

**Senator the Hon  
Nick Sherry**  
Assistant Treasurer



**Bill Shorten MP**  
Parliamentary Secretary  
for Disabilities

## **PRESS RELEASE**

### **GOVERNMENT RELEASES DRAFT LEGISLATION REFORMING TAXATION TREATMENT OF SPECIAL DISABILITY TRUSTS**

The Assistant Treasurer, Senator Nick Sherry, and Parliamentary Secretary for Disabilities, Bill Shorten MP, have today released for public consultation the Rudd Government's draft legislation and explanatory material on the proposed changes to the taxation of the unexpended income of special disability trusts.

“This is an important measure that will deliver on the Government's commitment to help support people with severe disabilities, their families and carers,” said the Assistant Treasurer.

“This Bill will rectify an inappropriate taxation outcome and further assist immediate family members and carers to make private financial provision for the care and accommodation needs of people with severe disability.”

The changes were announced in the 2009-10 Budget and will provide for the unexpended income of a special disability trust to be taxed at the relevant principal beneficiary's personal income tax rates.

Under the existing law, any income of a special disability trust that is not used for the care and accommodation of the principal beneficiary is taxed to the trustee of the trust at the top personal tax rate plus Medicare Levy.

“We want to make it easier for parents and carers to look after the long-term needs of people with disability,” said Mr Shorten.

“Special Disability Trusts have great potential in planning for the future care and accommodation of people with a severe disability. We want to make sure that the legislation covering these trusts reflects the real world people with disability live in and does not stop people with a genuine need from using them.”

“The Rudd Government is committed to supporting people with disability. We have increased funding for disability services, raised the Disability Support Pension and offered extra support to carers, and have asked the Productivity Commission to investigate the possibility of a national disability insurance scheme.”

Draft legislation dealing with the extension of the capital gains tax main residence exemption to include a residence that is owned by a special disability trust and used by the relevant beneficiary as their main residence will be released shortly.

“The Government welcomes further public comment on the draft Bill and explanatory materials by 28 April, 2010 – this will allow the introduction of the Bill in the winter Parliament sittings,” said the Assistant Treasurer.

Copies of the draft legislation and the explanatory material are available at [www.treasury.gov.au](http://www.treasury.gov.au).

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