



# Macquarie Wrap Guide to Member Notional Tax Calculation

Super and Pension Manager  
Super and Pension Consolidator  
Super Accumulator



FOR THE YEAR ENDED 30 JUNE 2020



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## Trustee's Explanatory Guide to the Member Notional Tax Calculation for the period 1 July 2019 to 30 June 2020

### Introduction

Macquarie Investment Management Limited (MIML) is the trustee of Macquarie Super and Pension Manager, Macquarie Super Accumulator and Macquarie Super and Pension Consolidator (the Fund).

This guide has been supplied by MIML to explain the calculation principles, assumptions and components in arriving at the tax charge and the tax adjustment credited (or charged) to the Cash Accounts/Cash Hubs of members of the Fund.

During the twelve month period ended 30 June 2020, amounts were deducted from certain contributions, distributions and gains received on behalf of members. These amounts fund progressive quarterly payments made to the Australian Taxation Office (ATO) for the annual tax liability of the Fund. These amounts represent the members' share of progressive payments for the annual tax liability of the Fund.

In determining the Fund's annual tax liability, we have prepared a comprehensive calculation of the notional tax liability of each member, which in aggregation, and subject to certain modifications, represents the annual tax liability of the Fund. Both the Fund level tax calculation and Member Notional Tax Calculation (member calculation) include consideration of certain tax benefits referable to income derived, including franking credits and tax deferred amounts.

The member calculation also includes a benefit relating to excess franking credits, revenue losses, capital losses and foreign income tax offsets referable to member investments. Generally net capital losses can only be offset against current and future capital gains. This year the fund was able to utilise 100% of net member capital losses, resulting in no net capital losses being carried forward and available to reduce the tax liability associated with future capital gains.

The Fund's annual tax liability is calculated once a year after the 30 June tax year end. If the notional annual tax liability of a member was less than the progressive payments made, we credited a tax refund to the member's Cash Account/Cash Hub. If the notional annual tax liability of a member was greater than the progressive payments made, we debited a tax charge against the member's Cash Account/Cash Hub.

Members who leave the Fund prior to the year's annual processing date will not receive any of the benefits associated with the member calculation. Current accumulation members have been paid the balance of this benefit, with the benefit being allocated on a proportional basis.

### General principles

The Fund:

- is part of a superannuation fund established by way of a trust deed and is a complying superannuation fund for the purpose of the *Superannuation Industry (Supervision) Act 1993* (Cth)
- is required to complete a tax return annually, for the period ended 30 June
- has taxable income which is subject to tax at the complying superannuation fund rate of 15%
- did not derive any non-arm's length income that would be taxed at 45%
- has Pension members who have had their assets segregated to meet current pension liabilities. Income derived from the segregated pension assets by the Fund is exempt from tax, but continues to attract the benefit of franking credits.

From 1 July 2017, Pension members excludes transition to retirement pensions that are not in the 'retirement phase'. A transition to retirement pension will only be in the retirement phase where the member has turned 65 or notifies the trustee they have met the condition of release for retirement, permanent incapacity or terminal medical condition. Transition to retirement pensions that are not in the retirement phase are subject to tax at the complying superannuation fund rate of 15%.

### Tax calculation components

The components of the member calculation are based on information received from product issuers or share registries. It is detailed in the member level report, available online, as shown on the next page. Where a member commenced a pension or held a transition to retirement pension and met one of the conditions of release that results in the pension being in the retirement phase, they may have two member level reports: one for the period where the account was taxable\*, and the second where the account was tax free. There are three sections:

- **section 1:** an Income section that calculates the Net Tax Payable
- **section 2:** a Capital Gains section that provides further details on net capital gains used in the calculation of Net Tax Payable
- **section 3:** a Tax Position section that adjusts the Net Tax Payable for certain benefits to arrive at the amount charged/credited to a member's account.

The outline commencing on page 3 describes each component and should be read in conjunction with the member level report.

Each section is a general description of the principles applied. The components referred to are in respect of the period 1 July 2019 to 30 June 2020 inclusive.

\* For pensions that commenced during the year, the pension is taxed for the period of time from account opening until pension commencement. Pension commencement is generally the day of receipt of last contribution or rollover into the account.

