



# Trust tax return and instructions 2024

Use these instructions to help you complete the Trust tax return 2024 (NAT 0660).

**Published** 29 May 2024

## How to get the trust tax return 2024



How to get the trust tax return and instructions and who should complete the Trust tax return 2024.

## What's new for trusts?



Find out what's new in legislation or other changes to consider when lodging the trust tax return.

## Instructions to complete the trust tax return 2024



Instructions for how to complete the Trust tax return 2024.

## How to lodge and pay the trust tax return



How to lodge the trust tax return and when the trustee needs to pay any tax payable.

## Schedules for trusts



Get the information and schedules that you may need to complete and attach to your trust tax return.

## Trust worksheets



Use the trust worksheets to help you work out amounts to include in the Trust tax return 2024.

## Appendixes for the trust tax return



Additional information to help you understand and complete certain sections of your Trust tax return 2024.

## General information for trusts



Information to support your trust tax return lodgment, administration and record-keeping requirements.

QC 101517

# How to get the trust tax return 2024

How to get the trust tax return and instructions and who should complete the Trust tax return 2024.

Published 8 May 2024

## Get the trust tax return

Go to the [Trust tax return 2024](#)  on our Publications Ordering Service (POS) at [iorder.com.au](http://iorder.com.au) to get a copy.

## Get the trust tax return instructions

For help preparing the trust tax return, see [Instructions to complete the Trust tax return 2024](#).

The *Trust tax return instructions 2024* are not available in print.

You can create and save a PDF copy (5.6 MB) from this webpage – select the **Print or Download icon** under the page heading then select **PDF whole topic**.

## Using the trust tax return instructions

All trusts (except for attribution managed investment trusts (AMITs) and attribution corporate collective investment vehicle (CCIVs) sub-fund trusts) need to complete the *Trust tax return 2024* (NAT 0660).

When we say **you** or **your business** in these instructions, we mean either:

- you as the trustee that conducts a business
- you as the registered tax agent or trustee responsible for completing the tax return.

When we say **taxpayer** in these instructions, we mean you as the trustee of the trust as if you were a taxpayer.

These instructions are **not** a guide to income tax law. If these instructions don't fully cover the trusts circumstances, contact us or a recognised tax adviser.

Continue to: [What's new for trusts?](#)

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## What's new for trusts?

Find out what's new in legislation or other changes to consider when lodging the trust tax return.

Last updated 2 July 2024

## Small business – \$20,000 instant asset write-off

The [Treasury Laws Amendment \(Support for Small Business, Charities, and other Measures\) Act 2024](#)  provides a temporary increase to the instant asset write-off threshold to support small business entities (with an aggregated annual turnover of less than \$10 million).

Eligible small business entities can immediately deduct the full cost of eligible depreciating assets costing less than \$20,000 that were first used or installed ready for use for a taxable purpose between 1 July 2023 and 30 June 2024.

The \$20,000 threshold applies on a per asset basis, so small business entities can instantly write off multiple assets. Small business entities are also able to immediately deduct an eligible amount included in the second element of a depreciating asset's cost.

The 5-year 'lock out' rule is suspended until 30 June 2024. This rule prevented small business entities from re-entering the simplified depreciation regime if they opted out.

To claim a deduction under the instant asset write-off, complete item **5** – label **K Depreciation expenses** and item **51** – label **A Deduction for certain assets**.

For more information, see [Small business support – \\$20,000 instant asset write-off](#).

## Small business energy incentive

The [Treasury Laws Amendment \(Support for Small Business, Charities, and other Measures\) Act 2024](#)  provides businesses with an aggregated annual turnover of less than \$50 million with access to a bonus deduction equal to 20% of the cost of eligible assets or improvements to existing assets that support more efficient energy use.

This is a temporary measure to support small businesses to improve their energy efficiency and save on energy bills. The bonus deduction applies to the cost of eligible assets and improvements up to a maximum amount of \$100,000, with the maximum bonus deduction being \$20,000.

To claim the bonus deduction for the small business energy incentive, complete item **5 Reconciliation items** – label **B Expense reconciliation adjustments** and item **52** – label **C Small business energy incentive**

For more information, see [Small business energy incentive](#).

## Thin capitalisation

The [Treasury Laws Amendment \(Making Multinationals Pay Their Fair Share – Integrity and Transparency\) Act 2024](#)  amends thin capitalisation rules for income years commencing on or after 1 July 2023.

Under the new thin capitalisation rules:

- The newly classified 'general class investors' will be subject to one of 3 tests
  - Fixed ratio test.
  - Group ratio test.
  - Third party debt test.
- Financial entities will continue to be subject to the existing safe harbour test and worldwide gearing test or may choose the new third party debt test.
- Authorised deposit-taking institutions (ADIs) will continue to be subject to the previous thin capitalisation rules.
- The arm's length debt test has been removed for all taxpayers.

These rules are supported by the new integrity rules – debt deduction creation rules, which will apply to assessments for income years starting on or after 1 July 2024.

If you answer yes at item **29** – label **O Did the thin capitalisation provisions affect you?**, of the trust tax return 2024, you must complete and attach an [International dealings schedule 2024](#) to the trust tax return.

For more information, see [Thin Capitalisation](#).

## Trust income schedule

From the 2024 income year, if you received one or more distributions from trusts, you must complete a *Trust income schedule 2024* and attach it to your trust tax return. The trust income schedule details each distribution that you receive from trusts.

Complete the schedule if you report a distribution from a trust at:

- item **8** Partnerships and trusts
- item **21** Capital gains
- item **22** Foreign income
- item **23** Other assessable foreign source income.

A trust income schedule is not required for CCIV sub-fund trusts or managed investment trusts.

For information to help you complete the schedule and who must complete the schedule, see [Trust income schedule and instructions 2024](#).

## New and updated labels in the trust tax return 2024

In the *Trust tax return 2024*, the following capital gains tax (CGT) labels have been added or updated at item **58** Statement of distribution:

- **F1** Gross capital gain
- **F2** Capital losses applied
- **F3** CGT discount applied
- **F4** CGT small business concessions applied
- **F5** NCMI capital gains
- **F6** Excluded from NCMI capital gains.

