



APA GROUP 2018 TAX RETURN GUIDE

This guide has been prepared to assist you in completing your income tax return for the year ended 30 June 2018 using your APA Group Annual Tax Statement.

This guide is not intended to be, and should not be relied upon as, personal taxation or financial advice.

Since every person's circumstances are different we have made a number of general assumptions which may, or may not be applicable to you. Where you require help relating to your particular tax position you should refer to the Australian Taxation Office or seek independent taxation advice.

The general assumptions made in preparing this Guide include that you are:

- an individual securityholder;
- a resident of Australia for income tax purposes;
- holding your APA Group stapled securities for investment purposes rather than for resale at a profit and the Capital Gains Tax (CGT) provisions apply to you; and
- using the "Tax return for individuals 2018" and "Tax return for individuals (supplementary section) 2018" to complete your income tax return.

APA Group is a "stapled security" listed on the ASX consisting of units in Australian Pipeline Trust (APT) and units in APT Investment Trust (APTIT). These units can only be traded together. For tax purposes APT is a Division 6C "public trading" trust, which is taxed as if it were a company while APTIT is a Division 6 "pass through" trust.

The APA Group Annual Tax Statement provides details of the dividends and trust distributions to which you are entitled and these amounts should be used in preparing your 2018 income tax return. For tax purposes the APT dividends and APTIT trust distributions must be separately disclosed in your income tax return.

Below is a table showing the 2018 APA Group Annual Tax Statement components on a cents per security basis (cps).

APA Group Annual Tax Statement 2018

APA Distribution Statement Component	Record Date 30 June 2017 Payment Date 13 September 2017 (cps)	Record Date 31 December 2017 Payment Date 14 March 2018 (cps)	Record Date 30 June 2018 Payment Date 12 September 2018 (cps)
APT Unfranked Dividend	0.7899	2.4670	^
APT Franked Dividend	4.6667	5.8333	^
APT Tax Deferred	10.7854	7.2872	^
APTIT Trust Distribution	*	3.0352	2.7100
APTIT Tax Deferred	3.6723	2.3773	^
Amount in APA Group 2018 Tax Statement	19.9143	21.0	2.7100
APT Franking Credit	2.0000	2.5000	^

* component recognised in the 2017 Annual Tax Statement

^ component recognised in the 2019 Annual Tax Statement

APT Dividends

For an individual Australian resident taxpayer, dividends together with franking credits from APT are recognised on a receipts basis (at payment date). Your APA Group Annual Tax Statement includes the APT dividends paid to you in September 2017 and March 2018.

Amounts shown as **Unfranked Dividends** from APT on the Annual Tax Statement should be included at **Item 11S** on the Tax return for individuals 2018.

Amounts shown as **Franked Dividends** from APT should be included at **Item 11T** on the Tax return for individuals 2018.

Amounts shown as **APT Franking Credit** should be included at **Item 11U** on the Tax return for individuals 2018. You should receive a tax offset for this amount when your tax return is assessed.

Where you have not provided your Tax File Number, income tax has been withheld from all unfranked dividends and tax deferred amounts paid to you by APT at a rate of 47%. This should be claimed as a credit in your income tax return by including the amount disclosed on the Annual Tax Statement at **Item 11V**.

APT & APTIT Tax Deferred

Your APA Group Annual Tax Statement includes tax deferred amounts in respect of your gross cash distribution from both APT and APTIT. Tax deferred amounts are recognised on a receipts basis (at payment date). Your APA Group Annual Tax Statement includes tax deferred distributions paid to you in September 2017 and March 2018.

The APT tax deferred amount represents a return of capital by APT.

The APTIT tax deferred amount has arisen because the gross cash distribution from APTIT exceeds the taxable income of APTIT.

APT & APTIT Tax Deferred continued

The tax deferred amount is not immediately taxable but will reduce the CGT cost base of the units held by you. Once the tax deferred distributions reduce your CGT cost base to nil, any additional tax deferred distributions will give rise to an immediate capital gain. However this gain may be reduced on account of the CGT 50% discount where units have been held for more than 12 months.

APTIT Trust Distribution

For tax purposes the cash distribution from APTIT comprises taxable trust income. For an individual Australian resident taxpayer, the taxable trust income from APTIT is recognised for tax purposes on a present entitlement (at record date) and not on a receipts basis.

Your APA Group Annual Tax Statement includes the APTIT taxable trust income distributions paid to you in March 2018 and September 2018.

Taxable Income

Under the tax legislation, as a unitholder of APTIT, you are subject to tax on your proportionate share of the "net income" of APTIT which includes interest and other income.

Amounts shown as Trust Distribution from APTIT on the Annual Tax Statement should be included at **Item 13U** on the Tax return for individuals (supplementary section) 2018 and represent your share of the "net income" of APTIT for 2018.

Where you have not provided your Tax File Number, income tax has been withheld from all Trust Distributions and tax deferred amounts paid to you by APTIT at a rate of 47%. This should be claimed as a credit in your income tax return by including the amount disclosed on the Annual Tax Statement at **Item 13R**.

Disposal of Your Stapled Securities

The following summary will help you to determine whether you have any liability for CGT if you have sold your stapled securities. You should however obtain your own independent tax advice where you have sold stapled securities.

For tax purposes the sale of an APA Group stapled security is treated as a disposal of a unit in APT and a unit in APTIT. Upon disposal of an APA Group stapled security, you will realise a capital gain if the consideration you receive exceeds the CGT cost base of the APT and APTIT units.

Cost Base of Units

Generally the cost base of your units is the amount you paid for them including the incidental costs of acquisition and disposal. The cost base will be reduced by any tax deferred distributions or capital returns previously made in respect of the units. Details of tax deferred distributions and previous capital returns are available from the "apa group distribution" section of the Investors tab on the APA Group website apa.com.au.

For capital gains tax purposes, the cost of each APA Group stapled security and the consideration received on disposal of each APA Group stapled security will need to be apportioned between the unit in APT and the unit in APTIT on a reasonable basis. One possible method of apportionment is on the basis of an estimate of the relative net assets of APT and APTIT at the time you acquired your units. Details of relative net assets for APT and APTIT are available from the "tax information" section of the Investors tab on the APA Group website apa.com.au.

Calculation of Capital Gain/Loss

Your capital gain or capital loss from the disposal of your APA Group stapled securities may be ascertained as follows:

- **Capital Gains** – A taxable capital gain is calculated as the excess of the sale proceeds received over the cost base of the APA Group stapled securities.
- **Discount Capital Gains** – Where the APA Group stapled securities have been held for more than 12 months, you may choose to reduce your taxable capital gain by the CGT discount of 50% for individuals.
- **Capital Loss** – A capital loss will comprise the excess of the reduced cost base of the APA Group stapled securities over the sale proceeds received.

For information on your APA Group holding please contact Link Market Services Limited on 1800 992 312.

For information on how to complete your tax return please seek professional taxation advice or consult with your financial adviser.