## Superannuation Tax Calculation

as at 30 June 2020

Account Name: JOHN SAMPLE

Account No: 801109999

<b>Section 1 - Income</b>		\$	<b>Section 2 - Capital Gains</b>		\$
Dividends	750.00		Prior Year Cap Losses Carried Forward	(24,014.67)	
Franking Credits	321.43		Fully Taxable Cap Gains	1,434.72	
Interest	8,134.82		Discounted Cap Gains	0.00	
Taxable Contributions	2,700.00		Current Year Cap Losses	(601.14)	
Other Income	474.53				
Foreign Income	0.00		Capital Gains/(Loss) Sub – Total	(23,181.09)	
Foreign Income Tax Offsets	0.00		Applied Capital Gains	15,074.44	
Applied Capital Gains	(15,074.44)				
Capital Loss Reversal	15,074.44		Excess Cap Loss Carried Forward	(8,106.65)	
Exempt Pension Income	0.00				
<b>Total Assessable Income</b>	<b>12,380.78</b>				
Expenses	(2,733.67)		<b>Section 3 - Tax Position</b>		
<b>Taxable Income</b>	<b>9,647.11</b>		Net Tax Payable	(1,125.64)	
Gross Tax Payable	1,447.07		Excess Franking Credits Benefit	0.00	
Less Franking Credits Used	(321.43)		Excess Foreign Income Tax Offsets Benefit	0.00	
Less Foreign Income Tax Offsets Used	0.00		Capital Losses Benefit	2,261.17	
<b>NET TAX PAYABLE</b>	<b>1,125.64</b>		Revenue Losses Benefit	0.00	
Excess Franking Credits	0.00		Foreign Losses Benefit	0.00	
Excess Foreign Income Tax Offsets	0.00		<b>Net Tax Position</b>	<b>1,135.53</b>	
			Tax Paid to Date	1,426.68	
			Amount Credited/(Charged) to Account	2,562.21	
			Surplus Tax Benefit	74.39	

For all enquiries regarding this report please call  
Sam Sample on 00 0000 0000.

Information in this report is provided by Macquarie Investment Management Limited. While the information in this report is given in good faith and is believed to be reliable and accurate, neither Macquarie Investment Management Limited nor any member of the Macquarie Bank Group gives any warranty as to the reliability or accuracy of the information, nor accepts any responsibility for any errors or omissions.

# Section 1 – Income

This section calculates the Net Tax Payable

<b>Section 1 - Income</b>		\$
1.1	Dividends	750.00
1.2	Franking Credits	321.43
1.3	Interest	8,134.82
1.4	Taxable Contributions	2,700.00
1.5	Other Income	474.53
1.6	Foreign Income	0.00
1.7	Foreign Income Tax Offsets	0.00
1.8	Applied Capital Gains	(15,074.44)
1.9	Capital Loss Reversal	15,074.44
1.10	Exempt Pension Income	0.00
<b>1.11 Total Assessable Income</b>		<b>12,380.78</b>
1.12	Expenses	(2,733.67)
<b>1.13 Taxable Income</b>		<b>9,647.11</b>
1.14	Gross Tax Payable	1,447.07
1.15	Less Franking Credits Used	(321.43)
1.16	Less Foreign Income Tax Offsets Used	0.00
<b>1.17 NET TAX PAYABLE</b>		<b>1,125.64</b>
1.18	Excess Franking Credits	0.00
1.19	Excess Foreign Income Tax Offsets	0.00

## 1.1 Dividends

Dividend income was derived through investments in listed securities and self-funding instalment warrants (recognised on a paid or credited basis).

Any dividend income derived from managed investments is included in "Other Income", further described in Section 1.5.

Dividends were allocated to members based on their holding in the listed security at the entitlement date of the dividend.

## 1.2 Franking credits

Franking credits were derived through managed investments, listed securities and self-funding instalment warrants. All franking credits received during the year are reported here.

For managed investments and listed securities, franking credits were allocated on a pro rata basis to each member based on their holding in the investment at the entitlement date of the distribution.

**! Please note:** this amount may be reduced by franking credits denied as a result of the '45 day' rule or the 'Dividend washing' rule.

