

United Investment Funds Tax Guide 2003



A guide to understanding your United Investment Funds Taxation Information Statement & Capital Gains Taxation Information Statement

This guide has been prepared to help individual United Investment Funds investors understand their Taxation Information Statement and Capital Gains Taxation Information Statement, and complete their 2002-2003 income tax return.

Investors who are not individuals (eg superannuation funds) should consult their financial adviser or accountant.

Part A of this guide should be used by individuals who have received distributions from the Fund during the 2002-2003 financial year. Refer to Part A for information on how your distributions should be disclosed on your income tax return.

Part B of this guide should be used by individuals who incurred a capital gain by redeeming or switching investments in the Fund during the 2002-2003 financial year. Part B provides information on how these amounts should be disclosed on your income tax return.

**We encourage you to use this step-by-step guide.
We recommend you complete your tax return in
consultation with your financial adviser or accountant.**

Part A

Taxation Information Statement

DISTRIBUTIONS

Part A of this guide provides information on how to disclose the amounts in your Taxation Information Statement on your income tax return.

United Investment Funds
United Investor Services 1800 333 700

Mr J Union
13 United Road
UNIONVILLE VIC 1111

Investor Number 412345
Investor Name Mr John Union

Taxation Information Statement

Summary	Distributions you received \$	Tax Credits \$	Taxable Income \$
Direct Investment Income			
Gross Interest	0.00		0.00 A
Unfranked Dividends	0.00	0.00 D	0.00 B
Franked Dividends	0.00 C		0.00
Trust Distributions			
Australian income	29,028.82	0.00 F	29,028.82 E
Foreign income	0.00	0.00 H	0.00 G
Tax Free income	0.00		0.00 I
Tax Deferred income	0.00		0.00 K
Capital Gains - indexed	0.00		0.00 J
Capital Gains - discounted	0.00		0.00 L
Capital Gains - other	29,028.82		
Total Distributions			
Less TFN/Withholding Tax		0.00 M	
Net distributions paid to you	29,028.82		1,629.00 N
Management Fee Rebate			

This Tax Statement Summary is provided to assist you with completing your 2002/03 taxation return. It should be read in conjunction with the enclosed Tax Guide. Most of the information above was supplied to the Investment Services by the underlying investment managers. Where this is the case, we have relied on the investment manager for the accuracy of the information. If you have any queries, we recommend that you consult your financial adviser or accountant or phone United Investor Services on 1800 333 700.

Adviser: PAUL UNION

Definitions

1 Tax Free Income

This category represents non-taxable income derived by the fund. This income will be from infrastructure investments and is not taxable to you.

2 Tax Deferred Income

This category represents distributions that are not taxable to you where amounts have arisen due to differences in accounting and tax income eg different depreciation rates.

3 Capital Gains – indexed

This amount represents the taxable gain or loss you have made on redemptions using indexation factors frozen at September 1999.

4 Capital Gains - discounted

This amount represents capital gains where only 50% of any gain is subject to tax. Only individuals and trusts are entitled to the 50% discount.

Superannuation funds are eligible for a discount of 33 1/3% and companies do not receive any discount. The amount to include in your tax return is shown in the column "Taxable Income".

5 Capital Gains - other

This amount represents the taxable gain or loss you have made on redemptions where the investments have been held for less than 12 months.

6 Total Distributions

The total cash distributions you have received.

7 TFN Tax

If you have not supplied your tax file number to us, we have calculated tax at the top marginal rate (48.5%) and have remitted it to the Australian Taxation Office (ATO). This TFN tax will be offset against the tax payable on your income or refunded to you by the ATO when you lodge your 2003 tax return.

You will need to consult the 2003 Tax Pack to complete the following:

GROSS INTEREST

Gross interest is shown at **A** on your Taxation Information Statement.

Step 1

If you have an amount at **A** add this amount to any other gross interest you have received from other investments. This amount is your total gross interest.

Step 2

Enter this total gross interest amount at box **L** in **Question 10** of your tax return.

