



**Australian Government**

**Australian Taxation Office**

# AMP group demerger

How it affects Australian resident shareholders

## WHAT THIS DOCUMENT CONTAINS, AND WHO CAN USE IT

This document contains the following:

- Questions and answers in relation to the 2003 AMP demerger (Part A)
- Instructions and a worksheet so you can work out your capital gain or capital loss as a result of the demerger – and update your records for tax purposes (Part B)
- Information on how to complete the capital gains tax question in your 2004 tax return (Part C).

This information only applies to you if:

- you were an AMP shareholder at 5pm (Australian eastern daylight saving time) on 19 December 2003
- you were an Australian resident for tax purposes
- you did not hold your shares as trading stock, and
- you did not hold your shares in an employee share scheme.

# PART A – QUESTIONS AND ANSWERS

## Why should I be concerned about the demerger?

The demerger was a CGT event. As such it could result in a capital gain or capital loss for shareholders – which means it has tax consequences for shareholders.

## What happened under the demerger?

When AMP demerged its UK operations in December 2003, it

- caused HHG PLC ('HHG') to issue new HHG shares to AMP shareholders, and
- undertook a rights offer to raise additional capital.

The following events happened as part of the demerger and the associated rights offer:

- slightly less than 30% of the AMP shares that you held on 19 December 2003 were cancelled and you received a cancellation entitlement of about \$5.90 for each share cancelled
- your remaining AMP shares were then split so that you had the same number of AMP shares after the demerger as before
- you were issued with shares in HHG equal to the number of AMP shares you owned before the demerger – the cancellation entitlement was applied on your behalf as payment for these shares
- under the AMP rights offer (which expired on 9 December 2003), you received one right for each AMP share you held on 28 October 2003. You could either:
  - exercise some or all of the rights by making a payment of 77c per right – the total amount you paid was then applied to acquire new AMP shares at \$3.87 per share
  - not exercise the rights – in which case you received a payment of 8.2c per right not exercised
- if you owned AMP reset preferred securities, AMP redeemed them on 14 January 2004 and you received a payment of \$100 per security plus a distribution payment.

## Can I claim demerger rollover relief?

No. The way that AMP demerged meant that the demerger rollover relief provisions do not apply to this demerger.

## Is my cancellation entitlement taxable income?

Not directly. Your cancellation entitlement forms part of the **capital proceeds** which are used in calculating your capital gain or capital loss on the cancellation of your AMP shares. A capital gain is part of your taxable income.

## What are the tax consequences if I exercised my rights under the AMP rights offer?

If you exercised your rights under the offer, you will have received new AMP shares. For tax purposes you need to know:

- the acquisition date of your new shares, and
- the cost base of your new shares.

The **acquisition date** is the date you exercised the rights – that is, the date you sent your payment to AMP.

The **cost base** of these shares is the amount you paid to exercise the rights – that is, \$0.77 per right *multiplied by* the number of rights exercised, *plus* any incidental costs you incurred in acquiring the shares.

This information is used to calculate your capital gain or capital loss when you dispose of these shares.

## What are the tax consequences if I did not exercise my rights under the offer?

If you did not exercise your rights under the offer, you received a payment of 8.2c for each right you didn't exercise.

This payment is a capital gain and you must include it when calculating your net capital gain for your 2004 tax return.

You may be entitled to use the CGT discount method (which allows you to reduce your capital gain) to work out the amount of the capital gain if you are:

- an individual or trust (50% discount)
- a complying superannuation entity (33⅓%)
- a life insurance company with virtual pooled superannuation trust (PST) assets (33⅓%).

You are entitled to use the discount method for that part of the payment you received for the rights attaching to shares that you purchased before 9 December 2002 (12 months prior to the expiry date of the rights).

Companies other than some life insurance companies are not entitled to use the discount method.

## I redeemed my reset preferred securities.

### What are the tax consequences of this?

These securities were redeemed for their face value (of \$100 each) plus the accrued distribution up to the date of redemption.