## Pooled development funds (PDF)

Income or capital gains derived upon the sale of a PDF is exempt from tax if the company is a PDF at the time of sale. Also, unfranked dividends of a PDF are treated as tax exempt. For franked dividends of a PDF the Fund has the option of treating these amounts as tax exempt or treating the dividends as assessable and claiming the franking credits attached to the franked dividends. The Fund has elected to treat any franked dividends as assessable.

Where a company ceases to be a PDF during the tax year, the shares in the PDF are deemed to have been disposed of immediately before the company ceases to be a PDF and reacquired immediately for market value. Any gains made on the deemed disposal are exempt from tax. Any losses recognised on the deemed disposal are disregarded and are not available for offset against assessable income.

## 1.3 Interest

This balance relates to interest income attributable to members' investments in term deposits, convertible notes, listed securities and interest received on the Cash Account/ Cash Hub.

Any interest income derived from managed investments is included in "Other Income", further described in Section 1.5.

For Super members interest is:

- reduced by any prepaid interest on instalment warrants
- reduced by any borrowing fees on instalment warrants
- increased by any interest refund received on instalment warrants.

The Taxation of Financial Arrangements (TOFA) regime

broadly changes the way in which gains and losses from certain financial arrangements are recognised for income tax purposes. The rules apply to superannuation funds where the value of their assets (determined at the end of the immediately preceding income year) is \$100 million or more.

For the year ended 30 June 2020 the Fund satisfied this threshold and accordingly, we have applied the TOFA rules to members' accounts, where appropriate. Any adjustment related to the application of the TOFA regime will be reflected in interest income.

## 1.4 Taxable contributions

This balance relates to contributions that have been received. Taxable contributions include the following:

- employer contributions
- concessional member contributions
- specified rollover amounts.

Non-concessional member contributions are non-assessable.

## 1.5 Other income

Other income was derived through managed investments, listed trusts and listed securities. This balance includes all the taxable income received excluding distributions of capital gains and foreign income.

Distributions received from managed investments and listed trusts were recognised when the Fund had a present entitlement to the income.

Other income may also include:

- distributions received from managed investments other than foreign income and capital gains
- gains or losses as a result of the disposal of certain listed securities that are treated for tax purposes on revenue account rather than capital account. Gains from the sale of these investments during the period have been included in Other Income and losses have been offset against Other Income
- distributions and dividends from stapled securities.

## 1.6 Foreign income

Foreign income was derived from managed investments or listed securities.

Foreign income from managed investments and listed trusts is recognised as income when the Fund has a present entitlement to the income and is allocated on a pro rata basis to members based on their holding in the managed investment at the entitlement date of the distribution.

Foreign income from listed securities is recognised as income by the Fund on a due and payable basis and allocated to members based on their holding in the listed security at the entitlement date of the dividend/distribution.

For Pension members this balance is zero.

## 1.7 Foreign income tax offsets

Foreign Income Tax Offsets (FITOs) were derived from investments in managed investments or listed securities by Super members.

For managed investments, FITOs are recognised on a present entitlement basis and were allocated on a pro rata basis to members based on their holding in the managed investment.

FITOs from listed securities are recognised on a due and payable basis and were allocated to members based on their holding in the listed security at the entitlement date of the dividend/distribution.

For Pension members this balance is zero.

## 1.8 Applied capital gains

This balance is the net capital gain/(loss) from investments by Super members of the Fund attributable to:

- distributions received from managed investments and listed trusts. These have been allocated to members based on the size of their managed investment holding. Certain capital gains have been grossed up to the 100% amount and then, if appropriate, the 33 $\frac{1}{3}$ % discount has been applied, depending on the nature of the capital gain as described in the tax statement provided by the product issuer or relevant share registry
- capital gains or losses from the sale of investments. The cost base used for determining capital gains or losses has been adjusted for any tax free, tax deferred and return of capital distributions or Attribution Managed Investment Trust (AMIT) cost base net amount (where applicable) as required under current Australian tax legislation. Gains may have been subject to a 33 $\frac{1}{3}$ % discount depending on whether the investment was held for at least 12 months.

There may be some situations where excessive tax deferred/return of capital amounts have been distributed causing a capital gain to be realised in the current tax year.

