

CONSULTATION ON EXTENDING THE TAX FILE NUMBER WITHHOLDING ARRANGEMENTS TO CERTAIN TRUSTS

The Assistant Treasurer, Senator Nick Sherry, has today released a discussion paper on the Rudd Government's 2009-10 Budget measure to extend the tax file number (TFN) withholding arrangements to closely held trusts, including family trusts.

The TFN system is designed to detect the non-disclosure of income and to enable the Tax Office to match the details of income disclosed in a taxpayer's return with details it receives from other sources.

In the 2009-10 Budget, the Rudd Government announced important changes to ensure that assessable distributions to beneficiaries of closely held trusts, which include family and related trusts, align with the amounts included by these beneficiaries in their tax returns.

"This measure is part of a Rudd Government's initiative to improve fairness and integrity in the tax system and will help ensure everyone is paying their fair share of tax," the Assistant Treasurer said.

"The measure will also help to improve the effectiveness of the Tax Office's income matching system as a means of ensuring that closely held trusts and their beneficiaries comply with the taxation law."

"The measure applies from 1 July 2010 and it is estimated to raise \$150 million over the forward estimates."

"I ask interested parties to take the opportunity to comment on the discussion paper and the implementation details of this proposal."

Submissions are due with Treasury by 20 November 2009. Copies of the discussion paper can be obtained from www.treasury.gov.au

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