You will need to include the distributions as 'trust distribution income' in your 2004 tax return – item **12** of *TaxPack 2004* (supplementary section), or e-tax. Retirees TaxPack does not cater for trust distributions.

#### ! NOTE

You received two distributions – one on 23 October 2003 and one on redemption.

If you paid:

- \$100 for the security – there are **no** capital gains or capital loss **tax consequences** from the redemption
- more or less than \$100 for the security – for example, you bought it on the share market – you will need to calculate **whether you have made a capital gain or capital loss**. You must include any capital gain or capital loss you made on redemption of your reset preferred securities when you calculate your net capital gain or capital loss for your 2004 income tax return.

See **Example** in Part C on page 10.

### What do I need to work out for capital gains tax purposes?

There are three amounts you need for capital gains tax purposes. You need to know:

1. the capital gain or capital loss you made on the cancellation of your AMP shares and/or AMP reset preferred securities
2. the new cost base of your AMP shares and your new HHG shares
3. the tax consequences of the AMP rights offer – this means you have to calculate:
  - a) the cost base of the AMP shares you received if you took up some or all of your rights, and/or
  - b) the capital gain on the payment you received if you did not take up all of your rights.

## How do I work out these amounts?

There are two ways you can calculate your capital gains tax consequences:

### 1. Use the **AMP demerger calculator**.

If you have internet access, the Tax Office has a calculator on its website that has been designed to help AMP shareholders work out their particular tax situation as a result of the demerger.

Go to **www.ato.gov.au** and search for 'AMP demerger'. It will take you from 5 to 20 minutes to complete (this is the simplest way to work out your situation).

### 2. Use the **worksheet** at the back of this publication.

Part B will show you how to use the worksheet to calculate the three amounts you need for tax purposes. You will probably need a pocket calculator to assist you. Although it may look complex, we have broken it up into simple steps that can be followed easily, and we have included checks along the way. There is an Example on page 7 which you may wish to refer to.



As you may need to modify some of your initial entries in the worksheet we suggest you use a pencil.



#### INCOME SECURITIES

AMP also undertook an off-market buy-back offer of AMP **income securities**. This is separate from the demerger and rights offer and is not addressed in this document.



#### SHARE SALE FACILITY – HHG SHARES

HHG provided a share sale facility for some HHG shares. If you sold your shares under this facility you need to use the post-demerger cost base of your HHG shares in calculating your capital gain or capital loss as a result of this sale.

See **Example** in Part C on page 10.

# PART B – HOW TO CALCULATE THE TAX CONSEQUENCES OF THE DEMERGER

The worksheet at the back will help you to work out:

- your capital gain or capital loss on the cancellation of some of your AMP shares
- your capital gain if you did not exercise all your rights in the AMP rights offer
- the CGT cost base of your AMP and HHG shares following the demerger.

You will need:

- the information sheet AMP sent you in June 2004, or the earlier one, sent in January 2004 after the demerger
- details of any AMP shares you held at the time of the demerger that you did not acquire directly from AMP offers.

To use the worksheet you will need three key numbers:

- the number of AMP shares you held at the 'record date' of the demerger
- the number of shares cancelled under the demerger
- your cancellation entitlement (capital proceeds).

On the June information sheet these numbers are identified as items A1, A2 and A3 respectively, while on the January sheet they are identified as items (a), (c) and (d). In these instructions we use the terms A1, A2 and A3.

If you do not have either of the information sheets you will need to work out these numbers before proceeding. We show you how to do this in the lower section of the back page. (If necessary, do this now, then go to **Completing the worksheet** on this page).

If you have an AMP June information sheet, compare Item A1 with the total of the 'Number Issued' column in section B. If they match – and they will for most people – you will only need this sheet to identify your AMP shareholding and you can go straight to **Completing the worksheet**.

If they do not match you will need to reconcile these figures before starting the worksheet.

If Item A1 is:

- *More than* the section B total, it normally means that in addition to the shares described in section B, you had other AMP shares, for example, that you purchased

on the share market. You **need to include** these shares in your calculations.