Capital losses have been offset against capital gains as follows:

- capital losses are first offset against fully taxable capital gains and indexed capital gains
- to the extent that losses exceed these gains, the remaining losses are offset against the gross value of discounted capital gains.

If the member's capital gain position is an overall loss, this balance will equal the Applied Capital Gain as calculated at 2.6 below.

Refer to Section 2 for a further breakdown of the underlying capital gains and losses that comprise this balance.

For Pension members this balance is zero.

## 1.9 Capital loss reversal

Capital losses are only able to be offset against capital gains. For members with a net capital loss at 1.8, this balance offsets that loss, ensuring any capital loss at 1.8 is not used to offset other sources of income.

For all other members this balance is zero.

## 1.10 Exempt pension income

For Pension members no tax charge is attributable to a member's account as income and capital gains earned are exempt from tax in the Fund. Thus, the balance displayed offsets the income earned, ensuring a zero total income subject to tax.

For all other members this balance is zero.

## 1.11 Total assessable income

Total Assessable Income is the total of items (1.1) through to (1.10).

## 1.12 Expenses

For Super members, this balance may include the following expenses incurred for the period 1 July 2019 to 30 June 2020:

- administration and other fees charged by the Trustee
- adviser fees paid, excluding adviser establishment fees which are non-deductible for tax purposes
- dealer service fees
- insurance premiums for death and disability and certain income protection insurance
- specific fund manager transaction fees (if any).

For Pension members this balance is zero.

## 1.13 Taxable income

Taxable Income is the balance derived by subtracting Expenses (1.12) from Total Assessable Income (1.11).

## 1.14 Gross tax payable

Gross Tax Payable is 15% of Taxable Income (1.13).

## 1.15 Franking credits used

Franking Credits (1.2) may be applied to reduce the Gross Tax Payable (1.14). Where Gross Tax Payable (1.14) is greater than Franking Credits (1.2), all franking credits are used. Where Franking Credits (1.2) are greater than Gross Tax Payable (1.14), the amount of franking credits used is equal to the Gross Tax Payable and the difference is recorded at Excess Franking Credits (1.18).

## 1.16 Foreign income tax offsets used

Foreign Income Tax Offsets (1.7) may be used to reduce Gross Tax Payable (1.14). The maximum amount of Foreign Income Tax Offsets (1.7) that may be used to reduce Gross Tax Payable (1.14) is the lesser of the total balance of allowable Foreign Income Tax Offsets (1.7), or 15% of the sum of Foreign Income (1.6) and Foreign Income Tax Offsets (1.7).

For Pension members this balance is zero.

## 1.17 Net tax payable

Net Tax Payable is the balance derived by subtracting the Franking Credits Used (1.15) and Foreign Income Tax Offsets Used (1.16) from Gross Tax Payable (1.14).

## 1.18 Excess franking credits

This balance is equal to the Franking Credits (1.2) less the Franking Credits Used (1.15).

## 1.19 Excess foreign income tax offsets

This balance is equal to the Foreign Income Tax Offsets (1.7) less the Foreign Income Tax Offsets Used (1.16).

For Pension members this balance is zero.

## 1.20 Attribution Managed Investment Trust (AMIT)

From 1 July 2015, certain managed investment trusts may elect to be an Attribution Managed Investment Trust (AMIT).

Managed funds and listed trusts that elect into the AMIT regime may attribute tax components to underlying investors. The components have been allocated based on information provided by the issuer and may require adjustments to the cost base and reduced cost base of units held in an AMIT. These cost base adjustments are factored into the calculation of capital gains or losses.

## Section 2 – Capital gains

This section provides further details of the Applied Capital Gains (1.8) amount

<b>Section 2 - Capital Gains</b>		\$
2.1	Prior Year Cap Losses Carried Forward	(24,014.67)
2.2	Fully Taxable Cap Gains	1,434.72
2.3	Discounted Cap Gains	0.00
2.4	Current Year Cap Losses	(601.14)
		<hr/>
2.5	Capital Gains/(Loss) Sub – Total	(23,181.09)
2.6	Applied Capital Gains	15,074.44
		<hr/>
2.7	Excess Cap Loss Carried Forward	(8,106.65)

**! Please note:** the First In First Out (FIFO) method will be used on the disposal of asset parcels in the member's account. Under this method the first parcel purchased will be deemed to be the first parcel sold, for the purposes of calculating any capital gain or capital loss.