DIVIDENDS

Dividends are shown at **B** and **C** on your Taxation Information Statement.

Step 1

If you have an amount at **B**, add this amount to any other unfranked dividends you have received from other investments. This amount is your total unfranked amount.

Step 2

Enter this total at box **S** in **Question 11** of your tax return.

Step 3

If you have an amount at **C**, add this amount to any other franked dividends you have received from other investments. This amount is your total franked amount.

Step 4

Enter this total amount at box **T** in **Question 11** of your tax return.

Step 5

If you have an amount at **D** on your Taxation Information Statement, add this amount to any other imputation credits you have received from other direct investments. This amount is your total imputation credits.

Step 6

Enter this total amount at box **U** in **Question 11** of your tax return.

Step 7

If dividends are received from a listed investment company ("LIC") in 2002-2003, and it included a capital gain amount, you may be entitled to a tax deduction for 50 per cent of the LIC capital gain amount. This amount has been included with deductible management fees.

You will need to consult the 2003 Tax Pack Supplement to complete the following:

AUSTRALIAN INCOME

Australian income is shown at **E** on your Taxation Information Statement.

Step 1

If you have an amount at **E**, add this amount to any other Australian income you have received from other investments. This amount is your total Australian income.

Step 2

Under the heading 'Non-primary production', enter this total Australian income amount at box **U** in **Question 12** of your tax return (supplementary section).

Step 3

Total any deductions that you can claim in relation to the Non-primary production income you entered in **Question 12**.

These deductions can include interest on loans used to finance your trust investments or other expenses incurred when earning income from your investments. Bank Accounts Debit Tax and bank charges (related to your trust income) can also be included in these deductions.

Step 4

Enter the total deductions at Step 3 at **Y** in **Question 12** (supplementary section) of your tax return.

Step 5

Subtract the total deductions at **J** and **Y** from the Non-primary production income at **O** and **U** in **Question 12** (supplementary section) of your tax return.

Step 6

Enter this amount in the 'Net non-primary production distribution' box in **Question 12** (supplementary section) of your taxation return. If this is a negative amount (ie a loss) write 'L' in the box to the right of this figure.

IMPUTATION CREDITS

Imputation credits are shown at **F** on your United Investment Funds Taxation Information Statement.

You should seek professional advice if you have disposed of investments shortly after receiving a distribution with franking credits.

Step 1

If you have an amount at **F**, add this amount to any imputation credits you received from other trust or partnership distributions.

Step 2

Record the total credits at **Q** in **Question 12** of your taxation return (supplementary section).

Note: Imputation credits for direct share investments held in your own name should not be included here.

FOREIGN INCOME

Foreign Income is shown at **G** on your Taxation Information Statement.

Step 1

If you have an amount at **G**, add this amount to any other remaining foreign income received and enter the net amount into box **M** at **Question 19** (supplementary section).

You should seek professional advice if you have deductions or losses carried forward relating to foreign income.

Part A - continued

FOREIGN TAX CREDITS

Foreign tax credits are shown at **H** on your Taxation Information Statement.

Step 1

If you have an amount at **H**, you should obtain a copy of 'How to Claim a Foreign Tax Credit' from any branch of the Australian Taxation Office. This booklet will show you how to calculate your foreign tax credit. Briefly, you can only use your foreign tax credits to offset Australian tax on the particular foreign income you have received. Foreign tax credits arising from your United Investment Funds investment relate to passive foreign income you have received.

Step 2

Enter the result of your calculation into box **O** at **Question 19** (supplementary section).

CAPITAL GAINS

Information relating to capital gains from United Investment Funds distributions appears at **I, J, K** and **L** of your Taxation Information Statement. Each of these categories is explained in the Definitions section on page 2 of this guide.

Step 1

If you have an amount at **I, J** and **L**, add these amounts together. Include gains received from other sources not contained in your Taxation Information Statement such as those on your 2003 Capital Gains Taxation Information Statement, if relevant. The sum of these amounts should be entered in box **H** at **Question 17** (supplementary section) of your tax return. (You may need to use the Personal Investors Guide to Capital Gains Tax from the ATO to help you calculate gains from other sources). You will also need to mark the 'Y' in the box at item **G** at **Question 17** of your tax return.

