

Guide to your Vanguard Personal Investor tax statement

30 June 2021

About this guide

This guide aims to assist individual taxpayers in completing their tax return for the 2020/2021 financial year. It contains basic information of a very general nature about the treatment of your income from investments held in Vanguard Personal Investor as shown in your Annual Tax Statement (ATS).

Note: This guide is not a substitute for tax advice. It has been prepared based on a set of assumptions which may not be applicable to you. If you are in any doubt about your personal tax position we recommend that you seek professional tax advice.

Assumptions

In preparing this guide, we have assumed that:

- you are an individual taxpayer
- you are an Australian resident for income tax purposes
- you use this guide in conjunction with the Australian Taxation Office's 2021 Individual Tax Return instructions to complete your tax return
- you hold your units/shares for the purposes of investment and that the Australian Capital Gains Tax (CGT) rules apply to you.

Completing your income tax return

The following information relates to your investments you hold in Vanguard Personal Investor. If you had income from any other investments during the year, you will need to combine the information from your other investments with the information contained in your Vanguard Personal Investor Annual Tax Statement. For tax return references refer to the *Tax return for individuals (supplementary section) 2021* (NAT 2679-06.2021).

Frequently asked questions

What other information can help me with my tax return?

The Australian Taxation Office (ATO) has a helpline for personal tax enquiries, which is 13 28 61. The ATO also has a number of publications which will help you to understand your obligations and complete your return:

- Individual tax return instructions 2021 (NAT 71050-06.2021)
- Individual tax return instructions supplement 2021
- You and your shares 2021 (NAT 2632-6.2021)
- Guide to foreign income tax offset rules 2021
- Personal investors guide to capital gains tax 2021 – (NAT 4152)
- These publications are available from www.ato.gov.au or by calling the ATO on 1300 720 092.

Can I use myTax?

The ATO allows you to prepare and lodge your tax return online using myTax at www.ato.gov. au. The information provided in your annual taxation statement can be used to complete the worksheet in the Income/ Managed Funds section of myTax.

You should carefully read the instructions, as there are circumstances when the Managed Fund section should not be used.

What if I'm not an individual taxpayer?

The information provided in this guide assumes you are an Australian resident individual taxpayer. If your investments in the Vanguard Personal Investor are made through a trust, company or superannuation fund, you may need assistance from your accountant or tax adviser in the completion of your tax return.



More information vanguard.com.au/taxation



Contacting the ATO Internet: ato.gov.au

Telephone: ATO 13 28 61 ATO publications 1300 720 092

Part A – Tax return information

The amounts reported in the ATS correspond to the description and labels on the *Tax return for individuals and the supplementary section 2021*.

Below is a brief explanation of each label disclosed in the ATS:

Australian Income

Label 10L – Interest Income

This item represents interest paid or credited to you from any source in Australia.

However, if you received, or were entitled to receive, distributions of interest from a partnership or trust, show this at label 13U.

Label 11S - Unfranked Amount

This item represents the total of unfranked dividends that have been paid or credited to you by Australian companies that you had shares in.

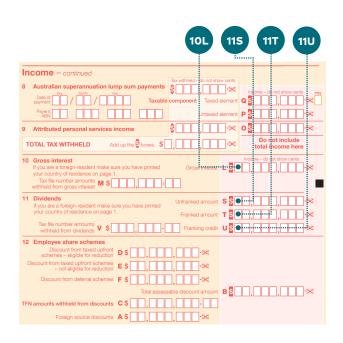
Label 11T – Franked Amount (not inclusive of Franking Credits)

This item represents the total of franked dividends (excluding franking credits) that have been paid or credited to you by Australian companies that you had shares in.

Label 11U – Australian Dividend Franking Credits

This item shows the amount of franking credits attached to franked dividends from investments in Australian companies that you had shares in.

There are circumstances in which your ability to claim a franking credit may be reduced. For further details refer to the ATO publication *You and your shares 2021*.