### 2.1 Prior year capital loss carried forward

This balance relates to the excess capital loss calculated in prior years. This balance is used to offset current year and future capital gains where possible.

For Pension members this balance is zero.

### 2.2 Fully taxable capital gains

This balance relates to the total capital gains from investments by Super members of the Fund from:

- distributions derived from managed investments and listed investments which were allocated on a pro rata basis to members based on their holding in the investment
- capital gains from the sale of investment holdings during the period 1 July 2019 to 30 June 2020 inclusive, where the investment was held for a period less than 12 months. This includes the capital gain on any instalment warrant sold that was held for less than 12 months. The cost base and reduced cost base for determining capital gains or losses has been adjusted for tax free, tax deferred and return of capital distributions or the AMIT cost base net amount (where applicable) as required under current Australian tax legislation.

For Pension members this balance is zero.

### 2.3 Discounted capital gains

This balance relates to the total discounted capital gains from investments by Super members from:

- distributions derived from managed investments and listed trusts where a discount of 33⅓% was applicable. Discounted capital gains have been grossed up to the 100% amount and then, if appropriate the 33⅓% discount has been applied. This component was allocated on a pro rata basis to members based on their holding in the investment
- capital gains from the sale of investment holdings during the period 1 July 2019 to 30 June 2020 inclusive, where the investment was held for more than 12 months. These gains have been subject to a 33⅓% discount. This includes the capital gain on any instalment warrant sold. The cost base and reduced cost base for determining capital gains or losses has been adjusted for tax free, tax deferred and return of capital distributions or the AMIT cost base net amount (where applicable) as required under current Australian tax legislation.

This figure is two-thirds of the distributed capital gain as this represents the taxable amount.

For Pension members this balance is zero.



## 2.4 Current year capital losses

This balance relates to the total capital loss from the sale of investments by Super members during the period 1 July 2019 to 30 June 2020, inclusive. This balance includes the capital loss on the holder's put option of any instalment warrant disposed of and/or lapsed during the year. The cost base and reduced cost base for determining capital gains or losses has been adjusted for tax free, tax deferred and return of capital distributions or the AMIT cost base net amount (where applicable) as required under current Australian tax legislation.

For Pension members of the Fund, this balance is zero.

## 2.5 Capital gains/loss sub-total

For Super members capital losses are offset against capital gains as follows:

- capital losses are first offset against fully taxable capital gains and indexed capital gains
- to the extent that losses exceed fully taxable and indexed capital gains, the remaining losses are offset against the gross value of discounted capital gains.

If there is a net discounted capital gain remaining after the above offsets, the balance is discounted by 33⅓%.

If there were no losses to offset, then the Capital Gains/(Loss) Sub-Total is the sum of the Fully Taxable Capital Gains (2.2) and Discounted Capital Gains (2.3).

For Pension members this balance is zero.

## 2.6 Applied capital gains

If the member's Capital Gain/(Loss) Sub-Total (2.5) is a loss, then this balance is equal to the portion of that loss that was able to be utilised by the Fund. Members are compensated at a rate of 15% of losses transferred at Capital Losses Benefit (3.4).

## 2.7 Excess capital loss carried forward

This balance is any capital loss made by the member that was not able to be utilised by the Fund at 2.6 above. The amount is carried forward and will be available to be offset against capital gains derived in future years.

## Section 3 – Tax position

This section adjusts the Net Tax Payable for certain benefits to arrive at the amount credited/(charged) to a member's account

<b>Section 3 - Tax Position</b>		
3.1	Net Tax (Payable)	(1,125.64)
3.2	Excess Franking Credits Benefit	0.00
3.3	Excess Foreign Income Tax Offsets Benefit	0.00
3.4	Capital Losses Benefit	2,261.17
3.5	Revenue Losses Benefit	0.00
3.6	Foreign Losses Benefit	0.00
3.7	<b>Net Tax Position</b>	<b>1,135.53</b>
3.8	Tax Paid to Date	1,426.68
3.9	Amount Credited/(Charged) to Account	2,562.21
3.10	Surplus Tax Benefit	74.39

### 3.1 Net tax payable

This balance is equal to the Net Tax Payable (1.17) amount.