Continue to: [Instructions to complete the Trust tax return 2024](#)

Return to: [How to get the Trust tax return 2024](#)

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# Instructions to complete the trust tax return 2024

Instructions for how to complete the Trust tax return 2024.

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## Instructions for trust information and items 1 to 15



Instructions to complete trust tax return trust information and items 1 to 5.

## Instructions for trust information and items 16 to 32



Instructions to complete trust tax return items 16 to 32.

## Instructions for trust items 33 to 61 and the declaration



Instructions to complete trust tax return trust items 33 to 61 and the declaration.

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# Instructions for trust information and items 1 to 15

Instructions to complete trust tax return trust information and items 1 to 5.

**Published** 8 May 2024

## **Trust information**



Instructions to complete the information that identifies the trust in the tax return.

## **Trust election status, trust type, details and tax payable**



Instructions to complete family trust or interposed entity election, trust type, CCIV referable shares and MIT details.

## **Business description and status items 1 and 2**



Instructions for items 1 to 2 in the trust tax return relating to business description and status of the business.

## **Income excluding foreign income – item 5**



Instructions to complete item 5 relating to business income, expenses and reconciliation items excluding foreign income.

## **Income excluding foreign income – items 6 to 9**



Instructions to complete items 6 to 9 in the trust tax return relating to income of the trust, excluding foreign income.



## Income excluding foreign income – items 10 to 15



Instructions for items 10 to 15 in the trust tax return relating to income of the trust, excluding foreign income.

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## Trust information

Instructions to complete the information that identifies the trust in the tax return.

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## Tax file number (TFN)

Show the TFN of the trust in the boxes provided.

## Attachments to the tax return

If these instructions ask you to provide additional information, attach the additional information to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?**

If you complete the tax return, and you don't need to attach any other documents to it, print **X** in the **No** box.

## Name of trust

Show the name of the trust in the boxes provided. The trust name should be consistent from year to year, except in the year of a name change.

If the name of the trust has legally changed, you need to advise us in writing or over the phone before you lodge the trust tax return.

## Australian business number (ABN)

Show the ABN of the trust in the boxes provided if the trust is registered in the Australian Business Register.

The [ABN is a unique business identifier](#)  used in dealings with government. To be entitled to an ABN the entity must be in business. Any income earned under an ABN must be reported in the trust tax return.

## Previous name of trust, current and previous postal address

Show as shown on the last trust tax return lodged the:

- previous name of the trust (if applicable)
- current postal address
- postal address on previous tax return (if applicable).

Use C/- when 'care of' is part of an address. It is the only acceptable format. Using any other term will delay the processing of the tax return.

## Full name of the trustee to whom notices should be sent

Show the family name and given names of the trustee to whom notices should be sent. If the trustee is a company, show the name and ABN of the company.

If the trust comprises the property of a bankrupt and the estate is being administered by the Official Receiver, print **OFFICIAL TRUSTEE IN BANKRUPTCY** in the box provided for the company name. Leave the individual name box blank.

## Daytime contact phone number

Show a phone number that we can contact the trustee on during business hours.

Continue to: [Trust election status trust type details and tax payable](#)

## Trust election status, trust type, details and tax payable

Instructions to complete family trust or interposed entity election, trust type, CCIV referable shares and MIT details.

Published 30 May 2024

### When you must complete the election status

This item must be completed if the trustee:

- has made or is making a [family trust election](#)
- is revoking or varying an existing family trust election
- has made or is making an [interposed entity election](#)
- is revoking an existing interposed entity election.

If the trustee makes a family trust election or an interposed entity election, you may have to pay [family trust distribution tax](#) if you distribute to an entity outside of the family group of the individual specified in the family trust election.

### Family trust election status

If the trustee of the trust has not made or is not making a family trust election, don't complete this item.

### Making or has previously made a family trust election

If the trustee is making a family trust election specifying the 2004–05 or later income year, write the appropriate income year in the 4–digit box at this item and complete a [Family trust election, revocation or variation 2024](#) specifying the 2004–05 or later income year.

If the trustee has previously made a family trust election specifying an income year before 2023–24, write the appropriate income year in the 4–digit box at this item (for example, for the 2022–23 income year write 2023).

If the trustee has previously made a family trust election specifying an income year before 2004–05 and took advantage of the one-off opportunity in Practice statement law administration [PS LA 2004/1 \(GA\)](#) (Withdrawn) *Lodgment opportunity for family trust and interposed entity elections* to specify an earlier year, write the earlier income year specified in the 4–digit box at this item.

A trustee of the trust can't make a family trust election specifying a year earlier than 2004–05 in the *Trust tax return 2024* (section 272–80 of Schedule 2F to the *Income Tax Assessment Act 1936* (ITAA 1936)).

## Varying the test individual of a family trust election

Print **V** in the single box if the specified individual of a family trust election is being varied from a time in 2023–24. You must complete and lodge a [Family trust election, revocation or variation 2024](#) with the *Trust tax return 2024*.

If the relevant conditions in [section 272–80](#) of Schedule 2F to the ITAA 1936 are satisfied, the trust may vary an election, so a different individual is specified as the individual whose family group is taken into account in relation to the election.

The trust may only vary the specified individual of a family trust election once, except where doing so under [subsection 272–80\(5C\)](#) of Schedule 2F to the ITAA 1936 in relation to a relevant order, agreement or award mentioned in [paragraphs 126–5\(1\)\(a\) to \(f\)](#) of the *Income Tax Assessment Act 1997* (ITAA 1997).

## Revoking a family trust election

Print **R** in the single box if the family trust election made by the trust is being revoked in 2023–24. You must complete and lodge a [Family trust election, revocation or variation 2024](#) with the *Trust tax return 2024*.

A [family trust election](#) can only be revoked by a trust that satisfies the relevant conditions in [section 272–80](#) of Schedule 2F to the ITAA 1936.

## Interposed entity election status

If the trustee of the trust has not made or is not making an interposed entity election, don't complete this item.

## Making or has previously made an interposed entity election

If the trustee is making one or more interposed entity elections this year specifying a day in the 2004–05 or later income year, write the earliest income year specified in the box at this item. Also complete an [Interposed entity election or revocation 2024](#) for each election specifying a day in the 2004–05 or later income years.