- *Less than* the section B total, it normally means that before the demerger you disposed of some of the shares that are still shown in section B. AMP cannot tell *which* shares you disposed of, which is why they have not been removed. **Do not include** these shares in your calculations. If you have not already updated your shareholding records to take account of these disposals, you will find the cancellation tips included in the column 5 instructions opposite useful. Update your share number and total cost base.

## COMPLETING THE WORKSHEET

Detach and complete the worksheet using the instructions for each column (you may find it helpful to refer to the Example on page 7).

### Columns 1 and 2

For **each parcel** of shares you held before the demerger – insert the acquisition date and number of shares from AMP section B, or your own records. It may assist you in later steps if you enter the parcels in date order, starting with the oldest.

If you have a parcel identified as **Share Purchase Plan**, the date on your June information sheet will be several weeks later than the acquisition date required for CGT purposes. Identify the parcel in the table below from the date in the first column, and use a date from the range in the second column as your acquisition date.

For shares you purchased on the share market, the acquisition date is the date you contracted to purchase them.

### Column 3 – cost base per share

For most parcels shown on your June information sheet, the cost base per share is the amount in the 'Issue price' column. However, if you have a parcel of shares called 'Pre-listing purchase through the Facility', the cost base is \$19.03 (not \$18.70 as shown in the 'Issue price' column).

## Share purchase plans

| Date on June AMP sheet | Acquisition date* | No. of shares in parcel / \$A cost base of parcel |                 |                 |               |               |                 |  |
|------------------------|-------------------|---|-----------------|-----------------|---------------|---------------|-----------------|--|
|                        |                   |   |                 |                 |               |               |                 |  |
| 15 June 1999           | 1/5/99–28/5/99    | 30 / \$522  | 60 / \$1,044    | 85 / \$1,479    |               |               |                 |  |
| 19 May 2000            | 11/4/00–5/5/00    | 30 / \$498  | 60 / \$996      | 90 / \$1,494    |               |               |                 |  |
| 30 November 2000       | 25/10/00–15/11/00 | 30 / \$501  | 60 / \$1,002    | 85 / \$1,419.50 |               |               |                 |  |
| 29 June 2001           | 20/4/01–11/5/01   | 25 / \$502.50                                     | 50 / \$1,005    | 74 / \$1,487.40 |               |               |                 |  |
| 28 December 2001       | 5/11/01–14/12/01  | 30 / \$534  | 60 / \$1,068    | 84 / \$1,495.20 |               |               |                 |  |
| 28 June 2002           | 29/4/02–7/6/02    | 27 / \$510.30                                     | 53 / \$1,001.70 | 79 / \$1,493.10 |               |               |                 |  |
| 18 July 2003           | 22/5/03–13/6/03   | 103 / \$500                                       | 207 / \$1,000   | 414 / \$2,000   | 622 / \$3,000 | 829 / \$4,000 | 1,037 / \$5,000 |  |

\* For tax purposes the acquisition date is the date you sent your payment to AMP – this will be a date within the range shown – if you are unsure which date applies, use the last date.

For any shares not shown on your June sheet, the **total cost base** of your parcel is the purchase price of the shares plus any incidental costs, such as transfer and stamp duties and fees charged by accountants, brokers, consultants and legal advisers. Divide this total by the number of shares purchased to give you your cost base per share. Do this separately for each parcel.

### Column 4 – total cost base

For parcels shown on the June information sheet, your total cost base is the amount in the ‘Total cost base’ column.

For your other share parcels, this amount is the total cost worked out during the column 3 calculation above.

### Column 5 – number of shares cancelled

If you had only one parcel of shares at the time of the demerger, write the Item A2 number in column 5.

If you had more than one parcel of shares, you will need to decide which parcels you will take the cancelled shares from. You can apply the reduction to only one parcel or you can apportion it across more than one parcel. **You will have to cancel a fraction of a share if Item A2 shows a fraction.**

Proceed to cancel shares according to your choice, until you have cancelled the number of shares equal to Item A2.