### 3.2 Excess franking credits benefit

This balance is equal to Excess Franking Credits (1.18) and represents a refund to the member of franking credits that were not able to be used to reduce the member's taxable income.

### 3.3 Excess foreign income tax offset benefit

This balance is equal to the Foreign Income Tax Offset (1.7), less the Foreign Income Tax Offset Used (1.16).

For Pension members this balance is zero.

### 3.4 Capital losses benefit

This balance is equal to 15% of the Capital Loss Reversal (1.9).

For Pension members this balance is zero.

### 3.5 Revenue losses benefit

Where Taxable Income (1.13) is less than zero (ie a loss situation), the balance is equal to 15% of Taxable Income (1.13). Where Taxable Income (1.13) is greater than zero, the balance is zero.

For Pension members this balance is zero.

### 3.6 Foreign losses benefit

There was no foreign losses benefit for the period 1 July 2019 to 30 June 2020.

### 3.7 Net tax position

This balance is the member's net tax liability or refund calculated by the sum of the amounts referred to above at 3.1 to 3.6.

### 3.8 Tax paid to date

This balance represents the aggregate amount of tax deducted from a member's account in respect of contributions, distributions and capital gains for the period 1 July 2019 to 30 June 2020.

### 3.9 Amount credited/(charged) to account

This amount is equal to the net balance of tax payable or refund receivable. It is calculated by adding the Net Tax Position (3.7) to the Tax Paid to Date (3.8). Where the balance is positive, a refund has been credited to the member's Cash Account/Cash Hub. Where the balance is negative, a tax charge has been debited against the member's Cash Account/Cash Hub.

### 3.10 Surplus tax benefit

The surplus tax benefit represents excess Fund tax benefits arising from:

- the value of benefits derived from members during the period 1 July 2019 to 30 June 2020 who exited the Fund prior to the date the tax calculation was finalised, such as excess franking credits, foreign income tax offsets, revenue losses and capital loss reversal. This amount may be reduced by the application of the '45 Day' rule or the 'Dividend washing' rule (if applicable)
- a net overall gain or loss from the netting of capital losses against fully taxable gains within the Fund.

Any amount in brackets represents a credit to the member's Cash Account/Cash Hub.

The surplus tax benefit has been allocated to Super members with active accounts, based on the proportional absolute value of the member's Taxable Income (1.13), and has been credited to the member's Cash Account/Cash Hub.

The above includes any surplus tax benefits applicable to investments into a separately managed account (SMA) where the position is closed during the year. This amount will be paid to the member's Cash Account/Cash Hub.



## **Independent review report to the Trustee of the Macquarie Super and Pension Manager and Super Accumulator or relevant client branded service (the “Fund”)**

We have reviewed the statement from Macquarie Investment Management Limited (“the Trustee”) dated 8 February 2021 regarding the effectiveness of data processing controls over the accuracy of the Fund tax calculation and member notional tax calculations (“tax calculations”) for the period 1 July 2019 to 30 June 2020, in accordance with the Guide to Member Notional Tax Calculation attached to this report, for the purpose of providing independent assurance to the Trustee of the Fund.

The Fund is part of a superannuation fund established by way of a trust deed and is a complying superannuation fund for the purposes of the Superannuation Industry (Supervision) Act 1993.

### **Trustee’s responsibility for internal controls**

The Trustee of the Fund is responsible for maintaining effective data processing internal controls over the accuracy of tax calculations that are adequately designed and operated effectively. This responsibility includes the design and effective operation of the taxation procedures and internal controls relevant to the preparation of these tax calculations that are free from material misstatements, whether due to fraud or error. Management’s assertions about the effectiveness of these control procedures in relation to the accuracy of tax calculations are included in the accompanying report “Guide to Member Notional Tax Calculation”.