If the trustee has previously made one or more interposed entity elections specifying a day in an income year before 2023–24, write the earliest income year specified in the box at this item.

A trustee of the trust can't make an interposed entity election specifying a year earlier than 2004–05 in the *Trust tax return 2024* (section 272-85 of Schedule 2F to the ITAA 1936).

## Revoking an interposed entity election

Print **R** in the single box if an interposed entity election made by the trust is being revoked from 2023–24. You must complete and lodge an [Interposed entity election or revocation 2024](#) with the *Trust tax return 2024*.

An [interposed entity election](#) can only be revoked by a trust that satisfies all the relevant conditions in [section 272-85](#) of Schedule 2F to the ITAA 1936.

### Example 1: new elections, specifying the current year

The trustee has not previously made a family trust election or an interposed entity election, but wants to make a family trust election specifying 2023–24 and make an interposed entity election specifying a day in 2023–24.

Print:

- **2024** in the box at **Family trust election status**
- **2024** in the box at **Interposed entity election status**.

Complete a *Family trust election, revocation or variation 2024* specifying 2023–24.

Complete an *Interposed entity election or revocation 2024* specifying a day in 2023–24.

You can attach the completed forms to the *Trust tax return 2024*.

### Example 2: new elections, specifying an earlier year

The trustee has not previously made a family trust election or an interposed entity election. The trustee decides to make a family trust election specifying 2018–19 and an interposed entity election specifying a day in 2018–19.

Print:

- **2019** in the box at **Family trust election status**
- **2019** in the box at **Interposed entity election status**.

Complete a *Family trust election, revocation or variation 2024* specifying the 2018–19 income year.

Complete an *Interposed entity election or revocation 2024* specifying a day in 2018–19.

You can attach the completed forms to the *Trust tax return 2024*.

### Example 3: additional elections, specifying a current year

The trustee has previously made a family trust election specifying 1998–99 and an interposed entity election specifying a day in 1999–00. The trustee decides to make another interposed entity election specifying a day in 2023–24.

Print:

- **1999** in the box at **Family trust election status**

- **2024** in the box at **Interposed entity election status**.

Complete an *Interposed entity election or revocation 2024* specifying a day in 2023–24.

You can attach the completed forms to the *Trust tax return 2024*.

#### Example 4: revoking a family trust election

The trustee previously made a family trust election specifying 2020–21 and is revoking the family trust election from a day in 2023–24. The trustee has not made any interposed entity elections.

Print:

- **2021** in the box at **Family trust election status**
- **R** in the single box at **Family trust election status** as the trustee is revoking a family trust election.

Complete a *Family trust election, revocation or variation 2024*.

Attach the completed form to the *Trust tax return 2024*.

An interposed entity election is taken to be revoked if the family trust election it relates to is revoked.

#### Example 5: varying a family trust election

The trustee previously made a family trust election specifying 2020–21, and an interposed entity election specifying 2003–04. The trustee is varying the specified individual of the family trust election from the first day in 2023–24.

Print:

- **2021** in the box at **Family trust election status**
- **2004** at **Interposed entity election status**

- **V** in the box at **Family trust election status** as the trustee is varying the specified individual of a family trust election.

Complete a *Family trust election, revocation or variation 2024*.

Attach the completed form to the *Trust tax return 2024*.

## Family trust distribution tax

A consequence of a trust making a family trust election or an interposed entity election is that under [section 271-15](#) or [section 271-20](#) of Schedule 2F to the ITAA 1936 a special tax, family trust distribution tax (FTDT), may be payable. FTDT is payable at 47% by the trustee on any conferral of present entitlement to, or distribution of, income or capital of the trust to persons who are not members of the family group of the specified individual within the meaning of [section 272-90](#) of Schedule 2F to the ITAA 1936.

For this purpose a distribution of income or capital by a trust has the meaning given in [sections 272-45](#) and [272-60](#) of Schedule 2F to the ITAA 1936.

The definition of **family group** includes a former [spouse](#), a former widow or widower, and a former stepchild.

If FTDT is payable by you, complete the [Family trust distribution tax payment advice](#) and post it with your FTDT payment to us at the address on the FTDT payment advice. Make cheques or money orders payable to the Deputy Commissioner of Taxation and print 'Not negotiable' across the cheque. Tender all cheques in Australian currency. Don't send cash by post.

## Interaction between family trust distribution tax and TFN withholding for closely held trust rules

If you are the trustee of a trust that has made a family trust election or an interposed entity election and make a payment or distribution to a beneficiary that is not subject to FTDT, you need to consider the [TFN withholding for closely held trusts](#).

For more information, see [Appendix 11](#).

## Type of trust



Print in the first box the **code** from [Table 1](#) that best describes the type of trust for who you are lodging the trust tax return.

Descriptions of the types of trust are at [Table 2](#).

Print **X** in the second box at **Type of trust** if the trust is also a charity.

**Table 1: Trust codes**

| Code | Type                                                                                                                                                           |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C    | Special disability trust                                                                                                                                       |
| D    | Deceased estate                                                                                                                                                |
| E    | Testamentary trust                                                                                                                                             |
| F    | Fixed trust, other than a fixed unit trust, corporate collective investment vehicle (CCIV) sub-fund trust, or public unit trust described in code U, V, P or Q |
| H    | Hybrid trust                                                                                                                                                   |
| S    | Discretionary trust, where the main source of income of the trust is from service and/or management activities                                                 |
| T    | Discretionary trust, where the main source of income of the trust is from trading activities                                                                   |
| I    | Discretionary trust, where the main source of income of the trust is from investment activities                                                                |
| M    | Cash management unit trust                                                                                                                                     |
| U    | Fixed unit trust, other than a CCIV sub-fund trust or public unit trust described in code P or Q                                                               |
| V    | CCIV sub-fund trust                                                                                                                                            |
| P    | Public unit trust (listed) other than a cash management unit trust or CCIV sub-fund trust                                                                      |
| Q    | Public unit trust (unlisted) other than a cash management unit trust or CCIV sub-fund trust                                                                    |