- for the remainder, work out the cancellation entitlement amount for each parcel the following way, rounding the result to the nearest cent:

$$\frac{\text{Number in col 5}}{\text{Item A2}} \times \text{Item A3}$$

- **Check** that the total of column 6 is **the same as** Item A3. If it is not, adjust the value of the largest parcel to make the total match Item A3.

### Column 7 – cost base of cancelled shares

For parcels where you:

- did not cancel any shares, insert ‘0’
- cancelled the entire parcel, insert the amount shown at column 4
- cancelled some of the shares, work out the cost base of the cancelled shares as follows, rounding the result to the nearest cent:

$$\text{Number in col 5} \times \text{amount in col 3}$$

### Column 8 – capital gain or capital loss

Work out this amount the following way, rounding the result to the nearest cent:

$$\text{Amount in col 6} - \text{amount in col 7}$$

If the amount is positive, you have a capital gain for that parcel. If the amount is negative you have a capital loss. Most people will have a capital loss.

Only total column 8 if all of the amounts are negative – that is, you only have capital losses – or you have only one parcel of shares.

If you have capital gains for more than one parcel you may need to keep track of each separately as some may be eligible for the discount method of calculating a capital gain while others may not.

### Column 9 – number of shares after cancellation

Work out this amount the following way, including any fraction in the result:

$$\text{Number in col 2} - \text{number in col 5}$$

### Column 10 – new shares from split

Work out this amount the following way, rounding the result to one decimal place.

$$\frac{\text{Number of shares for each parcel in col 9}}{\text{col 9 total}} \times \text{Item A2}$$

- **Check** that the total of column 10 is **the same as** Item A2.

### Column 11 – total shares

Work out this amount the following way, rounding the result to one decimal place:

$$\text{Number in col 9} + \text{number in col 10}$$

**! CANCELLATION TIPS**

When choosing which shares to cancel, consider the following factors:

- You will not be eligible to use the discount method to calculate your capital gain if you cancel shares you obtained through:
  - the dividend reinvestment plan for the dividends paid on **28 April** and **28 October 2003**, and
  - the share purchase plan dated **18 July 2003**.
- You will probably minimise your capital gain – or maximise your capital loss – if you cancel your shares starting with those with the higher cost bases. (The amounts in column 3 will show you which have the higher cost bases.)
- You will reduce the number of parcels you have – and therefore the number of records you need to keep – if you cancel parcels with small numbers of shares first.

- **Check** that the total of column 5 is **the same as** Item A2.

### Column 6 – cancellation entitlement

If you had only one parcel of shares at the time of the demerger, write the Item A3 amount in column 6.

Where you had more than one parcel:

- write ‘0’ beside the parcels you did not cancel shares from

## Column 12 – cost base

Work out this amount the following way, rounding the result to the nearest cent:

$$\text{Number in col 4} - \text{number in col 7}$$

## Column 13 – shares in parcel after adjustment

Work out this number the following way:

1. For all parcels except the largest one – take the number from column 11 and round it down to a whole number (for example, 13.7 rounds down to 13).
2. Add the fractions to the amount for the largest parcel in column 11 – this should result in a whole number (for example, if you have two parcels of 28.4 and 44.6 shares, round parcel 1 down to 28 and add the fraction, .4, to parcel 2, so it becomes 45 shares).

➤ **Check** that the total of column 13 is **the same as** Item A1 and your column 2 total.

## Column 14 – cost base after adjustment

Work out the adjusted cost base the following way, rounding the result to the nearest cent:

$$\frac{\text{Number in col 13}}{\text{number in col 11}} \times \text{amount in col 12}$$

The total of column 14 should be **the same as** the total of column 12. If it is not, adjust the value of the largest parcel in column 14 until the totals are the same.

➤ If you exercised *all* of your rights under the AMP rights offer go to **Column 16**; otherwise read on.

## Column 15 – capital gain on payment you received for rights you did not exercise

The amounts in column 15 are the capital gains (if any) you made on the payment you received when you did not take up all your rights to additional AMP shares.

If you did not exercise *any* rights, all your shares are ‘non-exercised’. Go to **Your capital gain components** below.

