

New Family Trust Tax Rules – Will the Changes Impact You?

If your trust pays adult-child beneficiaries, then you'll need to know how the new ATO tax guidance rules could alter your beneficiary arrangements. The proposed changes won't affect every small business operating through a trust arrangement, but it's important to check that existing provisions meet the new requirements.

The ATO has released several [related documents](#) as a draft package that outlines specific taxpayer arrangements it is examining. It is interested in agreements where parents benefit from trust income allocated to their children or other family members, particularly where tax avoidance could be an issue, and family member beneficiaries are unaware of the provisions.

Another area of focus is the application of Division 7A rules to trusts that pay private companies, especially with related business entities and where the trust and company are part of the same family group.

Do Your Trust Distribution Arrangements Need to Change?

Trust beneficiary arrangements can be complex, and we want to make sure your trust arrangements meet the ATO guidelines so you don't get penalised. We'll examine your situation in detail against the new information and advise you if any changes to trust arrangements are required.

With the ATO's stronger position on the taxation of trust distributions, it's essential to review arrangements before the end of this financial year. The new rules are set to apply from 1 July 2022.

Contact our office on 08 6118 6111 or email hello@prescottsolutions.com.au to book a tax planning session with us today, so we can make sure you've got the best beneficiary arrangement for your business and family.