

Guide to the mySTART® FDR Taxation Summary

This is a summary of taxation obligations for mySTART® investors under the Fair Dividend Rate (FDR) rules. It is only relevant to you if you meet any of the following criteria:

- » You are an individual investor with a portfolio of global shares that has a total cost of NZ\$50,000 or more, at the beginning of your income year; or
- » You are a couple with a portfolio of global shares held in joint names that has a total cost of NZ\$100,000 or more at the beginning of your income year; or
- » You hold the shares via a family trust or company. A portfolio of global shares of any size means the trust or company is subject to the FDR rules.

If you do not fall into one of these categories, you should disregard this taxation summary. Tax is payable on all dividends received as usual.

You should also note that this summary only relates to your mySTART® account. If you hold global shares outside mySTART®, the total cost of those shares should be combined with your mySTART® holdings to determine whether you are subject to the FDR regime.

For a definition of global shares, please contact your Craigs Investment Partners Advisor.

mySTART®	
Fair Dividend Rate Taxation Summary	
For the period from 1 April to 31 March	
Opening balance 31 March	\$200,000.00
5% Deemed Dividend	\$10,000.00
Peak Holding Adjustment	\$364.00
Quick Sale Gains	\$-6,782.69
FDR Income	\$10,000.00
FDR Income: This includes 5% on your opening balance plus the lower of the Peak Holding Adjustment or the Quick Sale Gains, but limited to a minimum of \$0.	
Comparative Value Calculation	\$-9,002.93
If you are required to include foreign investment income in your tax return then include the lower of the FDR Income or the Comparative Value Calculation.	

Opening Balance
This is the market value of the global shares in your mySTART® portfolio on 31 March i.e. the start of your income year. If you are taxed under FDR, this is the amount that will be used to calculate your tax liability for the year.

Peak Holding Adjustment
Generally speaking, this is 5% of the cost of any shares that were bought and sold in the same year.

FDR Income
If you fall within the FDR regime, this is your total taxable amount for the year. It is the sum of the 5% Deemed Dividend and the lower of the Peak Holding Adjustment or Quick Sale Gains. If the Quick Sale Gains are less than zero, the Quick Sale Gains are assumed to be zero. Assuming this is your sole global portfolio, this amount multiplied by your individual tax rate is your tax liability for the year. Relief is provided for individuals and family trusts with returns of less than 5%. See note on Comparative Value.

5% Deemed Dividend
Derived by multiplying the opening market value by 5%.

Quick Sale Gains
A quick sale occurs when a share has been bought and sold in the same income year. A quick sale gain is the greater of zero or the actual gain made on shares bought and sold in the same year. This is calculated by taking sale proceeds for quick sales and adding pro rata dividends received, less the average cost of quick sales.

Comparative Value Calculation
This is the actual return provided by the global shares in your portfolio over the year. If this number is lower than the FDR Income figure, but greater than zero, this is your maximum taxable amount for the year. This amount, multiplied by your individual tax rate is your tax liability for the year. If the amount is zero or less, no tax is payable. This loss cannot be used to offset other income or be carried forward to future income tax years.