
Share of credit for tax withheld where Australian business number not quoted	13P
Share of franking credit from franked dividends	13Q
Share of credit for tax file number amounts withheld from interest, dividends and unit trust distributions	13R
Share of credit for tax paid by trustee	13S

Part C - Component of attribution

Capital Distribution	Tax Postponing Credit (grossed up)	Attribution	Tax return Label
<b>Australian income</b>			
Interest (subject to withholding tax)	21.11	27.52	
Interest (not subject to withholding tax)	0.00	0.00	
Dividends - franked amount	1.76	3.06	
Dividends - unfranked amount (deemed to be CPI)	0.00	0.00	
Dividends - unfranked amount not deemed to be CPI	1.76	3.06	
Dividends - less LTC capital gain reduction	0.00	0.00	
Other assessable Australian income	32.21	575.07	
NCLM - Non-primary production	0.46	1.16	
Excluded from NCLM - Non-primary production	0.00	0.00	
Share of net income from trusts, less net capital gains, foreign income and franked distributions	386.84	616.86	13U
Dividends - Franked amount	1.53	4.86	13C/13Q
<b>Capital gains</b>			
Capital gains discount - Taxable Australian property	0.00	0.00	
Capital gains discount - Non-Taxable Australian property	9.17	9.17	
Capital gains other - Taxable Australian property	0.00	0.00	
Capital gains other - Non-Taxable Australian property	0.00	0.00	
NCLM - net capital gains	0.00	0.00	
Excluded from NCLM capital gains	0.00	0.00	
Net capital gain	9.17	9.17	13A
AMT CGT gross-up amount	0.00	9.17	
Other capital gains distribution	9.17	0.00	
Total net capital gain	18.34	18.34	13B
<b>Foreign income</b>			
Other net foreign income	628.73	75.64	13Z/20U
Assessable foreign income	628.73	75.64	20U
Australian franking credits from a New Zealand banking company	0.00	0.00	20P
CPI income	0.00	0.00	13K
Transferor trust income	0.00	0.00	13B
Total foreign income	628.73	75.64	13Z/20U
<b>Tax offsets</b>			
Franking credit tax offset (including Australian franking credits from a New Zealand banking company)	4.85	13Q/20P	
Foreign income tax offset	75.64	20U	
Total tax offsets	75.64		

YOUR AMMA STATEMENT AND TAX RETURN FOR INDIVIDUALS (SUPPLEMENT) 2023 EXPLAINED

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Part B - Summary of 2023 Tax Return (supplementary section) items

Amount	Tax return label
Share of net income from trusts, less net capital gains, foreign income and franked distributions	610.80 13U
Franked distributions from trusts	7.16 13C
Other deductions relating to non-primary production income	0.00 13Y
Share of credit for foreign resident withholding amounts (excluding capital gains)	0.00 13A
Share of National rental affordability scheme tax offset	0.00 13B
Share of credit for tax withheld where Australian business number not quoted	0.00 13P
Share of franking credit from franked dividends	4.85 13Q
Share of credit for tax file number amounts withheld from interest, dividends and unit trust distributions	0.00 13R
Share of credit for tax paid by trustee	0.00 13S

Income

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

Share of net income from trusts L

Landcare operations and deduction for decline in value of water facility, fencing asset and fodder storage asset I

Other deductions relating to amounts shown at N and L X

Net primary production amount

Non-primary production

Distribution from partnerships, less foreign income O

Share of net income from trusts, less capital gains, foreign income and franked distributions U

Franked distributions from trusts C

Landcare operations expenses J

Other deductions relating to amounts shown at O, U and C Y

Net non-primary production amount

Partnership share of net small business income less deductions attributable to that share D

Trust share of net small business income less deductions attributable to that share E

Share of credits from income and tax offsets

Share of credit for tax withheld where Australian business number not quoted P

Share of franking credit from franked dividends Q

Share of credit for tax file number amounts withheld from interest, dividends and unit trust distributions R

Credit for TFN amounts withheld from payments from closely held trusts M

Share of credit for tax paid by trustee S

Share of credit for foreign resident withholding amounts (excluding capital gains) A

Share of National rental affordability scheme tax offset B

Show amounts of:

capital gains from trusts at item 18 and foreign income at item 19 or 20.

Show amounts of:

credit for foreign resident capital gains withholding from trusts at item 18.

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capital gains tax (CGT) schedule or if you have any current year capital losses or net capital losses from prior years that you can offset against any capital gains you have received.

