

Capital Gains Tax

Minimising the effect of CGT with forward thinking!

An investment in the Willmott Forests Premium Forestry Blend Project (PFB) offers long term wealth creation, with multiple income streams and 100% tax deductibility.

Case study

James and Anita

James annual income \$80,000

Monthly surplus income \$1,000



Offsetting a capital gain creates an opportunity for further investment, debt reduction or wealth accumulation, rather than an immediate outflow of funds for tax in the current year. A forestry investment provides a unique solution to reduce or eliminate the effects of Capital Gains Tax and provides an alternative income stream for the future.

James and Anita have sold their investment property (held in James' name) at a profit of \$100,000. They have used the proceeds of the sale to clear the debt on their home loan. They have not realised that the profit on the sale of the investment property was subject to Capital Gains Tax.

STRATEGY

- James invests \$50,000* in the Willmott Forests Premium Forestry Blend Project.
- Investment funded through a loan with the Commonwealth Bank of Australia on a 12 year principal and interest basis, with first repayment commencing on the first business day in August 2009, funded from monthly surplus income.

OUTCOME

- James now has diversified his investment portfolio;
- Projected income streams commencing in year 3, 5, 7, 9, 10, 13 and 15, after planting; and
- A comfortable level of gearing, with future interest payments tax deductible.

	WITHOUT PFB investment	WITH PFB investment
Annual income	\$ 80,000	\$ 80,000
Capital gain (50% assessable)	\$ 50,000	\$ 50,000
PFB investment		(\$ 50,000*)
Taxable income	\$130,000	\$ 80,000
Tax on taxable income	\$ 38,000	\$ 18,000
Medicare Levy	\$ 1,950	\$ 1,200
Medicare surcharge	\$ 1,300	\$ 0
After tax income	\$ 88,750	\$ 110,800
Personal tax savings from PFB investment		\$ 22,050



Willmott Forests

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*The Application Price does not include an allowance for GST as GST is not expected to be payable in respect of the Application Price.