**Table 2: Description of trusts**

| Type of trust             | Description                                                                                                                                                                                                            |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Deceased estate           | See <a href="#">Appendix 8</a> .                                                                                                                                                                                       |
| Testamentary trust        | A trust that resulted from a will, codicil, court order, or intestacy.                                                                                                                                                 |
| Discretionary trust       | A trust that is not a fixed trust within the meaning of <a href="#">section 272-5</a> of Schedule 2F to the ITAA 1936. See also <a href="#">subsection 102UC(4)</a> of the ITAA 1936.                                  |
| CCIV sub-fund trust       | A sub-fund of a CCIV which in section 195-110 of the ITAA 1997 is taken to be a separate CCIV sub-fund trust and in section 195-115, is taken to be a unit trust.                                                      |
| Fixed trust               | A trust in which persons have fixed entitlements (as defined in <a href="#">section 272-5</a> of Schedule 2F to the ITAA 1936) to all income and capital of the trust at all times during the income year.             |
| Fixed unit trust          | A fixed trust in which interest in the income and capital of the trust are represented by units.                                                                                                                       |
| Hybrid trust              | A trust that is not a fixed trust but in which persons have fixed entitlements (as defined in <a href="#">section 272-5</a> of Schedule 2F to the ITAA 1936) to income or capital of the trust during the income year. |
| Public unit trust         | A fixed unit trust that is a widely held unit trust (as defined in <a href="#">section 272-105</a> of Schedule 2F to the ITAA 1936) at all times during the income year.                                               |
| Public unit trust: listed | A public unit trust in which any of its units were listed for quotation on the official list of a stock exchange in Australia or elsewhere during the income year.                                                     |

|                                |                                                                                                                                                                    |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public unit trust:<br>unlisted | A public unit trust in which none of its units was listed for quotation on the official list of a stock exchange in Australia or elsewhere during the income year. |
| Special disability trust       | A trust that has the meaning given by <a href="#">section 1209L</a> <a href="#">↗</a> of the <i>Social Security Act 1991</i> .                                     |

## CCIV sub-fund trusts

You must answer this question if you used code **V** at [Type of trust](#).

Print **X** in the **Yes** box if the corporate collective investment vehicle (CCIV) sub-fund trust owns shares that are referable to a CCIV sub-fund trust of the same CCIV as the CCIV sub-fund trust.

Otherwise, print **X** in the **No** box.

A CCIV, may have more than one CCIV sub-fund trust.

## Managed investment trusts

Complete the following 3 questions:

- [Is the trust a managed investment trust \(MIT\)?](#)
- [MIT type](#)
- [If the trust is a managed investment trust, has the trustee made an election into capital account treatment?](#)

### Is the trust a managed investment trust (MIT)?

You must answer this question if you used codes **F, M, U, P** or **Q** at [Type of trust](#).

Print **X** in the **Yes** box at this item if the trust is a managed investment trust.

Otherwise, print **X** in the **No** box.

A [MIT](#) is broadly a publicly-held and commercially-operated collective investment trust that invests in primarily passive income activities. A trust qualifies as a MIT if all of the following apply for the income year it operates:

- the trustee is an Australian resident, or the central management and control of the trust is in Australia
- the trust does not carry on or control an active trading business
- the trust is a managed investment scheme
- the trust meets the widely held requirement
- the trust meets the closely held restriction
- the trust is operated or managed by an appropriately regulated entity.

## MIT type

If you answered **Yes** at **Is the trust a managed investment trust (MIT)?**, you must choose a MIT type from the table below and print the code at **MIT type**.

**Table: MIT type and codes**

| MIT type                                                                                                                                                                                                                                                                                                                                                                                                                        | MIT code |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| <p>Withholding MIT</p> <p>A trust is a withholding MIT if it is a MIT (subject to certain exceptions), or would be a MIT except for either:</p> <ul style="list-style-type: none"> <li>• temporary circumstances outside of its control</li> <li>• the trustee of the trust does not make a fund payment in relation to the income year but meets the MIT requirements on the first and last day of the income year.</li> </ul> | <b>W</b> |
| A managed investment trust that is not a withholding MIT.                                                                                                                                                                                                                                                                                                                                                                       | <b>N</b> |
| <p>Clean building MIT</p> <p>A MIT is a clean building MIT if it:</p> <ul style="list-style-type: none"> <li>• holds one or more clean buildings, including the land on which the buildings are situated</li> </ul>                                                                                                                                                                                                             | <b>C</b> |

- |                                                                                                                                                                                                                            |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <ul style="list-style-type: none"><li>• does not derive assessable income from any taxable Australian property, other than from the clean buildings or assets that are reasonably incidental to those buildings.</li></ul> |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

## If the trust is a managed investment trust, has the trustee made an election into capital account treatment?

You must answer this question if you answered **Yes** at **Is the trust a managed investment trust (MIT)?**

If the trust is:

- not a managed investment trust, leave this question blank
- a managed investment trust and the trustee has **never** made an election, print **X** in the **No** box
- a managed investment trust and the trustee has made an election, print **X** in the **Yes** box

## MIT capital treatment rules

The MIT capital treatment rules allow the trustee of an eligible MIT to irrevocably choose to apply the capital gains tax provisions for the taxation of gains and losses on disposal of eligible assets, rather than on revenue account. For the purposes of the MIT capital treatment rules, a disposal also includes ceasing to own, or otherwise realising, the asset.

You must make the election for the first year the trust qualifies as a MIT. The election is irrevocable as long as the MIT remains eligible. If a MIT doesn't make a [capital account treatment election](#) in the first year, it will be taxed on revenue account under general tax law principles.

## Who is eligible to make an election?

The trustee of a [MIT may make a capital treatment election](#). The election must be made in the approved form.

## Is any tax payable by the trustee?

Print **X** in the **Yes** box at this item if the trustee is liable to pay any tax, even if payments have been made in advance. Otherwise, print **X** in

the **No** box.