You may wish to obtain a copy of the ATO publication 'Personal investors guide to capital gains tax 2023'. You can download it here: <https://www.ato.gov.au/Forms/Personal-investors-guide-to-capital-gains-tax-2023/>

### 3. Foreign income tax offsets

The amount of 'Foreign income tax offset' you are entitled to will depend on the amount of foreign tax

credits you have received from all sources. If the amount does not exceed \$1,000, you are entitled to a credit for the full amount shown. If the amount is more than \$1,000 you can do one of the following:

1. Simply claim a tax offset of \$1,000.
2. Calculate the amount of foreign income tax offset to which you are entitled. To do this you will need to download the ATO publication, 'Guide to foreign income tax offset rules'. You can download it here: <https://www.ato.gov.au/Forms/Guide-to-foreign-income-tax-offset-rules-2023/>

## SECTION 3: COMPONENTS OF AN ATTRIBUTION

This part provides a detailed breakdown of the income attributed to you for the financial year, on a fund by fund basis. Below is an explanation of each section within this part.

### 1. Australian income

The details provide a breakdown of Label 13U Non-primary production income and Label 13C Franked distributions from trusts. This information may be necessary for those investors who use the 'Application for refund of franking credits for individuals 2023'.

### 2. Capital gains

Capital gains discount - Taxable Australian Property (TAP) and Non-Taxable Australian Property (NTAP)

The capital gains tax discount is generally available for gains on the disposal of investment that have been held for at least 12 months. These items show the part of the capital gains attributed to you that are eligible for the capital gains tax discount. The taxable amounts are shown under the Attribution Amount (or Attribution) column. Resident individuals and trusts are eligible for a 50% CGT discount and resident complying superannuation funds are eligible for a 33.33% CGT discount. Companies are not eligible for the CGT discount.

Capital gains other - Taxable Australia Property (TAP) and Non-taxable Australia Property (NTAP)

These items are capital gains attributed to you on the disposal of investments held by the fund which are disposed of within 12 months of acquisition. No adjustment is available for the 50% CGT discount.

Net capital gains

This amount represents the sum of the capital gains (discounted and other methods) which have been attributed to you.

AMIT CGT gross up amount

This item shows the additional amount treated as capital gains of members under ss 276-85(3) and (4) of the Income Tax Assessment Act 1997 ('ITAA 1997'), and is included in the AMIT cost base

increase amount. This amount is equal to the sum of the Attribution Amount column for Capital gains discount - TAP and Capital gains discount - NTAP.

Other capital gains distribution

Other capital gains distribution is shown in the Cash distribution column to represent the total amount of cash distributed in relation to all capital gains, other than the amounts already shown in the Cash distribution columns for Capital Gains Discount - NTAP & TAP and Capital Gains other - NTAP & TAP.

### 3. Foreign income

The 'Foreign income' section includes all foreign income except foreign capital gains.

### 4. Other non-assessable amounts and cost base details

Other non-assessable amounts have been divided into three categories depending on the nature of the amount. These amounts are not immediately assessable for income tax purposes and are therefore not included in your tax return, however they may require an adjustment to the cost base of your unit holding and will be relevant in working out your gains/losses at the time you dispose of your units in the fund.

Other non-attributable amounts

Other non-attributable amounts are cash distributions and other entitlements from an AMIT that exceed the Attribution amount, to the extent they are not already shown in other components. These amounts broadly correspond to amounts that for a non-AMIT are categorised, for example, as tax free (other than those amounts that are included in net exempt income) and tax deferred amounts (including returns of capital), and are reflected in the calculation of the AMIT cost base net amount - excess or shortfall. It does not include other capital gains distributions which are shown at the capital gains section.

AMIT cost base net amounts

Under the AMIT regime you are required to adjust

your cost base of your units as follows:

AMIT cost base net amount - excess (decrease). You must reduce the cost base and reduced cost base of your units in the Magellan Fund by the AMIT cost base net amount - excess. A capital gain may also arise if your AMIT cost base net amount - excess is greater than your cost base of your units in the fund.

AMIT cost base net amount - shortfall (increase). You must increase the cost base and reduced cost base of your unit in the Magellan Fund by the AMIT cost base net amount - shortfall.

## HOW DOES AMIT AFFECT MY TAX AND CAPITAL GAINS?

Under the AMIT rules, investors will be assessed for tax on the income of the Magellan fund attributed to you, called the Attribution Amount. You must include the Attribution Amount in your tax return. The components of each Magellan fund's distribution will be set out in an AMIT member annual statement (AMMA Statement) that will be issued to unitholders by the end of July 2023.