If you exercised some of your rights, you first need to choose which shares you exercised them against – your ‘exercised shares’. You then work out your capital gain on the rest – your ‘non-exercised shares’. Capital gains attaching to shares you got before 9 December 2002 are eligible for a tax discount. Therefore, when choosing which shares to exercise your rights against, you are likely to achieve a better tax result if you choose those you acquired on or after 9 December 2002.

Identify the shares you choose to exercise your rights against by circling them in column 2. (You may need to split a parcel).

### Your capital gain components

If you are an individual, a complying superannuation entity or a trust, your components are:

**Component A** – Gain eligible for the CGT discount: number of ‘non-exercised’ (uncircled) shares acquired **before** 9 December 2002 multiplied by \$0.082 (that is, 8.2 cents)

**Component B** – Gain **not** eligible for the CGT discount: number of ‘non-exercised’ (uncircled) shares acquired **on or after** 9 December 2002 multiplied by \$0.082 (that is, 8.2 cents)

If you are a company, only component B applies.

➤ If you did not exercise any of your rights go to **Column 19**; otherwise read on.

## Column 16 – date you exercised some or all of your rights to new AMP shares

The date in column 16 must be between 7 November 2003 – when the rights offer opened – and 9 December 2003 – when the offer closed. If you are uncertain of the exact date, use 9 December 2003.

## Column 17 – number of new AMP shares from the exercise of rights

Insert the number of new AMP shares you received when you exercised your rights. This number is on the January 2004 allotment notice or holder statement. Alternatively you can work out the number of new shares as follows, rounding the result **down** to the nearest whole number:

$$\frac{\text{Number of rights you exercised} \times \$0.77}{\$3.87}$$

## Column 18 – cost base of new shares

Insert the amount you paid to exercise your rights, including your incidental costs.

### EXAMPLE

John had 381 shares before the demerger. He exercised his rights in respect of 40 of them.

- he paid 40 x \$0.77 = \$30.80
- he received 7 shares (\$30.80 divided by \$3.87, rounded down) (column 17)
- his total cost base for the new shares is \$30.80 (column 18)

## Column 19 – total HHG shares

Insert the number of HHG shares you received. This amount is **the same as** the number at Item A1.

## Column 20 – cost base of HHG shares

Insert your HHG share parcel cost base. This amount is **the same as** the amount at Item A3.

➤ **You have now completed the worksheet. Go to Part C.**



### EXAMPLE: Using the worksheet

John acquired 276 shares when AMP demutualised. He also made the pre-listing purchase through the facility, and subsequently participated in the dividend reinvestment plan. Sections A and B of his June 2004 information sheet showed the following:

## Important information to help you complete your 2003–04 tax return

### A Key information on how the AMP Demerger affected your shareholding

|    |  |           |
|----|--|-----------|
| A1 | Number of AMP shares you held at the Record Date for the Demerger (19 December 2003) and the number of AMP shares held following the share split | 381       |
| A2 | Number of AMP shares cancelled under the Demerger and issued under the share split that followed   | 111.2     |
| A3 | Cancellation entitlement (capital proceeds) from cancelled AMP shares and cost base of HHG shares received under the Demerger                    | A\$657.66 |

*This replaces the information you were sent in January 2004.*

The information in Part A will assist you in determining the accuracy of your calculations.

### B Share Acquisition Statement

You may not have cost base details for some of the shares you have acquired, for example acquisition at demutualisation, dividend reinvestment plan or share purchase plan shares so we have summarised this information for you in the table below.