The trustee is generally liable to pay tax on:

- that part of the net income of the trust that has not been assessed to either a presently entitled beneficiary or the trustee on behalf of a presently entitled beneficiary; see [Is a beneficiary presently entitled to a share of the income of the trust estate?](#)
- shares of the net income of a trust in respect of beneficiaries, whether or not the beneficiaries are acting in their capacity as trustee of another trust estate, who are presently entitled to a share of the income of the trust estate but are non-resident at the end of the income year; see [Non-resident beneficiary additional information](#)
- shares of the net income of a trust in respect of beneficiaries who are presently entitled to a share of the income of the trust estate but are under a legal disability; see [Appendix 10](#)
- if the trust is a special disability trust and the **principal beneficiary** is an Australian resident at the end of the income year, the whole of the net income of the trust
- if an election has been made for the trustee to be assessed on a capital gain of the trust, the amount of the capital gain.

The rate of tax payable by the trustee will depend on the type of trust and the beneficiary's individual circumstances.

If the beneficiary is presently entitled to a share of the income of the trust estate, not under a legal disability, and is a resident at the end of the income year, then the beneficiary, not the trustee, is generally taxed on that same percentage share of the net income of the trust. This amount may be different if any beneficiary or the trustee has been made **specifically entitled** to an amount of franked distribution or capital gains (that is, the capital gain or franked distribution has been streamed to a particular beneficiary).

Net income means the total assessable income calculated as if the trustee was a resident taxpayer, less all allowable deductions, except deductions for net farm management deposits. For more information, see [Appendix 10](#). In the case of any beneficiary with no beneficial interest in the trust corpus, past losses are required to be met out of corpus.

## Request for a non-taxable advice

If the trustee is not assessed on income and a non-taxable advice is required, provide a request on a separate sheet of paper headed 'Request for a non-taxable advice' and include the trust name and TFN with the details.

Sign the request, attach it to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## Final tax return

Print **X** in appropriate box.

If the trustee does not expect to lodge further tax returns, provide a statement on a separate sheet of paper headed 'Final trust tax return' showing:

- the reason the trust will not need to lodge further tax returns
- the manner of disposal of any assets of the trust if not disclosed elsewhere in the tax return.

Attach the statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

If the trust is a subsidiary member of a consolidated group or MEC group, print **X** in the **No** box at **Final tax return** if membership of the group is the only reason the trust will not be required to lodge future returns.

## Electronic funds transfer (EFT)

We need your financial institution details to pay any refund owing to you, even if you have provided them before, including:

- Bank State Branch (BSB) number – 6 digits, don't include spaces or hyphens
- account number – no more than 9 digits, don't include spaces or hyphens
- account name – for example Citizen Pty Ltd. Don't show account type, such as cheque in the account name. Include spaces between

each word and initials where required. If it exceeds 32 characters, provide the first 32 characters only.

Your refund can only be paid into a recognised financial institution account located in Australia.

## **Direct debit**

The trustee can pay tax owing directly from their account using EFT. A trustee can provide separate account details for direct debit and direct refund.

Trustees can arrange direct debit by using a tax agent who can lodge tax returns through the practitioner lodgment service (PLS), or by completing a [Direct debit request form](#). Allow at least 5 working days for processing of the direct debit request form. Tax agents can transmit payment details up to 3 working days before the due date once the direct debit request has been processed.

If the trustee used direct debit last year and the account details provided are correct, you don't need to make another request. The notice of assessment will display a message that the tax debt will be debited from the nominated account on the due date.

If the account details have changed, complete a direct debit request if you want to use direct debit this year.

A direct debit request remains in force until it is cancelled. Cancellations must be received 3 working days before the payment date.

There is no provision for a direct debit election in the tax return. The direct debit request is also available as part of PLS software packages.

Continue to: [Business description and status – items 1 to 2](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

QC 101517

## **Business description and status items 1 and 2**



Instructions for items 1 to 2 in the trust tax return relating to business description and status of the business.

**Published** 30 May 2024

## 1 Description of main business activity

Describe as accurately as possible the business activity from which the trust derived most of its gross income. For example, beef cattle breeding, vegetable growing, clothing manufacturing, confectionary wholesaling, domestic appliance retailing, investing in shares and stocks, investing in residential property.

Don't use general descriptions such as farming, manufacturing, wholesaling or investing.

### Industry code

Show at label **A Industry code** the appropriate industry code for the trust's main business.

Use the [Business industry code tool](#) to find the correct code. Code the business activity as accurately as possible. The industry code is made up of 5 digits. For example, if the industry is 'dairy cattle farming', the code in the tax return is shown as **01600**.

An incorrect code may result in taxpayers not receiving a necessary service or material from us or could lead to incorrect targeting of audits. The industry code provided is also used to publish industry benchmarks in [Taxation statistics](#).

The industry coding regime used by us is a modified version of the [Australian and New Zealand Standard Industrial Classification \(ANZSIC\)](#)  produced jointly by the Australian Bureau of Statistics (ABS) and Statistics New Zealand.

## 2 Status of business

Print **X** at label **B1 Multiple business**, **B2 Ceased business**, or **B3 Commenced business** to represent the appropriate description for the status of the business.

If more than one selection applies, select the first applicable option. If none of the selections applies, leave labels **B1** to **B3** blank.

## Consolidation status

Print **X** at label **Z2 Consolidated subsidiary member** if the trust was a subsidiary member of a consolidated group or MEC group at any time during the income year.

In this case the tax return is for the period during which the trust was not a subsidiary member of a consolidated group or MEC group in the income year (non-membership period). It will be necessary to complete an applicable schedule for periods attributable to the non-membership period.

For more information on reporting multiple non-membership periods during the year, see the *Consolidation reference manual*:

- [Part C – Detailed information](#)
- [C9 – Determine tax liabilities, manage obligations](#) and C9-5: Worked examples.

If the trust was a member of a consolidated group or MEC group for the whole income year, the responsibility for preparing the schedules will rest on the head company of the group.

## Entity status

Complete entity status at labels **G1** and **G2** (if applicable).

### Significant global entity

Print **X** at label **G1 Significant global entity** if the entity was a significant global entity (SGE) for the income year.

An entity is a SGE if it is any of the following:

- a global parent entity with an annual global income of A\$1 billion or more
- a member of a group of entities consolidated for accounting purposes, and one of the other group members is a global parent entity with an annual global income of A\$1 billion or more
- a member of a notional listed company group, and one of the other group members is a global parent entity with an annual global income of A\$1 billion or more.