Label 13U – Unfranked Amount, Interest Income, Other Income, Other Income – CBMI, Other Income excl. NCMI and Other Income NCMI

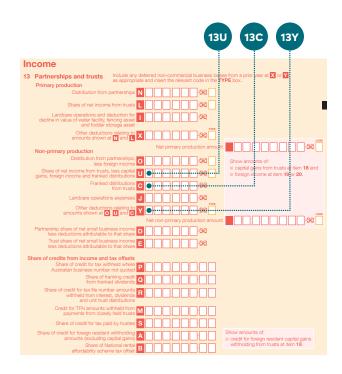
This item represents your share of unfranked dividends, interest and other Australian income known as your Non-Primary Production income that have been paid or attributed to you from your investment in Australian trusts. It excludes capital gains, foreign income and franked distributions.

Label 13C – Franked Amount (inclusive of Franking Credits)

This item represents your share of franked dividends and franking credits that have been paid or attributed to you from your investment in Australian trusts.

Label 13Y – Other Deductions (relating to Trust Distributions)

This item represents tax deductible expenses that were charged to your account during the financial year.



Foreign Income

Label 19K – Attributable Income CFC

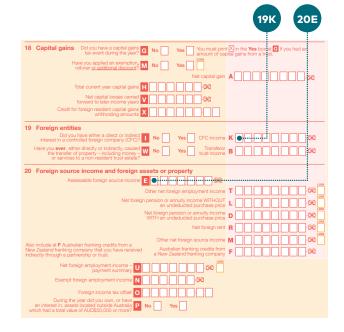
This item relates to income and gains of foreign companies to which you had a direct or indirect controlling interest.

Refer to the ATO publication *Foreign income return form guide 2021* for further information.

Label 20E – Foreign Source Income (including tax offsets)

This item represents foreign source income received from direct investments and foreign income that has been paid or attributed to you from trust distributions.

It does not include amounts of foreign net capital gains.

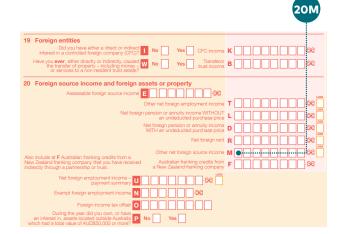


Label 20M – Other net foreign source income

If you have foreign deductible expenses incurred in earning foreign source income, the amount you include at Label **20M** is the amount at Label **20E** less these expenses.

If you do not have any foreign deductible expenses, the amount disclosed at Label **20M** will be the same as Label **20E**.

Refer to the ATO publication *Individual tax return instructions supplement 2021* for further instructions.



Other Income

Label 24Y/D15J – Disposal of Traditional Securities

Item 24Y represents gains from the disposal of traditional securities and Item D15J represents losses from the disposal of traditional securities.

Label 24Y/D15J – Other Assessable Income/ FX Gains/Losses

Item 24Y represents other assessable income and FX gains and Item D15J represents FX losses.

Management fee rebate

This amount should be nil as there is no management rebate arrangement in place.

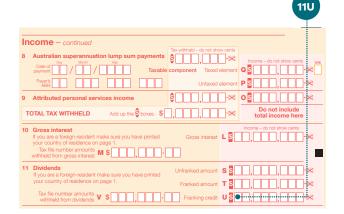
24Y D15J
24 Other income Category 1
Type of (ATO interest X)
payments in arrears
Taxable professional income Z
Tax withheld – assessable FHSS released amount S
TOTAL SUPPLEMENT INCOME OR LOSS At add up all the income amounts and deduct any loss amounts.
Transfer this amount to I on page 3 of your tax return.
Deductions
D11 Deductible amount of undeducted purchase price of a foreign Y , , , , , , , , , , , , , , , , , ,
D12 Personal superannuation contributions
Did you provide your fund (including a retirement savings account) with a notice of intent to claim a deduction for personal superannuation contributions, and receive an acknowledgement from your fund? Yes No
Full name Account H
Fund Australian business number
Fund tax
D13 Deduction for project pool
D14 Forestry managed investment scheme deduction F
D15 Other deductions – not claimable at items D1 to D14 Election E
Description Other J Other J Other Hardware Description
TOTAL SUPPLEMENT Add up all the deduction amounts in the right-hand column. \$
Transfer this amount to D on page 4 of your tax return.