### **Assurance Practitioner’s Responsibility**

Our responsibility is to express a conclusion to the Trustee on the tax calculations based on our review. We have conducted our review in accordance with ASRE 2405 *Review of Historical Financial Information Other than a Financial Report* and within the context of the attached Guide to Member Notional Tax Calculation, in order to state whether anything has come to our attention that causes us to believe that the Trustee has not maintained, in all material respects, effective data processing controls over the accuracy of the tax calculations for the period 1 July 2019 to 30 June 2020.

ASRE 2405 requires us to comply with the requirements of the applicable code of professional conduct of a professional accounting body.

A review is limited primarily to inquiries of entity personnel, inspection of evidence and observation of, and enquiry about, the operation of the taxation procedures and internal controls for a small number of transactions or events. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report has been prepared for Macquarie Investment Management Limited for the purpose of providing independent assurance to the Trustee. No responsibility will be accepted for any reliance on this report to any party other than Macquarie Investment Management Limited, or for any purpose other than that for which it was prepared.





The Trustee is responsible for the integrity of its website. This report does not provide an opinion on any information which may be hyperlinked to/from this statement. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to contact the Trustee in order to obtain a hard copy of the tax calculations presented on this website.

### **Conclusion**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that Macquarie Investment Management Limited has not maintained, in all material respects, effective data processing controls over the accuracy of the Fund tax calculation and member notional tax calculations for the period 1 July 2019 to 30 June 2020 in accordance with the attached Guide to Member Notional Tax Calculation.

KPMG

**KPMG**

A handwritten signature in black ink, appearing to read 'M Kafer'.

M Kafer  
*Partner*

Sydney  
8 February 2021

### Trustee's Statement on the effectiveness of data processing controls over the accuracy of tax calculations for the period 1 July 2019 to 30 June 2020

#### To Advisers and Members of the Macquarie Super and Pension Manager, Super and Pension Consolidator and Super Accumulator (the Fund)

We, Macquarie Investment Management Limited (Macquarie), are the Trustee for the Fund. The Fund is part of a superannuation fund established by way of a trust deed and is a complying superannuation fund for the purpose of the *Superannuation Industry (Supervision) Act 1993* (Cth).

For the period 1 July 2019 to 30 June 2020, we have prepared member level reports available from the Wrap website.

We developed a system to perform the tax calculations (referred to below as the 'Tax Calculator'), which collated data from various source financial recording and processing systems and performed the required tax calculations and reporting. We are responsible for establishing and maintaining effective data processing controls to support the accuracy of the tax calculation.

There are inherent limitations in any controls, including the possibility of human error in programming that may remain undetected and the circumvention or overriding of controls.

Accordingly, even effective controls can provide only reasonable assurance with respect to the accuracy of data processing. Furthermore because of changes in conditions, the effectiveness of data processing controls may vary over time.

We have assessed the data processing controls over the above tax calculations. Based on that assessment, in our opinion the Fund tax calculation and member calculation, which in aggregate comprise the Fund tax calculation for the period 1 July 2019 to 30 June 2020, have been subject to effective data processing controls to provide reasonable assurance that:

- data processing controls associated with the processing of transactions by the source financial recording and processing systems support the accuracy of the tax calculations
- data processing controls associated with the collation of data by the Tax Calculator support the accuracy of the tax calculations
- data processing controls associated with the tax calculations provided by the Tax Calculator support the accuracy of the tax calculations based on the risks and criteria described below.

Objectives	Risks addressed	Key data processing controls to manage risks
<b>1 Transaction processing by Source Financial Recording and Processing Systems</b>		
<b>1.1</b> Investment income from managed investments and ASX listed trusts is categorised into the appropriate 30 June 2020 annual tax statement components.	Inaccurate recording of tax statement components of distributions from managed investments and ASX listed trust investments.	We performed an internal review and check of investment income entered into the source financial recording and processing system on a sample basis.
<b>1.2</b> Income from ASX listed securities is processed accurately into the source financial recording and processing system according to the classification of the income type as notified by registry.	Inaccurate recording of income components of ASX listed securities investments.	We performed an internal review and check of investment income entered into the source financial recording and processing system on a sample basis.
<b>1.3</b> Capital gains and capital losses are appropriately calculated, including material adjustments to the cost base of an asset, regarding tax free and tax deferred distributions where required, when calculating the taxable capital gain or capital loss on disposal.	Inaccurate recording of capital gains and capital losses.	The source financial recording and processing system that calculates capital gains and capital losses has been subject to formal user acceptance testing, which includes Business Analysts and Macquarie Bank's Tax Experts, who have confirmed that the source financial recording and processing system calculates capital gains and capital losses correctly in accordance with the relevant Australian tax legislation. For special cases where the source financial recording and processing system is unable to correctly calculate capital gains and capital losses, we had in place manual procedures to identify and adjust capital gains and capital losses where required.