A notional listed company group is a group of entities that would be required to be consolidated for accounting purposes as a single group,

on the assumption that an entity of the group were a listed company. Disregard any exceptions in accounting principles that may permit an entity not to consolidate with other entities.

An entity is also a SGE if it is a global parent entity, or a member of an actual or notional accounting consolidated group which includes a global parent entity, and the global parent entity has been given a notice by the Commissioner determining that its annual global income would have been A\$1 billion or more for the period had global financial statements been prepared.

For more information about the definition of a SGE and what it means to be a SGE, see [Significant global entities](#).

If you are a SGE, you also need to consider whether you are a [country-by-country \(CBC\) reporting entity](#). CBC reporting entities must complete label **G2**, and may have additional reporting obligations.

## Country-by-country reporting entity

Print **X** at label **G2 Country by country reporting entity** if the entity was a [country by country \(CBC\) reporting entity](#) for the income year.

An entity is a CBC reporting entity if it is either:

- a CBC reporting parent
- a member of a CBC reporting group, and one of the other group members is a CBC reporting parent with an annual global income of A\$1 billion or more.

A CBC reporting group may be a group that is consolidated for accounting purposes as a single group or a notional listed company group. A notional listed company group is a group of entities that would be required to be consolidated for accounting purposes as a single group, on the assumption that an entity of the group were a listed company. Unlike under the SGE definition, the exception to consolidation in the accounting principles related to investment entities is not disregarded. That is, if applicable, the investment entity exception in the accounting principles should be applied when determining whether an entity is a CBC reporting entity.

If an entity was a CBC reporting entity for the whole or part of the preceding income year, it may have CBC reporting obligations.

For more information about the definition of a CBC reporting entity and CBC reporting obligations, see [Country-by-country reporting](#).

Continue to: [Income excluding foreign income – item 5](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Income excluding foreign income – item 5

Instructions to complete item 5 relating to business income, expenses and reconciliation items excluding foreign income.

**Last updated** 5 February 2025

### Business income and expenses – item 5

The amounts you include here, at [Income](#) (label **C** to **G** and label **D** to **H**) and [Expenses](#) (label **P** to **N**), are generally accounting system amounts (which may require specific adjustment. For example, to exclude goods and services tax (GST)) subject to 2 exceptions for small business entities.

Small business entities choosing to use:

- the simplified trading stock rules should use tax values for their closing stock in calculating **Expenses** – label **E Cost of sales**
- the simplified depreciation rules should use tax values for **Expenses** – label **K Depreciation expenses**.

For more information, see [Appendix 13](#).

The accounting system amounts are included on the business profit and loss statements and form the basis of the calculation of the trust's business net income or loss for tax purposes. Make adjustments to these accounting amounts for tax purposes at item **5** [Reconciliation items](#).

GST is payable by entities that are registered, or required to be registered, for GST. If GST is payable on income, exclude the GST from the income derived. Exclude input tax credit entitlements on outgoings

from deductions. Some GST adjustments (occurring, for example, where the percentage of business use of an asset changes) may be included in assessable income or allowed as deductions.

Only include at item **5 Business income and expenses**:

- business income amounts derived directly by the trust (include distributions received from other trusts and partnerships at item **8 Partnerships and trusts**)
- Australian-sourced income (include foreign source income at item **22 Attributed foreign income** and item **23 Other assessable foreign source income**).

Income and expenses are divided into 3 columns:

- primary production, showing relevant amounts of income and expenses from primary production
- non-primary production, showing relevant amounts of income and expenses from non-primary production
- totals, showing the total of the previous 2 columns.

Income subject to foreign resident withholding is shown at label **B** in the **Non-primary production** column and the **Totals** column.

If the trust is eligible and is continuing to use the simplified tax system (STS) accounting method, see [Former STS taxpayers](#). Otherwise, see the information for all trusts.

## Ceasing use of the STS accounting method

If the trust has discontinued using the STS accounting method, business income and expenses that have not been accounted for (because they have not been received or paid) are accounted for in this year. You may need to make additional reconciliation adjustments. See, [Former STS taxpayers](#).

## Income

This section deals with:

- [Gross payments where ABN not quoted](#)
- [Gross payments subject to foreign resident withholding](#)
- [Assessable government industry payments](#)

- [Other business income.](#)

## Gross payments where ABN not quoted

Show at label **C** and **D Gross payments where ABN not quoted**, as appropriate, gross income received by the trust that was subject to withholding where an ABN was not quoted, this includes amounts of tax withheld.

If you show an amount at label **C** or **D**, complete and attach the [Non-individual PAYG payment summary schedule 2024](#) to the trust tax return.

If you complete label **C** or **D**, show the corresponding amount of tax withheld at item **6** – label **T Tax withheld where ABN not quoted**.

## Gross payments subject to foreign resident withholding

Show at label **B Gross payments subject to foreign resident withholding (excluding capital gains)** gross payments to the trust that were regulated foreign resident income. Gross payments include amounts withheld.

Complete label **B** only if the trust is a non-resident trust. For a resident trust, don't include an amount, such as foreign sourced income at label **B**.

'Regulated foreign resident income' refers to payments that are prescribed in the [Taxation Administration Regulations 2017](#) (and former [Tax Administration Regulations 1976](#) [↗](#)) as being subject to the foreign resident withholding measure.

Don't include payments where the amount was varied to nil under the foreign resident withholding measure because the income was not taxable under a tax treaty.

Don't include at this label amounts subject to the foreign resident capital gains withholding. The capital gains should be included at item **21 Capital gains**.

If an amount is printed at label **B**, complete and attach the [Non-individual PAYG payment summary schedule 2024](#) to the trust tax return.

Show gross distributions of regulated foreign resident income from partnerships and other trusts at item **8 Partnerships and trusts**. A *Non-individual PAYG payment summary schedule 2024* is not required for these distributions because they don't have an associated payment summary.

You will not have any primary production amounts at this item.

## Assessable government industry payments

Show at label **E** and **F Assessable government industry payments**, as appropriate, the total amount of assessable government industry assistance. Examples of these payments are:

- bounties
- employee subsidies
- export incentives grants
- industry restructure and adjustment payments
- JobMaker Hiring Credits
- JobKeeper payments (COVID-19)
- Apprentices and Trainees wage subsidy
- fuel tax credits
- producer rebate (wine equalisation tax)
- excise refund scheme for alcohol manufacturers
- product stewardship (oil) benefit.