### WHAT IS AN 'AMIT COST BASE NET AMOUNT – SHORTFALL (INCREASE)'?

This is an uplift to the tax cost base of your units in the Magellan fund. Where the Attribution Amount exceeds the cash distribution amount, the excess is an uplift to the tax cost base of your units in the fund, so when you dispose of your units, a lower capital gain will be realised. This will be shown as an AMIT cost base net amount – shortfall (increase) on your AMMA statement to be issued in July 2023.

Gross cash distribution	1,380.44	1,380.44
AMIT cost base net amount - excess (decrease)		0.00
AMIT cost base net amount - shortfall (increase)		2,896.06

You must increase the cost base and reduced cost base of your unit in the fund by the AMIT cost base net amount – shortfall.

In FY2023, AMIT cost base uplift applies to:

- Magellan Global Fund (Open Class) and (Closed Class)
- Magellan High Conviction Fund Class A and Class B
- Magellan Infrastructure Fund (Unhedged)
- MFG Core ESG Fund
- MFG Core Infrastructure Fund

Please refer to Example 2 on page 6 for a worked example of an AMIT cost base net amount - shortfall (increase).

### WHAT IS AN 'AMIT COST BASE NET AMOUNT – EXCESS (DECREASE)'?

This is a reduction to the tax cost base of your units in the Magellan fund. Where the cash distribution amount exceeds the Attribution Amount, the excess is a reduction to the tax cost base of your units in the fund. This will be shown as an AMIT cost base net amount – excess (decrease) on your AMMA statement to be issued in July 2023 and a higher capital gain may be realised upon disposal of your units.

Gross cash distribution	5,964.63	5,964.63
AMIT cost base net amount - excess (decrease)		4,399.48
AMIT cost base net amount - shortfall (increase)		0.00

You must decrease the cost base and reduced cost base of your unit in the fund by the AMIT cost base net amount – excess.

In FY2023, AMIT cost base decrease applies to all funds except:

- Magellan Global Fund (Open Class) and (Closed Class)
- Magellan High Conviction Fund Class A and Class B
- Magellan Infrastructure Fund (Unhedged)
- MFG Core ESG Fund
- MFG Core Infrastructure Fund

Please refer to Example 3 on page 6 for a worked example of an AMIT cost base net amount - excess (decrease).

## WILL THIS AFFECT THE WAY I'M TAXED?

This distribution policy will not affect the net tax outcome for investors as the AMIT Rules are designed to be tax neutral. Under the AMIT Rules:

- Investors pay tax on the taxable income that is attributed to them.
- The cost base of units increases to the extent that the taxable income attributed exceeds the cash distributions paid. Conversely, the cost base of units decrease to the extent that cash distributions paid exceed the amount of taxable income that is attributed.

The net result is that investors pay no more or less tax in respect of units held.

We illustrate below that the tax outcome for investors in a fund is neutral before and after applying the AMIT Rules.

Suppose a unit of your Magellan fund has a market value of \$1.10 comprising taxable income of \$0.10 and cost base of \$1.00.

	Example 1 (Pre-AMIT)	Example 2 (Post-AMIT)	Example 3 (Post-AMIT)
Unit price on 30 June	\$1.10	\$1.10	\$1.10
Cash distribution CPU	\$0.10	\$0.04	\$0.18
Unit price on 1 July	\$1.00	\$1.06	\$0.92
Amount to include in your tax return	\$0.10	\$0.10	\$0.10
Tax cost base of your unit in the fund	\$1.00	\$1.06 <i>Tax cost base increase</i>	\$0.92 <i>Tax cost base decrease</i>

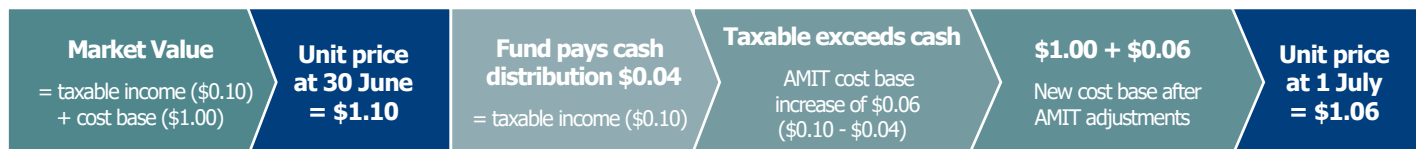
### IN EXAMPLE 1 (PRE-AMIT)

The investor pays tax based on the taxable income of distributed of \$0.10. There is no gain or loss on the sale of this investment as the market value of the unit post distribution (1 July) equals the cost base.



