

BlackRock[®]

2023 Taxation Statement Guide

Important information

This guide has been prepared as general information only and should assist in completing the “2023 tax return for individuals”. It assumes that you are an individual and a resident in Australia for tax purposes. If your investment in a BlackRock fund is owned by a company, trust, partnership or other means of association, you may need to make adjustments to the information provided, for example, in relation to franking credits or capital gains.

The information in this Tax Statement Guide is of a general nature and cannot and does not address all of the tax issues which may be relevant to an investor. This information is not legal, financial or tax advice and you should consider speaking to your tax adviser about your individual circumstances.

Australia’s taxation law is complex and may change over time. You should seek professional tax advice if you have any questions in relation to the preparation of your income tax return.

The tax information provided in relation to your investment(s) with BlackRock Investment Management (Australia) Limited (BlackRock) will comprise of a tax statement(s).

Tax Statement

This statement summarises information relating to income distributed to you from your investments in BlackRock Australian funds for the purposes of completing your Australian income tax return. If you hold units in more than one BlackRock Australian fund, you will receive a separate Tax Statement for each fund you hold units in. For the purposes of preparing your income tax return, you should refer to the Tax Statement rather than any distribution statements you have received during the year.

Importantly, if you derive investment income from more than one BlackRock Australian fund and/or other sources (eg. you own shares directly), you will need to combine any income information in order to determine the relevant tax return disclosures if you are using the paper version of the tax return. If you use the electronic tax return it should automatically sum these amounts.

Tax Statement

Your BlackRock Tax Statement is divided into three parts.

Part A – Your details

Part A provides a summary of your details provided to BlackRock. This includes your investor number, investor type (e.g. individual, company, trust etc.), whether you have provided your TFN/ABN to us and your tax residency as at the date of your AMMA Statement.

Part B – Summary of 2023 Tax Return Information (supplementary section) items

Part B segregates your taxable income into the income categories that correspond to the 2023 Tax Pack and Supplement. To complete the investment income categories of your income tax return, you or your tax adviser will need to combine the figures provided in this part of the Tax Statement(s) with any income you have received from other sources.

Non-primary production Income (13U of your income tax return)

This amount includes unfranked dividends, interest and other income. It excludes net capital gains, franked dividends, franking credits and foreign income.

Franked distributions from trust (13C of your income tax return)

This amount includes your share of franked dividends and franking credits received.

Franking credits (13Q of your income tax return)

This amount is your share of franking credits attached to the income derived from franked dividends disclosed at 13C and relevant to determining your entitlement to a tax offset.

TFN withholding credit (13R of your income tax return)

This amount is withholding tax that has been deducted from your distribution or income paid on redemption where you have not provided your TFN, ABN or claimed an exemption in relation to your investment at BlackRock. Tax is deducted at the top marginal rate.

Total current year capital gains (18H of your income tax return)

This amount includes capital gains derived by the BlackRock Australian fund(s) on the disposal of assets held for less than 12 months and capital gains calculated under the Discount Method without applying the 50% discount.

For a more detailed explanation on capital gains please refer to the Capital Gains Tax section of this guide on page 4.

Net capital gains (18A of your income tax return)

This amount includes the same capital gain amounts that are included in Item 18H, except that the capital gains calculated under the Discount Method are included after applying the 50% discount.

If you have derived capital gains or losses from other investments, the amounts disclosed in 18A as net capital gains need to be adjusted to take additional gains/ losses into account. If you are a taxpayer who is eligible for discounted capital gains (i.e. the 50% CGT discount) you are required to offset capital losses against gross

(i.e. undiscounted) capital gains prior to calculating the discounted capital gains amount.

Please note that if you have redeemed, switched or transferred any units in a BlackRock Australian fund during the year, you need to include any capital gain or capital loss in your income tax return calculations.

Assessable foreign source income (20E of your income tax return)

This amount includes assessable foreign income.

Other net foreign source income (20M of your income tax return)

If you have foreign income deductions you should follow the instructions in the 2023 individual tax instructions supplement. If you have foreign income deductions the amount you insert at 20M is the amount at 20E less your foreign income deductions. If you have no foreign income deductions then the amount at 20M will be the same as 20E.

If you have derived foreign income or losses from other sources, the amounts above need to be adjusted in order to take this additional income and loss into account.

Foreign income tax offset (200 of your income tax return)

Foreign income tax offsets represent tax that has been withheld from foreign income you have received. The amounts provided for Question 20 above are grossed up to include foreign income tax offset amounts. You should also show the foreign income tax offset separately at this item.

If your total foreign tax income offset from all sources for the year is \$1,000 or less, then you can claim this amount in full. Otherwise you will need to refer to the publication Guide to foreign income tax offset rules to work out your entitlement. Note there have been recent updates to the law and ATO guidance in relation to investor entitlements to claim foreign income tax offsets. As such, we recommend that you consult with your tax advisor in order to determine your eligibility to claim foreign tax credits.