If the amount at label **E** or **F** includes fuel tax credits, producer rebate (wine equalisation tax), excise refund scheme for alcohol manufacturers or a product stewardship (oil) benefit, print **D** in the **CODE** box at the right of the amount.

Medical practices should show their Medicare payments at label **H Other business income**, not at label **F**.

Generally, government credits, grants, rebates, bounties and subsidies are assessable income in the hands of the recipient if they are received in, or in relation to, the carrying on of a business. This generally includes amounts of a capital nature. However, amounts

relating to the commencement or cessation of a business may not be assessable as income directly, but may give rise to a capital gain.

Also, in certain circumstances, a specific grant or payment may be exempt income or non-assessable non-exempt income.

A number of government grants and payments have been made available to businesses in response to recent natural disasters and COVID-19. Only those grants and payments that are assessable income will need to be included at this item.

**Don't** include at label **E** or **F** the following grants and payments:

- government grants and payments that are tax free
- cash flow boost payments (COVID-19) (non-assessable, non-exempt income).

## Cash flow boost reporting

If the trustee accounts for the cash flow boost as income in the trust's accounting system, the trustee may include it in:

- label **G** and **H Other business income** (as appropriate), and
- the calculation of item **5 Reconciliation items** – label **A Income reconciliation adjustments** as an income subtractions item. As a result, no cash flow boost amount will be reported at item **5 Net income or loss from business** or item **26 Total net income or loss**.

Depending on the terms of the trust deed, if the cash flow boost is considered to be income of the trust estate it would be shown at both:

- item **57 Income of the trust estate** – label **A**
- item **58 Statement of distribution** – label **W Share of the income of the trust estate** for each beneficiary.

The cash flow boost should not be reflected at any other items in the *Trust tax return 2024* or item **58 Statement of distribution**.

## JobMaker hiring credit reporting

The accounting basis you use determines the way you report JobMaker hiring credit payments.

### Accruals accounting basis



JobMaker hiring credit payments are derived when the entity provides us with a valid claim form after each JobMaker period.

JobMaker hiring credit payments relating to valid claim forms made during 2023–24 are assessable in 2023–24.

### Cash accounting basis

JobMaker hiring credit payments are derived when the entity receives those payments. Payments received during 2023–24 are assessable in 2023–24.

For more information, see:

- Taxation Ruling [TR 2006/3](#) *Income tax: government payments to industry to assist entities (including individuals) to continue, commence or cease business*
- [Government grants, payments and stimulus during COVID-19](#).

### Other business income

Show at labels **G** and **H Other business income** as appropriate, other business income such as revenue arising from the sale of goods, services rendered, disposal of depreciated assets, work in progress amounts assessable under [section 15-50](#) of the ITAA 1997 and royalties.

If the Taxation of financial arrangements (TOFA) rules apply to the trust, include other business income from financial arrangements subject to the TOFA rules at label **G** or **H**.

Don't include amounts that are shown at labels **C**, **D**, **B**, **E** and **F**.

If the amount at label **G** or **H** is a loss, print **L** in the box to the right of the loss amount.

If you have included an amount for profit on the sale of depreciating assets at labels **G** or **H**, see [Appendix 6](#).

If you acquired or disposed of crypto assets in carrying on your business in 2023–24, see [Crypto assets and business](#) to determine the appropriate tax treatment.

## Expenses

This section deals with:

- [Foreign resident withholding expenses](#)
- [Contractor, subcontractor and commission expenses](#)
- [Superannuation expenses](#)
- [Cost of sales](#)
- [Bad debts](#)
- [Lease expenses](#)
- [Rent expenses](#)
- [Total interest expenses](#)
- [Total royalty expenses](#)
- [Depreciation expenses](#)
- [Motor vehicle expenses](#)
- [Repairs and maintenance](#)
- [All other expenses](#)
- [Total expenses.](#)

Apart from 2 exceptions for small business entities mentioned below, the amounts you include at labels **P** to **N** are amounts derived from the accounting system or financial statements of the trust. Make any adjustments to these amounts for tax purposes at item **5**

**Reconciliation items – label B Expense reconciliation adjustments.**

Small business entities using the [simplified trading stock rules](#) should use tax values for their closing stock in calculating their cost of sales printed at label **E Cost of sales**.

If the amount at label **E** is a loss, print **L** in the box to the right of the loss amount.

Small business entities using the [simplified depreciation rules](#) should use tax values at label **K Depreciation expenses**.

If the trust is registered or required to be registered for GST, exclude input tax credit entitlements on outgoings from deductions.

If any expenses have been prepaid, the prepayment provisions may affect the timing of the deduction that can be claimed. Generally, the

trust will need to apportion its deduction for prepaid business expenditure over the service period or 10 years, whichever is less.

There are some exceptions to this under the 12-month rule for trusts that are small business entities or would be small business entities if the aggregated turnover threshold was \$50 million. If the amounts shown as expenses at labels **P** to **N** differ from the amount allowable as deductions in 2023–24, make a reconciliation adjustment at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.

For more information, see [Deductions for prepaid expenses 2024](#).

## Foreign resident withholding expenses

Show at label **P Foreign resident withholding expenses (excluding capital gains)** all expenses directly relating to gaining the income included at **Income** – label **B Gross payments subject to foreign resident withholding (excluding capital gains)**.

Don't include:

- these amounts at any other expense entry in item **5**
- any expenses incurred in gaining income not assessable in Australia
- any expenses incurred in relation to amounts subject to foreign resident capital gains withholding.

Complete this entry only if the trust is a non-resident trust. For a resident trust don't include expenses, such as expenses incurred in deriving foreign sourced income, at this entry.

You will not have any primary production amounts at label **P**.

## Contractor, subcontractor and commission expenses

Show at label **C Contractor, subcontractor and commission expenses** the expenditure incurred for labour and services provided under contract, other than those in the nature of salaries and wages. For example:

- payments to self-employed people, such as consultants and contractors
- commissions paid to people not receiving a retainer
- agency fees such as advertising

- service fees such as plant service
- management fees
- consultant fees.

