



## Tax Information For Exchanging Instalment Notes - Series 2 / Suncorp-Metway Ltd Shares.

This information has been prepared for noteholders who are individuals and is based upon the views expressed in Class Ruling CR2001/63.

### 1. Are there any tax consequences when I exchange my Exchanging Instalment Notes (EIN)-Series 2 for Suncorp-Metway Ltd shares?

Yes. You must include in your assessable income the amount of any gain made on the exchange of the notes.

If the consideration received for the notes is...	then you made a...
greater than the amount paid for the notes <b>plus</b> any relevant costs associated with the exchange or acquisition	'gain'.
less than the amount you paid for the notes <b>plus</b> any relevant costs associated with the exchange or acquisition	'loss'.

The Australian Stock Exchange has advised that the weighted average selling price for a Suncorp-Metway Ltd share on 31 October 2001 was \$13.34 and we accept this figure as a measure of both the market value of a share and the consideration received for the note.

### Example

Sylvia subscribed for and was issued 315 Exchanging Instalment Notes - Series 2. She paid \$7.10 per note in two instalments. On 31 October 2001 these notes were exchanged for 315 Suncorp-Metway Ltd shares. As the market value of a Suncorp Metway share on 31 October is accepted as \$13.34, Sylvia will calculate her gain as follows and include that amount in her 2001-02 tax return:

Market value of shares received **less** both cost of notes and other relevant costs

\$4,202.10 (315 shares X \$13.34) **less** \$2,236.50 (315 notes X \$7.10) = \$1,965.60.

### Note

Noteholders who sold their notes prior to the exchange date and do not receive a Suncorp-Metway Ltd share are also assessable on the disposal of the note.

Similarly, noteholders who purchased the note on the market rather than subscribed for the notes, will have a cost based on what they paid for note's acquisition etc.

### 2. Is the gain included in my assessable income under the capital gains tax provisions?

No. The gain is included in your assessable income under a specific provision, section 26BB of the Income Tax Assessment Act 1936, which deals with this type of financial product.

### 3. Does the 50% discount apply to the gain?

No. The 50% discount for capital gains does not apply to other amounts that are included in your assessable income that are not capital gains.

### 4. Do the scrip for scrip roll-over provisions apply to the gain?

No. The scrip for scrip roll-over provisions only apply in certain specific circumstances to defer a capital gain, and not other amounts that are included in your assessable income that are not capital gains.



**5. Where do I include the gain in my 2001-02 tax return?**

For most noteholders the gain should be included at 'Other income', in the Supplementary section of the Individual tax return 2002.

The gain on the disposal of the notes will be included at, 'Net income from a business', in the Supplementary section of the Individual tax return 2002 if you:

- are a share trader, or
- acquired the notes for profit making purposes.

**6. If I make a loss on the exchange, where does this go in my tax return?**

For most noteholders the loss should be included at 'Other deductions - not claimable at items D1 to D12 or elsewhere on your tax return', in the Supplementary section of the Individual tax return 2002.

**7. Where do I include the interest earned on the notes in my tax return?**

Interest is to be included at the item labelled 'Gross interest' on the Individual tax return.

**8. How can I make a gain when I have not received any cash for my notes?**

When you exchanged the notes you received shares in Suncorp-Metway Ltd. The income tax law provides that the market value of the Suncorp-Metway Ltd shares on exchange date is the consideration received for the notes. If the market value of the shares is greater than the cost of the notes, the excess is included in your assessable income.

**9. Will I be taxed on any subsequent capital gain I make if I sell my Suncorp-Metway Ltd shares?**

Yes. For any future capital gain the cost base of Suncorp-Metway Ltd shares, acquired by exchanging the notes on 31 October 2001, will be equal to the market value of the shares on that date which is \$13.34 per share. Cost base indexation is not available for assets acquired after 21 September 1999. However, you can discount the capital gain by 50% if you owned the shares for 12 months or longer.

**10. I can't remember how much I paid for these, where can I get this information?**

The amount you paid will depend on whether you purchased the notes on subscription or whether you purchased them on the market.

<b>If you acquired the notes on...</b>	<b>then the purchase price was...</b>
Subscription	\$7.10
The Stock Market	The traded price plus the second instalment of \$3.10 if applicable. The second instalment was payable on 6 <sup>th</sup> November 2000.

**Need more information?**

If you require further information, please contact the Australian Taxation Office on 13 28 61.