

**JOINT MEDIA RELEASE  
WITH  
BILL SHORTEN MP  
PARLIAMENTARY SECRETARY FOR DISABILITIES**

**ACTION TO REFORM TAX TREATMENT OF SPECIAL  
DISABILITY TRUSTS**

The Assistant Treasurer, Senator Nick Sherry, has today released a consultation paper on proposed reforms to the tax treatment of special disability trusts to ease the financial burden on people with disabilities as well as their carers and families.

The proposed reforms were announced in the 2009-10 Budget.

"The Rudd Government's Budget proposed reforms in this important area will help ensure the taxation of special disability trusts is fairer and more equitable," said the Assistant Treasurer.

In the 2009-10 Budget, the Government announced it would:

ensure the unexpended income of a special disability trust is taxed at the beneficiary's personal income tax rate, rather than automatically at the top personal tax rate plus Medicare Levy; and

extend the capital gains tax main residence exemption to special disability trusts.

"The Rudd Government recognises the important role of carers and families in supporting those in our community with a disability," said the Assistant Treasurer.

"These are very important changes that can have a real impact on the amount of tax people with a disability will bear."

"Taxing the income of the trust at the personal tax rate of the beneficiary, rather than at the top rate of tax (46.5 per cent including the Medicare levy), will ensure these trusts are not penalised when income is retained to pay for the future care and accommodation needs of the beneficiary."

"For example, if there was \$20,000 of unexpended trust income and the beneficiary's marginal tax rate was 16.5 per cent (including the Medicare levy), the savings would be \$6,000."

Special disability trusts were established in 2006 to help families and carers provide for the current and future care and accommodation needs of a family member with a severe disability.

"The Rudd Government had increased funding for disability services, raised the Disability Support Pension and offered extra support to carers, as part of its commitment to improving the lives of people with disability," said the Parliamentary Secretary for Disabilities, the Hon Bill Shorten MP.

"Disability trusts are already benefitting many people with disability and their families, and these changes will make them even better," Mr Shorten said.

"I would encourage people with disabilities who wish to express an opinion on the future development of these trusts to get involved in the consultations," Mr Shorten said.

The consultation period ends on 31 August, 2009 and copies of the consultation paper can be obtained from [www.treasury.gov.au](http://www.treasury.gov.au).

"The Government remains committed to a strong process of consultation on tax measures and I look forward to hearing from all interested parties," said the Assistant Treasurer.