Part B – Capital Gains Tax Information

Part B of the Tax Statement also provides a breakdown of the various components of your capital gains for the year ended 30 June 2023. The amounts shown here are gross amounts and any discount has yet to be applied. This information is important should you have any other capital gains or have capital losses to apply.

A detailed explanation of these categories and their rules can be found in the Capital Gains Tax section of this guide on page 4.

Part C – Components of Distribution

Part C of the Tax Statement identifies the various components of the investment income paid or credited to your account for the year ended 30 June 2023.

You should be aware that distributions from trusts need to be included in the tax return for the year of entitlement, not the year of receipt. This means that distributions for the year ended 30 June 2023 should be included in your 2023 income tax return, even though you may not have physically received the distributions until July 2023.

In this section, any amounts shown on your Statement as “Net exempt” and “Tax-free” are non-assessable amounts. “Tax-Deferred” amounts will reduce the cost base of your units for CGT purposes and may impact on your capital gain or loss when you ultimately redeem your units.

If you make a capital loss, Tax-Free amounts will also reduce your cost base. You may also make a capital gain at the time of receiving your distribution if the sum of the Tax-Deferred amounts is more than the current cost base of your units.

Australian income

This is a breakdown of non-primary production income used in 13U and franked distributions from trusts disclosed at 13C. This is necessary for investors using the application form for Refund of Franking Credits for Individuals.

Capital gains – Taxable Australian Property (TAP)

Australian residents for tax purposes derive a capital gain or a capital loss on the disposal of a capital asset whether or not the asset is Taxable Australian Property. Hence, for Australian tax residents, the classification of capital gains between Taxable Australian Property and Non-Taxable Australian Property is irrelevant.

A non-resident for Australian tax purposes is only subject to capital gains tax on assets classified as Taxable Australian Property. Refer to Capital Gains Tax section (page 4 of this guide).

Capital gains – Non Taxable Australian Property (NTAP)

A non-resident for Australian tax purposes is not subject to withholding tax on capital gains made on disposals of capital assets classified as non Taxable Australian Property. Refer to Capital Gains Tax section (page 4 of this guide).

Foreign income

It should be noted that Foreign Income does not include Non Taxable Australian Property (NTAP) capital gains. Non Taxable Australian Property (NTAP) capital gains are included in Non Taxable Australian Property (NTAP) above.

Other non-assessable amounts

This is a breakdown of other income and expenses included in the distribution from your BlackRock investment. It may include Net-exempt, Tax Free and Tax Deferred amounts. These amounts may not be assessable to you in the year ended 30 June 2023. Expenses include TFN withheld amounts and other expenses.

How the CGT Rules affect your investment with BlackRock

General

Any capital gains derived by BlackRock Australian funds are distributed in full to unitholders throughout the year.

The capital gains are described as follows:

- **Capital gains on assets held for less than 12 months**

This amount represents the taxable capital gains derived on the disposal of CGT assets within 12 months of acquisition. It represents the nominal gain made on the disposal (ie. disposal proceeds less original cost).

- **Capital gains on assets using the 50% discount method**

This amount represents that portion of the capital gains using the 50% discount method.

If your investment in a BlackRock Australian fund is not beneficially owned by an individual (eg. you own units through a company or superannuation fund), you may need to adjust the amount reported. We suggest that you consult a professional tax adviser in this regard.

- **CGT Concession Amount**

This amount represents the other 50% of the capital gains calculated using the discount method.

- **NCMI capital gains / Excluded from NCMI capital gains / Clean Building MIT Income (CBMI) capital gains**

These amounts are earned in respect of specific types of investments which attract varying rates of withholding tax for non-resident investors. As an Australian resident investor, these amounts are treated in the same manner as capital gains on all other CGT assets (ie where held for more than 12 months, the gain is subject to the 50% discount method).

Return of capital

Due to the nature of distributing funds, and the requirements of the various Constitutions, the BlackRock Australian funds are required to

distribute all taxable income at the time of each distribution. Where there is a fall in investment markets during an income year creating a tax loss in later distribution period(s), it is possible that the distribution paid up until that time may be greater than the taxable income for the full year.

If this occurs, that portion of the distribution already received for the year that is greater than the actual taxable income for the year represents a return of capital. A return of capital is a tax deferred amount to you, which means that it is not included in your tax return as assessable income, but it will reduce the cost base of your units in the fund for CGT purposes.

You should seek professional tax advice if you have any questions in relation to the preparation of your 2023 income tax return.

For further information

Further information may be obtained by contacting our Client Services Centre on **1300 366 100** or by sending an email to **clientservices.aus@blackrock.com**

IMPORTANT INFORMATION

Issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (BIMAL).

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