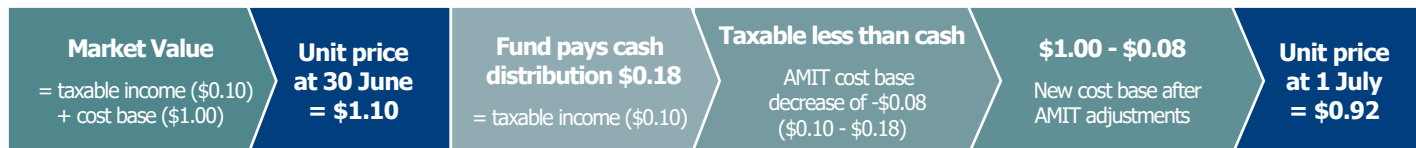
### IN EXAMPLE 2 (POST-AMIT)

The investor pays tax based on the taxable income attributed of \$0.10 though a cash distribution of \$0.04 was made. A cost base increase of \$0.06 under the AMIT rules mean there is no gain or loss on sale of the investment as the market value of the unit post distribution equals the cost base of \$1.06.



### IN EXAMPLE 3 (POST-AMIT)

The investor pays tax based on the taxable income attributed of \$0.10 though a cash distribution of \$0.18 was made. A cost base decrease of \$0.08 under the AMIT rules mean there is no gain or loss on sale of the investment as the market value of the unit post distribution equals the cost base of \$0.92.



## FREQUENTLY ASKED QUESTIONS – AMMA STATEMENT

### What is an attribution management investment trust (AMIT)?

An AMIT is a managed investment trust that has made an irrevocable election to apply the new AMIT regime and is eligible. All Magellan funds have elected to opt in from FY2018.

### What is the attribution managed investment trust (AMIT) regime?

The Attribution Managed Investment Trust (AMIT) regime is a new taxation system for eligible managed investment trusts (MIT), introduced by the Government in May 2016.

If an eligible MIT (Fund) elects to opt in to the new tax rules, the Fund becomes an 'Attribution Managed Investment Trust' for tax purposes. All Magellan funds have elected to opt in from FY2018.

Notification in relation to the AMIT status of the Fund is made available on our website on 11 July 2023.

### Why has Magellan changed its distribution policy?

Historically, Fund Managers have typically distributed an amount at least equal to the taxable income of the fund. Cash distributions may therefore fluctuate year-on-year depending on the Fund's annual tax position. This has led to situations like:

- distributions that were higher or lower than expected depending on the Fund's tax position for that year; or
- nil distributions because the Fund was in net tax losses.

Recognising the value of cash returns to investors, in prior and current years, when a Fund was in tax losses, Magellan has paid out tax deferred, or other non-attributable amount to generate a level of cash returns for investors.

Under the AMIT regime, a fund can choose to distribute a level of cash that is different to its taxable income, without adverse tax consequences. Magellan is now in a better position to provide more predictable cash returns on their investments. This will also enable investors to more effectively budget and plan for their income requirements from investments in Magellan funds.

### Why is my cash distribution less than my attribution amount?

Magellan elected into the Attribution Managed Investment Trust (AMIT) regime for all of Magellan Funds for 2017/18 and subsequent financial years. A key feature under the AMIT regime is the ability to make a cash distribution that could differ to the attribution amount, without adverse tax consequences.

Historically, the annual cash distributions for the Magellan funds differed from year to year, which made budgeting and planning for income requirements difficult for our investors.

Under the AMIT regime, it enables Magellan to determine an approach that offers greater certainty on the amount of upcoming distributions, independent of the Fund's annual tax position. This will also enable investors to more effectively budget and plan for their income requirements from investments in Magellan funds.

### Will this change in distribution policy affect a fund's performance?

The new distribution policy does not affect the performance of a fund. The total return of a fund is made up of the 'Growth' and 'Distribution' returns. Magellan's distribution policy will simply mean the 'Distribution' return will be more predictable compared to the past.

### Where can I get more information on the new AMIT regime?

If you have any further tax questions in relation to the new AMIT regime and how that might affect your investment in a Magellan fund, we recommend you consult your tax adviser or refer to the information from the ATO website at [www.ato.gov.au/General/Trusts/In-detail/Managed-investment-trusts/Managed-investment-trusts---overview/](http://www.ato.gov.au/General/Trusts/In-detail/Managed-investment-trusts/Managed-investment-trusts---overview/)

***For further information on your individual statement please contact your adviser, stockbroker or tax agent/accountant.***





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