Tax Offsets

Label 11U – Australian Dividend Franking Credits

This item shows your share of franking credits from your investment in a company in which you own shares. There are circumstances in which your ability to claim a franking credit may be reduced.

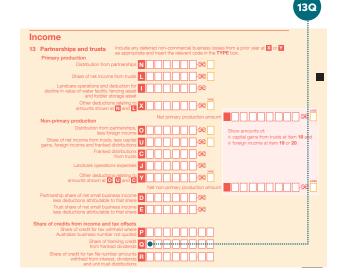
For further details refer to the ATO publication *You and your shares 2021.*



Label 13Q - Trust Franking Credits

This item shows your share of franking credits from your investment in the trust. There are circumstances in which your ability to claim a franking credit may be reduced.

For further details refer to the ATO publication *You and your shares 2021.*



Label 200 – Foreign Income Tax Offsets

This is your share of foreign income tax offsets attached to the foreign income distributed to you.

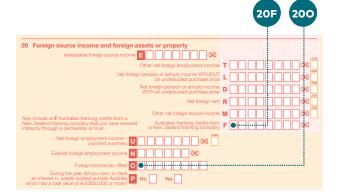
If your foreign income tax offset from all sources for the financial year does not exceed \$1,000 you can claim this amount in full.

If you are claiming more than \$1,000 refer to the ATO publication *Guide to foreign income tax offset rules 2021* to work out the total foreign income tax offset you can claim.

Label 20F – Australian Franking Credits from a NZ Company

This item represents Australian franking credits from New Zealand franking companies.

For further information refer to the ATO publication *You and your shares 2021*.



Deductions

Label D8 or D15J - Account fee

This item represents your account fee and depending on the nature of income you receive, include this amount at either label D8 or D15J.

Brokerage

This item represents your brokerage fee and generally forms part of your cost base when you buy or sell your investments.

			D8
Deductions			
You must read the deductions saction in the instructions if you are claiming deductions for expenses that relate to your work as an employee at items D1–D6.	D1	Work-related car expenses	A \$, · × _
	D2	Work-related travel expenses	B \$,∞
	D3	Work-related clothing, laundry and dry cleaning expenses	c s,∞
	D4	Work-related self-education expenses	
	D5	Other work-related expenses	E\$,₩
	D6	Low value pool deduction	к\$,∞
D7 Interest ded	uctio	ns	I\$,∞
D8 Dividend deductions		H \$ •••••	
D9 Gifts or donations			J\$,∞

D12 Personal superannuation contributions Didy our provide yoar hard (relating a relifement saving account) with a notice of intent to cleam a diduction for provide superannuation contributions, and receive an adcounted generation your fund? Ves No Full name Account degramment from your fund? Ves No Fund nucleating a method with a notice of intent to cleam a diduction for provide superannuation contributions, and receive an adcounted generation your fund? No So Fund Australian Accounted generation your fund? H So So Pland back to for project pool D So So D13 Deduction for project pool D So So D15 Other deductions – not claimable at items D1 to D14 Election to execution so So So Description Outer of the deduction amounts in the notifier and column. So So So TOTAL SUPPLEMENT Add up all the deduction amounts in the notifier this amount to D on page 4 (dy our tar return) So So So DEDUCTIONS Taratier this amount to D on page 4 (dy our tar return) So So So So

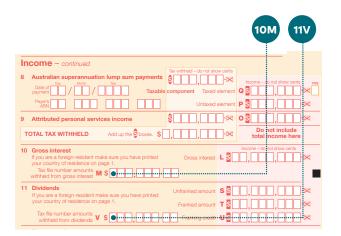
D15J

Label 10M – TFN withholding tax from gross interest

This item represents TFN amounts withheld from interest where you have not supplied a TFN, or claimed a relevant exemption.

