

# Dexus AMIT

## Frequently Asked Questions



### **What is an attribution managed investment trust (AMIT)?**

An AMIT is a managed investment trust that has chosen to apply the new AMIT regime. Managed investment trusts include most listed trusts.

### **What is the purpose of the AMIT regime?**

Prior to the commencement of the AMIT regime, private trusts and large managed investment trusts were subject to the same set of tax laws.

The AMIT regime is intended to provide greater certainty than the current rules in relation to the taxation position for managed investment trusts and their members. It is also intended to provide greater flexibility in the operation of the tax affairs of managed investment trusts, and to reduce administration costs.

### **When will the AMIT regime apply to Dexus securities?**

The responsible entity of Dexus Office Trust, Dexus Industrial Trust and Dexus Diversified Trust (**Dexus AMITs**) has elected for these trusts to be AMITs for the year ended 30 June 2017.

Dexus Operations Trust cannot choose to be an AMIT as it conducts a trading business and is taxed as a company.

### **Will the AMIT regime change the way in which the Dexus AMITs' income is taxed?**

The AMIT regime is not expected to change the overall manner in which distributions from the Dexus AMITs' are taxed. Consistent with the previous trust taxation regime:

- the Dexus AMITs should not be subject to tax;
- an Australian resident Dexus securityholder will include their share of the Dexus AMITs' taxable income in their assessable income for the year to which the income relates (not necessarily in the year in which it is received); and
- withholding tax will be deducted from distributions to non-resident Dexus AMIT securityholders.

### **Will the AMIT regime change the way in which I fill out my tax return?**

No, you will include the different components of your share of the Dexus AMITs' taxable income in the same tax return labels as under the previous trust taxation regime. You will still receive a single statement covering all distributions in respect of your Dexus stapled securities.

### **Will the AMIT regime affect the Dexus AMITs' distribution policy?**

No. There are no plans to change the Dexus distribution policy as a consequence of entering the AMIT regime.

### **What tax changes will occur under the AMIT regime?**

The AMIT regime provides for a number of changes. These include:

- the way in which an AMIT's taxable income can be allocated to securityholders under the Australian tax legislation; and
- the calculation of adjustments to a securityholder's cost base in their units;



Further details of two of these key changes are set out below:

Allocation of taxable income

Under the previous trust tax regime, securityholders who were “presently entitled” to the distributable income of a trust (calculated according to trust law principles) at or before the end of the year were subject to tax on the taxable income of that trust in proportion to their present entitlement to the distributable income.

Under the AMIT regime, the responsible entity of the Dexus AMITs must “attribute” (i.e. allocate) the components of each Dexus AMITs’ taxable income to its securityholders. The attribution must be on a fair and reasonable basis.

In practice, the responsible entity will continue to attribute the components of the Dexus AMITs’ taxable incomes to securityholders in the same manner as under the previous trust taxation regime – that is, in proportion to the cash distributed to each securityholder in respect of the relevant year, unless the responsible entity notifies the securityholders otherwise.

Cost base changes

The previous taxation regime provided for a reduction in a securityholder’s cost base where they received a “tax deferred” distribution. The previous regime did not provide for an increase in the cost base of a securityholder’s units.

Under the AMIT regime securityholders will decrease their cost base in a Dexus AMIT unit where they receive distributions in excess of their share of the taxable income of a Dexus AMIT before the application of the CGT discount.

Importantly, securityholders will receive an increase to their cost base where they receive distributions that are less than their share of the taxable income of a Dexus AMIT before the application of the CGT discount. This ensures that if income or capital gains are retained within a Dexus AMIT, there should be a cost base increase to reflect this event.

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