

TAX INFORMATION FOR EIN SERIES 1 NOTEHOLDERS

This information sheet has been prepared by the Australian Taxation Office to assist Australian resident individuals who exchanged Exchanging Instalment Notes Series 1 (EINs) for Suncorp-Metway Ltd shares on 1 November 1999. The information sheet does not apply to people who normally trade in shares.

Are there any tax consequences when I exchange the EINs for Suncorp-Metway Ltd shares?

Yes. When you received the Suncorp-Metway Ltd shares on 1 November 1999 you disposed of the EINs. You must include in your assessable income the amount of any gain made on the disposal of the EINs. You made a 'gain' if the consideration you received on disposal of the EINs is greater than the amount you paid for the EINs plus any relevant costs associated with the disposal or acquisition.

You made a 'loss' if the consideration you received on disposal of the EINs is less than the amount you paid for the EINs plus any relevant costs associated with the disposal or acquisition.

How can I make a gain when I have not received any cash for the disposal of my EINs?

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

What is the market value of the Suncorp-Metway share?

Having regard to the trading of shares on the stock market we have accepted that the market value of the Suncorp-Metway shares at exchange date is \$8.20 per share.

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 of the Income Tax Assessment Act which deals with this type of financial product.

Where do I include the gain in my 1999-2000 tax return?

For most taxpayers the gain should be included at item 19 'other income', Supplementary section of the Individual tax return 2000.

If you are a sharetrader or acquired the EINs for profit making purposes the gain on the disposal of the notes will be included at item 12, 'net income from a business', Supplementary section of the Individual tax return 2000.

Will I be subject to tax on any capital gain I make if I sell my Suncorp-Metway Ltd shares?

Yes. For capital gains tax purposes you are taken to have acquired the shares on the 1 November 1999 at a cost base of \$8.20 per share.

Need more information?

If you require further information, please contact the Australian Taxation Office on 132861

Example

John subscribed for and was issued 500 Suncorp-Metway Exchanging Instalment Notes Series 1 at a cost of \$6.10 per note. On 1 November 1999 these notes were exchanged for 500 Suncorp-Metway shares. At the time of the exchange the market value of the Suncorp-Metway shares was \$8.20 per share. John must include the following amount in his 1999-2000 tax return

<i>Market value of shares received</i>	<i>\$4,100</i>
<i>Cost of EINs</i>	<i>\$3,050</i>
<i>Gain to be included in assessable income</i>	<i>\$1,050</i>