Label 11V – TFN withholding tax from dividends

This item represents TFN amounts withheld from dividends where you have not supplied a TFN, or claimed a relevant exemption.



Label D8 - LIC Capital Gain Amount

This item relates to dividends received from a Listed Investment Company (LIC) which are attributable to LIC capital gains.

Individuals, trusts or partnerships are entitled to a deduction of 50% and complying superannuation funds a deduction of 33 1/3% of the LIC capital gain.

Deductions	;	
You must read the deductions section in the instructions if you are claiming deductions for expenses that relate to your work as an employee at items D1–D6.	D1 Work-related car expenses	A \$,×
	D2 Work-related travel expenses	B\$,∞
	D3 Work-related clothing, laundry and dry cleaning expenses	C \$,
	D4 Work-related self-education expenses	D \$,
	D5 Other work-related expenses	E \$,☆
	D6 Low value pool deduction	к\$,∞
D7 Interest deductions		I\$,☆
D8 Dividend de	ductions	H \$ •••••
D9 Gifts or don	ations	J \$,·∞

Label 13R – TFN withholding tax from distributions

This item represents TFN amounts withheld from trust distributions where you have not supplied a TFN, or claimed a relevant exemption.

	136
Income	
as appropriate an	red non-commercial business losses from a prior year at X or Y Id insert the relevant code in the TYPE box.
Primary production	
Distribution from partnerships N	
Share of net income from trusts	
Landcare operations and deduction for	
decline in value of water facility, fencing asset	
Other deductions relating to	
amounts shown at N and L	
Man address and deather	Net primary production amount
Non-primary production Distribution from partnerships,	
less foreign income	Show amounts of:
Share of net income from trusts, less capital	capital gains from trusts at item 18 and foreign income at item 19 or 20.
gains, foreign income and franked distributions	
from trusts	
Landcare operations expenses J	
Other deductions relating to	
amounts shown at 💽, Ŭ and 💽 🍱	
	et non-primary production amount
Partnership share of net small business income D	
Trust share of net small business income r	
less deductions attributable to that share	
Share of credits from income and tax offsets	
Share of credit for tax withheld where	
Australian business number not quoted	
from franked dividends	
Share of credit for tax file number amounts	
withheld from interest, dividends 🛄 📐	

Capital Gains/(Losses)

This section of your tax statement provides information on capital gains from trust distributions and capital gains/losses from the disposal of investments.

This information will help you complete Question 18 of your tax return.

If you have derived capital gains from investments held outside Vanguard Personal Investor you will need to also include these gains in this section.

Label 18A - Net capital gain

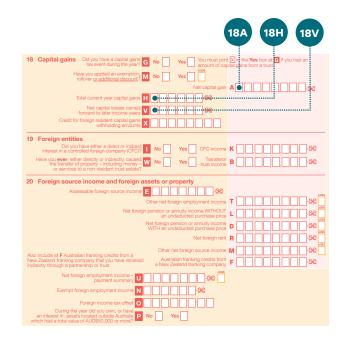
This item represents your net capital gain after applying any capital losses against gross capital gains and then applying any available discount. For the purpose of calculating the net capital gain it is assumed that the investor is a resident individual investor, eligible for the 50% CGT discount.

Label 18H – Total current year capital gains

This amount is the sum of all capital gains received from trust distribution and capital gains arising from the sale of your holdings in the investment, without applying the capital gains tax (CGT) discount.

Label 18V – Net capital losses carried forward to later income years

This represents your net capital losses available to be carried forward to future years.



Income components

This section of your ATS explains the components of income received and/or attributed.

Information pertaining to other income and other deductions relating to distributions is provided for your reference and is not covered any further in this Guide.

