

**Senator the Hon  
Nick Sherry**  
Assistant Treasurer



**Bill Shorten MP**  
Parliamentary Secretary  
for Disabilities

## **PRESS RELEASE**

### **TAX LAW REFORMS TO HELP PEOPLE WITH SEVERE DISABILITIES, THEIR FAMILIES AND CARERS**

The Rudd Government has today introduced legislation to reform the tax treatment of unexpended income of a special disability trust.

These reforms, announced in the 2009-10 Budget, are contained in the *Taxation Laws Amendment (2010 Measures No. 3) Bill 2010* which was introduced into Parliament today.

"These changes will be fairer for people with a severe disability and their carers as they will eliminate an inappropriate taxation outcome," the Assistant Treasurer said.

"These amendments will assist families and carers to provide financially for the care and accommodation of people with severe disability, by ensuring that taxation is not a disincentive to the establishment of a special disability trust."

"Under the new rules, the unexpended income of a special disability trust will be taxed at the principal beneficiary's marginal income tax rate, rather than automatically at the top personal rate of tax."

Under the existing tax law, income of a special disability trust that is spent on the care and accommodation needs of the principal beneficiary could be taxed to the beneficiary and the unexpended income is taxed to the trustee of the trust at the top personal tax rate plus Medicare Levy.

The Government plans to introduce legislation shortly that will extend the capital gains tax main residence exemption to residences that are owned by a special disability trust and used by the principal beneficiary as their main residence.

The Government also announced in the 2010-11 Budget it would expand the eligibility requirements for beneficiaries and extend the allowable uses for special disability trusts.

"These important changes are all part of the Government's broader response to the treatment of special disability trusts," said the Assistant Treasurer.

Parliamentary Secretary Shorten said the legislation would deliver on the Rudd Government's commitment to support people with severe disabilities, their families and carers.

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

"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 has increased funding for disability services, raised the Disability Support Pension and offered extra support to carers, and has asked the Productivity Commission to investigate the possibility of a national disability insurance scheme," Mr Shorten said.

CANBERRA

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