Objectives	Risks addressed	Key data processing controls to manage risks
<b>1 Transaction Processing by Source Financial Recording and Processing Systems (continued)</b>		
<b>1.4</b> Taxable contributions are processed accurately into the source financial recording and processing system according to the classification of the contribution type as notified by members.	Inaccurate recording of taxable contributions.	We performed an internal review and check of taxable contributions entered into the source financial recording and processing system on a sample basis.
<b>1.5</b> Pension and Super members are correctly classified according to the member application form.	Inaccurate classification of members, resulting in inaccurate tax calculations that depend on the appropriate member classification.	We performed an internal review and check of the classification of Fund members entered into the source financial recording and processing system on a sample basis.
<b>1.6</b> Expenses are processed accurately into the source financial recording and processing system according to appropriate classifications that identify their deductible and non-deductible nature.	Understated or overstated deductible expenses as a result of a misclassification.	We have implemented internal procedures, which include the review and checking of the classification of expenses processed on a sample basis to ensure that expenses are classified correctly for tax calculation purposes.
<b>2 Collation of data in Tax Calculator</b>		
<b>2.1</b> Managed investment and ASX listed security income from the source financial recording and processing system is accurately collated by the Tax Calculator for processing.	Managed investment and ASX listed security income has not been completely or accurately extracted from the underlying source financial recording and processing system.	We have performed a reconciliation of managed investment and ASX listed security income from the source financial recording and processing system to the Tax Calculator, and differences were investigated to determine their nature and whether they would result in a material error in the Fund tax calculation. For a sample of members, we compared the managed investment and ASX listed security income components to the underlying source financial recording and processing system.
<b>2.2</b> Contributions from the source financial recording and processing system is accurately collated by the Tax Calculator for processing.	Taxable Contributions have not been completely or accurately extracted from the underlying source financial recording and processing system.	We performed a reconciliation of contributions from the source financial recording and processing system to the Tax Calculator on a member by member basis.
<b>2.3</b> Deductible expenses from the source financial recording and processing system are accurately collated by the Tax Calculator for processing.	Deductible expenses have not been completely or accurately extracted from the underlying source financial recording and processing system.	We performed a reconciliation of expenses extracted from the source financial recording and processing system to the Tax Calculator on a member by member basis.
<b>2.4</b> Tax Paid To Date balances from source financial recording and processing system are accurately collated by the Tax Calculator for processing.	Tax Paid To Date has not been completely or accurately extracted from the underlying source financial recording and processing system.	We performed a reconciliation of Tax Paid To Date extracted from the source financial recording and processing system to the Tax Calculator on a member by member basis.
<b>3 Tax calculation generation</b>		
<b>3.1</b> The overall Fund level tax calculation is consistent with the aggregate underlying member calculations.	Tax calculation errors as a result of inconsistencies between the overall Fund level tax calculation and aggregate underlying member calculations.	We performed a reconciliation of the overall Fund level tax calculation with the underlying member calculations.
<b>3.2</b> The tax principles as described in the Trustee's Explanatory Guide are consistent with the relevant tax legislation.	Tax principles are inconsistent with the tax legislation, resulting in erroneous tax calculations.	Our internal tax experts have reviewed the tax principles and assumptions contained in the Trustee's Explanatory Guide within the context of Australian tax legislation and materiality.
<b>3.3</b> The tax calculations as described in the Trustee's Explanatory Guide have been correctly performed for all member calculations.	Erroneous programming of the tax calculations.	We have tested a sample of tax calculations to ensure that they have been correctly performed in accordance with the Trustee's Explanatory Guide.



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