Australian interest Income and tax information

Interest from your cash account will be shown in this section.

Australian dividend income and tax information

Income from investments in Australian Listed companies is comprised of franked and unfranked dividends. Franked dividends include franking credit which represents the amount of tax paid by the issuing company. This franking credit may be available to you as a refundable tax offset.

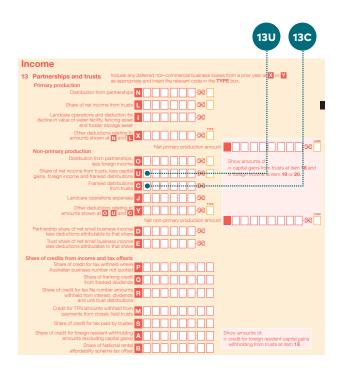
Australian trust distribution income and tax information

This section details the distribution of nonprimary production income that has been paid or credited to your account from your investments in Australian unit trusts both from Managed Investment Trust (MIT) and Attribution Managed Investment Trust (AMIT).

Non-primary production income consists of franked and unfranked dividends, interest, other Australian income.

The above amount are summed in label **13U** (non-primary production income) and label **13C** (franked distributions from trust).

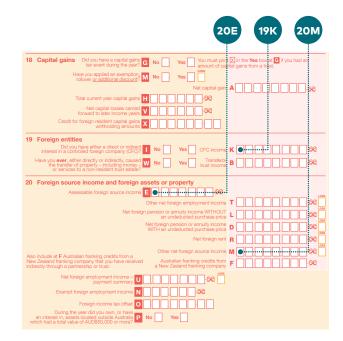




Trust distributions from foreign source

This section details the distribution that has been paid or credited to your account from your investments in unit trusts both from Managed Investment Trust (MIT) and Attribution Managed Investment Trust (AMIT) from foreign sources.

The above amount are summed in label **20M** and **20E** (Assessable foreign income including tax offsets) and label **19K** (Attributable income CFC).



Capital gains

Discounted capital gains

These are capital gains that are eligible for the CGT discount.

The CGT discount is generally only available where the asset has been held for 12 months or more.

The non-taxable portion of the discounted capital gain for MITs and any other additional cash distributed in relation to discounted capital gains are recorded as 'Other capital gains distribution'.

Indexed capital gains

These gains have been calculated under the frozen indexed cost base method and the entire amount is fully assessable for tax purposes.

Other capital gains

These gains arise from the disposal of assets within 12 months of acquisition. The entire amount of the gain is fully assessable for tax purposes.

TAP and NTAP capital gains

For Australian resident investors, the classification of capital gains between taxable Australian property (TAP) and non- TAP (NTAP) can be disregarded for the purposes of completing your tax return. Non-resident investors for Australian tax purposes are only subject to capital gains tax on assets classified as TAP assets. Accordingly, nonresident investors are not subject to withholding tax on capital gains arising from disposals of capital assets classified as NTAP assets.

Further information is available at the ATO publication *Guide to capital gains tax 2021*.

Foreign income

This section details the income received from overseas companies. Foreign capital gains are not included here, rather these amounts are disclosed at gross and net capital gains (labels **18H** and **18A**).



Capital gains / (losses) from disposal of assets

This section provides information on the capital gains and losses realised from the sale and/or redemption of your investments during the financial year.

The capital gains and losses information is summarised and disclosed at Capital gains / (losses) from disposal of assets on Part A of the ATS.

Should you have capital gains or losses from other sources or prior year carried forward capital losses, you will need to include these additional capital gains or losses when determining your overall CGT position. Vanguard Personal Investor uses the First In First Out (FIFO) method when calculating the gains/ (losses). It has also taken into consideration any cost base adjustment received throughout the year such as Brokerage and AMIT Cost Base adjustments.