| ACQUISITION DATE | TRANSACTION                               | NUMBER ISSUED | ISSUE PRICE (A\$) | TOTAL COST BASE (A\$) |
|------------------|---|---------------|-------------------|-----------------------|
| 20/11/97         | Demutualisation of AMP Society            | 276           | \$10.43           | \$2,878.68            |
| 22/06/98         | Pre-listing purchase through the Facility | 52            | \$18.70           | \$989.42 <sup>1</sup> |
| 28/10/99         | Dividend Reinvestment Plan - 1999 Interim | 4             | \$14.80           | \$59.20               |
| 11/04/00         | Dividend Reinvestment Plan - 1999 Final   | 4             | \$16.60           | \$66.40               |
| 25/10/00         | Dividend Reinvestment Plan - 2000 Interim | 5             | \$16.70           | \$83.50               |
| 20/04/01         | Dividend Reinvestment Plan - 2000 Final   | 4             | \$20.10           | \$80.40               |
| 30/10/01         | Dividend Reinvestment Plan - 2001 Interim | 5             | \$17.80           | \$89.00               |
| 23/04/02         | Dividend Reinvestment Plan - 2001 Final   | 4             | \$18.90           | \$75.60               |
| 29/10/02         | Dividend Reinvestment Plan - 2002 Interim | 9             | \$11.40           | \$102.60              |
| 28/04/03         | Dividend Reinvestment Plan - 2002 Final   | 14            | \$5.50            | \$77.00               |
| 28/10/03         | Dividend Reinvestment Plan - 2003 Interim | 4             | \$6.80            | \$27.20               |
| <b>Total</b>     |   | <b>381</b>    |                   |                       |

**Please note AMP is unable to provide you with the cost base of any shares you have acquired on or off market**

If you disagree with the information at A1 or Part B please contact the AMP Share Registry on 1300 654 442

1. You applied for A\$1,000 worth of shares and were refunded \$10.58. The Total Cost Base includes the administration fee charged (1.75% of the issue cost)

John needs to cancel 111.2 shares for his column 5 calculations. He decides to start with those with the higher cost bases, in order to minimise any capital gain – refer to **Cancellation tips** on page 5.

On 4 December 2003 John exercised his rights in respect of 40 shares. For his column 15 calculations, he chooses to apply these rights first to any shares he acquired after 9 December 2002 (18 shares), with the remaining 22 necessarily being some of those acquired prior to this date. He circles the relevant parcels on his worksheet. John received \$27.96 for the 341 rights he did not exercise (8.2 cents each).

The sample worksheet on the next two pages shows John's calculations.





# AMP DEMERGER WORKSHEET (John's example)

## AMP RIGHTS OFFER

### Capital gain amount

The amount you received for the rights you did not take up (that is, how much you received when AMP paid you 8.2c per right)

| Component                                   | Capital gain (\$) |
|---|-------------------|
| A: Amount of gain eligible for CGT discount | 15<br>27.9%       |
| B: Amount not eligible for discount         | -                 |

AND/OR

### Cost base of new AMP shares

The cost base of the shares you received when you took up the rights (that is, where you paid an amount of 77c per right to receive additional shares)

| Date       | Number of shares | Cost base (\$) |
|------------|------------------|----------------|
| 16         | 17               | 18             |
| 04/12/2003 | 7                | 30.80          |

### HHG SHARES – COST BASE

| Date             | Number of shares | Cost base (\$) |
|------------------|------------------|----------------|
| 23 December 2003 | 19               | 20             |
|                  | 381              | 657.66         |

## INSTRUCTIONS FOR CALCULATING ITEMS A1, A2 AND A3

You only need to complete these steps if you didn't get an AMP information sheet.

### Step 1

Go through your records and work out how many shares you had in AMP just before the demerger. Write the number in the box.

|         |
|---------|
| Item A1 |
|---------|

### Step 2

Multiply Item A1 by 0.29195, and round the result to one decimal place. Write the number in the box.

|         |
|---------|
| Item A2 |
|---------|

### Step 3

Multiply Item A2 by \$5.91422 and round to the nearest cent. Write the number in the box.

|         |
|---------|
| Item A3 |
|---------|

When you have completed these steps, go to **Completing the worksheet** on page 4.

# EXAMPLE

**!** NOTE: Keep your CGT calculations with your other AMP and HHG records.

# PART C – HOW TO USE THIS INFORMATION IN YOUR 2004 TAX RETURN

Question 17 of *TaxPack 2004* (supplementary section) – or question 9 of *Retirees TaxPack* – explains how to work out your overall capital gain or capital loss – in particular, you will need to refer to those instructions if your capital gains for the year exceed your capital losses and you need to know how to apply the discount. The components you will need from the AMP demerger are:

- your capital gains and/or capital losses on the cancellation of your AMP shares (see column 8 on the worksheet)
- your capital gain from the payment of the AMP rights offer (either or both of the amounts in column 15).

