



ASSISTANT TREASURER

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**PRESS
RELEASE**

DRAFT LEGISLATION TO BOOST THE TAX INTEGRITY OF TRUSTS

The Assistant Treasurer, Senator Nick Sherry, has today released for public consultation the Rudd Government's draft legislation aimed at ensuring individuals receiving income from trusts pay their fair share of tax.

To achieve this, the proposed changes extend tax file number (TFN) withholding arrangements to closely held trusts, including family trusts.

"This important measure will improve the fairness and integrity of the tax law by shedding light on income derived from certain types of trusts," the Assistant Treasurer said.

"Income streams from closely held trusts, by their very nature, can be problematic for the Tax Office to assess – so as a result of these changes, the Tax Office will be able to match the information obtained from trustees with the amounts reported by the trust's beneficiaries."

"This Budget measure targets high-wealth individuals utilising these types of trusts and is expected to result in a \$150 million boost to revenue over four years."

Today's draft legislation follows an extensive community and sector consultation held over recent months and incorporates feedback arising from a range of submissions.

"I am very committed to detailed consultation with the community on tax matters and this draft legislation reflects input from submissions received from a range of stakeholders."

"As a result of these consultations, trustee beneficiaries where the parent trust is subject to the trustee beneficiary reporting rules will be excluded from the measure."

"In addition, the quarterly requirements for trustees to report and remit amounts withheld will be removed and will be replaced with a simpler annual reporting and remittance framework – an important red-tape reduction," the Assistant Treasurer said.

"These changes will make it easier for trustees to meet their tax obligations while ensuring the measure retains its integrity and targets those who under-report or fail to report their distributions."

"The Rudd Government welcomes submissions on the draft legislation and explanatory material by Friday 19 February 2010," the Assistant Treasurer said.

Copies of the draft legislation and the explanatory material can be obtained at www.treasury.gov.au

CANBERRA

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