Other information for investors

Other non-assessable amounts

For MITs, the non-assessable amounts consist of tax-free income, tax deferred, return of capital, net exempt income, non-assessable non-exempt (NANE) income

For AMITs, the non-assessable amounts refer to other non-attributable amounts, net exempt income and NANE income that have been distributed to you.

While these amounts are not assessable to you in the year ended 30 June 2021, these amounts may require an adjustment to the cost base of the units held in the AMIT. The other non-attributable amounts may include tax-free amount, tax deferred amount and return of capital.

AMIT cost base net amount

This represents the difference between cash distributions and other entitlements from an AMIT to the amount of income attributed to you. The difference may be a positive amount or a negative amount, which effectively increases or reduces the cost base of your units in the AMIT.

What does AMIT cost base net amount – excess represent?

Where taxable income attributed to you is less than the cash distribution you received, the difference will decrease both the cost base and the reduced cost base of your units in the fund.

The decrease in the cost base of your units in the fund should be taken into account upon disposal of the units when calculating your capital gain/loss position. The reduction of cost base of the units in the fund may give rise to a capital gain in the year where there is insufficient cost base to absorb the reduction.

What does AMIT cost base net amount – shortfall represent?

Where taxable income attributed to you is more than cash distribution you received, the difference will increase the cost base and reduced cost base of your units in the fund. The increase in the cost base of your units in the fund should be taken into account upon disposal of the units when calculating your capital gain/loss position.

Non-Concessional Managed Investment Trust ("MIT") Income

An amount of a fund payment will be nonconcessional MIT income ("NCMI") if it is attributable to income that is:

- MIT cross staple arrangement income;
- MIT trading trust income;
- MIT agricultural income;
- MIT residential housing income.

These amendments apply from 1 July 2019. Transitional rules apply to appropriately protect existing arrangements from the impact of the amendments – please see the 'Excluded from NCMI' section for more details.

To improve the integrity of the income tax law for arrangements involving stapled structures and to limit access to tax concessions for foreign investors, the managed investment trust (MIT) withholding rate on fund payments that are attributable to non-concessional MIT income has been changed to 30%.

For more info, please refer to the ATO website for more details: www.ato.gov.au

Excluded from NCMI / Non-NCMI

'Excluded from NCMI' amounts are amounts that are attributable to income that would be NCMI but for:

- Approved economic infrastructure facility exception (see subsection 12-437(5) of Schedule 1 to the TAA 1953)
- Transitional MIT cross staple arrangement income (see section 12-440 of Schedule 1 to the TAA 1953)
- Transitional MIT trading trust income (see section 12-447 of Schedule 1 to the TAA 1953)
- Transitional MIT residential housing income (see section 12-451 of Schedule 1 to the TAA 1953)
- Transitional MIT agricultural income (see section 12-449 of Schedule 1 to the TAA 1953)

If the transitional rules apply, the concessional MIT withholding tax rate of 15% (for recipients in exchange of information countries) will continue to apply for the relevant transitional periods.

Clean Building MIT Income

A clean building MIT is one that:

- holds one or more clean buildings, including the land in which the buildings are situated
- does not derive assessable income from any taxable Australian property other than from the clean buildings or assets that are reasonably incidental to those buildings.

A clean building MIT is allowed to hold and receive income from any assets reasonably incidental to clean buildings provided that the income received from those assets is less than 5% of the total income received from clean buildings. A building is a clean building if:

- the construction of the building commenced on or after 1 July 2012
- the building is a commercial building that is an office building, hotel or shopping centre, or a combination of these
- the building meets and continues to maintain at all times during the income year at least a 5 Star Green Star rating as certified by the Green Building Council of Australia or a 5.5 star energy rating as accredited by the National Australian Built Environment Rating System.

A building is taken to have commenced construction when the works on the lowest level, including the basement level, of the building begins. Site preparation for construction and works undertaken below the lowest level of the building such as excavation or site stabilisation works do not amount to commencement of construction.

A concessionary rate of 10% applies to fund payments by a clean building MIT.

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