Step 2

If you have no capital losses for this year or previous years, enter the sum of any amounts at **I, K** and **L** and any other assessable gains for the current year into box **A** at **Question 17** (supplementary section) of your tax return.

IMPORTANT: If you have any prior or current year capital losses we recommend that you seek professional advice as to how you apply them.

TFN/WITHHOLDING TAX

TFN/Withholding Tax is shown at **M** on your Taxation Information Statement.

Step 1

If you have an amount at **M**, add this amount to any TFN/Withholding Tax deducted from any other trust or partnership income.

Step 2

Enter the total amount of TFN/Withholding Tax deducted into box **R** at **Question 12** (supplementary section) of your tax return.

MANAGEMENT FEE REBATE

Management Fee Rebate is shown at item **N** on your Taxation Information Statement.

Step 1

If you have an amount at **N**, enter this into **Category 2** at **Question 22** (supplementary section) of your tax return.

Part B

Capital Gains Taxation Information Statement REDEMPTIONS & SWITCHES

United Investment Funds

United Funds Management Limited ABN 65 073 186 419

Mr J Union
13 United Road
UNIONVILLE VIC 1111

United Investor Services 1800 333 700

Investor Number 412345
Investor Name John Union

Capital Gains Taxation Information Statement

According to our records, the following details relate to the amounts redeemed by you during the year ended 30 June 2003 from the United Investment Funds.

Date of Redemption	Redemption Proceeds \$	C Indexed Capital Gain/(Loss) \$	B Discounted Capital Gain/(Loss) \$	A Other Capital Gain/(Loss) \$
Diversified Conservative Fund (Nil Entry Fee) 6/12/2002	64,243.69	3,208.10	2,394.10	98.32
Diversified Balanced Fund (Nil Entry Fee) 6/12/2002	56,242.61	1,598.09	1,193.09	53.07
Diversified Growth Fund (Nil Entry Fee) 6/12/2002	47,365.76	2,458.94	1,834.94	72.74

This statement should be read in conjunction with the enclosed Tax Guide which will help you complete your income tax return. Each of the capital gains components is explained in the guide. If you have any queries, we recommend that you consult your financial adviser or accountant or phone United Investor Services on 1800 333 700.

Adviser: PAUL UNION

Part B of this guide provides information on how to disclose the amounts in your Capital Gains Taxation Information Statement on your income tax return.

Definitions

1 Other capital gain/(loss)

This amount represents the taxable gain or loss you have made on redemptions where the investments have been held for less than 12 months.

2 Discounted capital gain/(loss)

This amount represents the taxable gain or loss you have made on redemptions eligible for discounting. It **has not been discounted**. The amount in column B represents the total discounted capital gain and investors have to apply their relevant discount factor. For an individual the appropriate discount factor is 50 per cent.

3 Indexed Capital Gain/(Loss)

This amount represents the taxable gain or loss you have made on redemptions using indexation factors frozen at September 1999.

Part B - continued

It is possible that you may have amounts in each of columns **A**, **B** and **C**. This is because the investments redeemed may have been acquired at different times.

The figures to include in your taxable income are:

- any amount shown in 'other capital gain/loss' **A**
 - either the amount shown in 'discounted capital gain/loss' **B**
OR
the amount in 'index capital gain/loss' **C**
- These amounts, whether gains or losses, are always alternatives. The choice is explained below.

Step 1

If you have no capital losses for this year or previous years, add the sum of **A** and either **B** or **C** (whichever is the lower amount) for each redemption. Add this amount to any other gains from other sources for the year (including any gains from Part A of this guide) and enter the total of these amounts into box **H** at **Question 17** of your tax return (supplementary section).