## ! JOINT OWNERSHIP

If you owned your AMP shares with another person you will need to apportion your capital gain(s) and capital losses in proportion with your share of ownership (See **Example**, opposite).

To complete the capital gains tax question you will also need, if applicable:

- any capital gains or losses from:
  - AMP shares you disposed of before the demerger
  - HHG shares you sold, including any sold through the share sale facility
  - AMP's redemption of reset preferred securities.
- any capital gains or capital losses from other CGT events that happened to you during 2003–04, and
- any unapplied capital losses from previous years.

## Calculating a net capital loss

Many AMP shareholders with no other capital gains tax events will have a net capital loss for 2003–04.

The following example uses John's situation (see **Example** on page 7) to demonstrate how to calculate a net capital loss.

### EXAMPLE: Calculating John's net capital loss

John:

- has \$2,410 of unapplied net capital losses from previous years
- redeemed his 50 reset preferred securities (at \$100 each) that he acquired for \$98 each on the share market
- sold his HHG shares under the share sale facility and received \$495.30.

He calculates his net capital loss as follows:

|   |                   |
|---|-------------------|
| Capital gain from payment received under rights issue (from column 15 in the worksheet) | \$27.96           |
| Add capital gain on redemption of reset preferred securities (\$5,000 – \$4,900)        | \$100.00          |
| Subtract capital losses from cancellation of AMP shares (column 8 total)                | \$1,140.87        |
| Subtract capital loss from sale of HHG shares: \$657.66 (column 20) – \$495.30          | \$162.36          |
| Subtract unapplied net capital losses from previous years                               | \$2,410.00        |
| <b>Net capital loss</b>   | <b>\$3,585.27</b> |

John can carry this net capital loss forward to the 2005 income year, as shown in *TaxPack* or e-tax and use it to offset future capital gains.

If John had a partner and they had held a joint policy upon demutualisation, they would each have a capital gain of \$63.98 (half of \$27.96 plus \$100) and a capital loss of \$651.61 (half of \$1,140.87 plus \$162.36).

## ! NOTE

Although the capital gain John made on the rights payment amount satisfies the conditions for the CGT discount method, he must reduce his capital gains by his capital losses before he can apply the 50% discount. In his case, once he applies the losses there is no gain left to apply the discount to.



# AMP DEMERGER WORKSHEET

## AMP RIGHTS OFFER

### Capital gain amount

The amount you received for the rights you did not take up (that is, how much you received when AMP paid you 8.2c per right)

| Component                                   | Capital gain (\$) |
|---|-------------------|
| A: Amount of gain eligible for CGT discount | 15                |
| B: Amount not eligible for discount         |                   |

AND/OR

### Cost base of new AMP shares

The cost base of the shares you received when you took up the rights (that is, where you paid an amount of 77c per right to receive additional shares)

| Date | Number of shares | Cost base (\$) |
|------|------------------|----------------|
| 16   | 17               | 18             |

### HHG SHARES – COST BASE

| Date             | Number of shares | Cost base (\$) |
|------------------|------------------|----------------|
| 23 December 2003 | 19               | 20             |

## INSTRUCTIONS FOR CALCULATING ITEMS A1, A2 AND A3

You only need to complete these steps if you didn't get an AMP information sheet.

### Step 1

Go through your records and work out how many shares you had in AMP just before the demerger. Write the number in the box.

Item A1

### Step 2

Multiply Item A1 by 0.29195, and round the result to one decimal place. Write the number in the box.

Item A2

### Step 3

Multiply Item A2 by \$5.91422 and round to the nearest cent. Write the number in the box.

Item A3

When you have completed these steps, go to **Completing the worksheet** on page 4.

**!** NOTE: Keep your CGT calculations with your other AMP and HHG records.