Step 2

You must add all gains in **A** and either **B** or **C**, whichever you used in Step 1. If you choose the amount in **B** you need to divide it by 2 before adding it in. Show this number at box **A** of **Question 17** of your tax return (supplementary section) together with gains from other sources (including any gains from Part A of this guide).

IMPORTANT: If you have any prior or current year capital losses we recommend that you seek professional advice as to how you apply them.

ASSUMPTIONS

In calculating the net capital gain or loss on your redemption of investments in the Fund, we have made the following assumptions.

- The first parcel of investments you redeemed was all or part of the first parcel of investments purchased. This is referred to as the 'First In First Out' (FIFO) method, which has been approved by the Australian Taxation Office. This statement assumes that 'specific identification' of investments sold is not your preferred method of calculating your capital gains tax liability. Where your investment holdings comprise a number of select parcels purchased at different dates (including reinvested distributions), the ability to select which parcels of investments are sold under the Specific Identification Method may, in some cases, result in a tax saving compared to the FIFO method.
- The application for your initial investment was made with cash or cash equivalent.
- The capital gains tax provisions apply to you.
- You have a 30 June year end for Australian income tax purposes.

If any of these assumptions do not apply to your investment, then the calculation of the net capital gain or loss on redemption of your investments as disclosed on the United Investment Funds Capital Gains Taxation Information Statement may not be appropriate. In this case you should seek professional advice.

CIRCUMSTANCES NOT ADDRESSED

The following circumstances have not been addressed in the calculations. We recommend you seek professional taxation advice to help calculate your actual liability to capital gains tax where these circumstances apply.

- The investments redeemed related to, or were held jointly with, a deceased unit holder.
- The investments redeemed were transferred to you by a deceased estate.
- The investments redeemed were transferred to you pursuant to a divorce settlement.
- You have transferred investments to another person (including companies, trustees, partnerships) or have acquired investments from another person (including companies, trusts, partnerships) at any time.
- You are able to take advantage of any form of capital gains tax rollover relief.
- You were a non-resident for Australian income tax purposes at any time since acquiring your investments.
- The investments redeemed constituted either 'trading stock' or a 'revenue asset' of a business carried on by you.
- You have incurred additional incidental costs of the acquisition, holding and/or disposal of your investments.
- You took out a loan to finance the acquisition of your investments and were not able to claim a tax deduction for interest payments made.
- Where you have disposed of an investment within 45 days of purchase.

Frequently Asked Questions

Q. Can everyone use this guide?

A. Under certain circumstances you may not be able to use this guide to complete your tax return. The following scenarios outline some of these circumstances and we encourage you to seek professional advice if they apply to you:

- you have any expenses or carried forward foreign losses relating to foreign source income
- you changed your residency status during the 2002 - 2003 tax year
- you are a foreign resident subject to Australian tax
- you disposed of your investment shortly after receiving a distribution containing a franked dividend component.
- you have prior or current year capital losses.

Q. Will this guide help all types of tax payers?

A. No. This guide is prepared to assist individuals who hold United Investment Funds investments directly in their own name. You should seek professional advice if you are not an individual investor.

Q. What happens if I am under 18 years of age for the 2002-2003 tax year?

A. If you are under 18 years of age at 30 June 2003, you should read the relevant section of the 2003 Tax Pack Supplement. You may need to adapt the information to complete your tax return.

Permanent Investment Management Limited ACN 003 278 831 ("Permanent") is the Responsible Entity of the United Global Equity Fund ("the Fund"). United Funds Management Limited ABN 65 073 186 419 ("United", referred to as "we", "us") is the Investment Manager of the Fund.

Neither United, nor Permanent or any member of the Permanent Group of companies, nor their respective officers, guarantee the repayment of capital from, or the performance of, the Fund generally, or the investments which may be made through it. Investments in the Fund are subject to investment risk, including possible delays in payment and loss of income and principal invested.

This tax guide provides general information and does not take into account your individual taxation and financial circumstances. You should discuss the information in this tax guide with your financial or specialist taxation adviser before making a decision to invest. Copyright in Tax Pack 2003 subsists in the Australian Taxation Office.