Don't include the following at label **C**:

- expenses for external labour which are incorporated into the amount included at label **E Cost of sales**
- expenses for accounting or legal services; include these at label **N All other expenses**.

For information on the records you need to keep, see [Independent contractor and supplier records – business](#).

## Superannuation expenses

Show at label **D Superannuation expenses** the employee superannuation expenses incurred for the income year.

Employers are entitled to a deduction for eligible contributions made to a complying superannuation, provident, benefit or retirement fund, or retirement savings account (RSA), where the contribution is to provide superannuation benefits for employees or to provide benefits to the employee's dependants on the employee's death. Superannuation benefits mean payments for superannuation member benefits or superannuation death benefits.

Provided certain conditions are met, employers can claim a deduction for eligible superannuation contributions made in respect of a former employee within 4 months of the employee ceasing employment and at any time after the employee ceases employment for defined benefit interests.

You can claim a deduction in the income year in which the contributions are made.

Contributions made to a non-complying fund:

- are not allowable as a deduction
- don't count towards superannuation guarantee obligations.

Under the superannuation guarantee legislation, an employer needs to provide a minimum level of superannuation for employees or pay the

superannuation guarantee charge (SGC) that is payable on the superannuation guarantee shortfall.

The SGC is not a superannuation contribution and is not tax deductible. Employers may not claim a tax deduction for any late contribution that they make to reduce the amount of SGC that they have to pay under the superannuation guarantee late payment measures.

Contributions paid by an employer for employees to a non-complying superannuation fund are fringe benefits and may be subject to tax under the *Fringe Benefits Tax Assessment Act 1986*.

There is no limit on the amount of contributions that can be claimed as a deduction by an employer contributing to a complying superannuation fund or RSA for employees under the age of 75 years. However, the employee may be liable to pay additional tax if their concessional contributions exceed the concessional contributions cap. For more information, see [Caps, limits and tax on super contributions](#).

If an employee has reached 75 years old, there is a restriction on the deduction that can be claimed for an employer contribution to a complying superannuation fund or RSA. For contributions made after the 28th day of the month following the employee's 75th birthday, the deduction claimable is limited to **the greater of** the following amounts:

- the amount of the contribution required under an industrial award, determination or notional agreement preserving State awards
- the amount of the contribution that reduces the employer's charge percentage under the *Superannuation Guarantee (Administration) Act 1992* for the employee.

For more information, see [Key super rates and thresholds](#).

## Cost of sales

Information on completing cost of sales for:

- [Small business entities](#)
- [All other trusts](#).

### Small business entities

If the trust is a small business entity using the simplified trading stock rules, you will need to know the value of its closing stock in order to

calculate label **E Cost of sales**. Small business entities only need to account for changes in the value of their trading stock in limited circumstances. If the trust does not need to account for the change in value of closing stock, its closing stock will equal its opening stock value. If the trust does need to account for the change in value of closing stock, or chooses to do so, see item [41 Closing stock](#) for information about how to calculate the closing stock value.

## All other trusts

Show at label **E Cost of sales** the cost of anything produced, manufactured, acquired, or purchased for manufacture, sale or exchange in deriving the gross proceeds or earnings of the business. This includes freight inwards and may include some external labour costs, if these are recorded in the cost of sales account in the normal accounting procedure of the business.

If the cost of sales account is in credit at the end of the income year (that is, a negative expense) then print **L** in the box at the right of the amount. Don't print brackets around the amount.

For more information on the circumstances that packaging items held by a manufacturer, wholesaler or retailer are **trading stock** as defined in [section 70-10](#) of the ITAA 1997, see Taxation Ruling [TR 98/7](#) *Income tax: whether packaging items (i.e. containers, labels, etc.) held by a manufacturer, wholesaler or retailer are trading stock*.

## Bad debts

Show at label **F Bad debts** the bad debts expenses incurred for the income year.

Include recovery of bad debts as appropriate at item **5 Income** – label **G** or **H Other business income**.

You can't claim a deduction for bad debts unless the debt that is bad has previously been included in your assessable income, or is for money you lent in the ordinary course of carrying on a business of lending money. Accordingly, you can't generally claim a deduction for an unpaid present entitlement that has been written off as a bad debt under section 25-35 of the ITAA 1997.

Under the [Trust loss provisions](#) of Schedule 2F to the ITAA 1936, certain rules have to be satisfied by a trust before the trustee can deduct bad debts or debt equity swap amounts.

Don't include accounting provisions for doubtful debts at label **F**. Include these at label **N All other expenses** then add them back at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**. To calculate the amount of the expense reconciliation adjustment, see [Worksheet 1](#).

Before a bad debt can be claimed, it must be bad and not merely doubtful. The deduction depends upon the facts in each case and, where applicable, the action taken for recovery. For more information, see Taxation Ruling [TR 92/18](#) *Income tax: bad debts*.

You can claim a deduction for partial debt write-offs where only part of a debt is bad and is written off. You can claim a deduction for the amount written off.

Deductions for bad debts may be reduced by the commercial debt forgiveness provisions; see [Appendix 4](#).

You can claim a deduction for losses incurred in debt and equity swaps for debt written off. You may be able to claim a deduction for a debt and equity swap by the trust if the provisions of [sections 63E to 63F](#) of the ITAA 1936 are satisfied. Under these provisions a deduction may be allowable for the difference between the amount of the debt extinguished and the greater of the market value of the equity or the value at which the equity is recorded in the creditor's books at the time of issue. The market value of the equity is the price quoted on the stock exchange or, if the equity is not listed, the net asset backing of the equity.

If the TOFA rules apply to the trust, include all the trust's bad debts from financial arrangements subject to the TOFA rules at label **F**.

## Record keeping

If the trust writes off bad debts during the income year, keep a statement for all debtors in respect of which a write-off occurred, showing:

- their name and address
- the amount of the debt
- the reason why the debt is regarded as bad
- the year that the amount was returned as income.

## Lease expenses

Show at label **G Lease expenses** the expenditure incurred through both finance and operating leases on leasing assets, such as motor vehicles, plant, or other equipment. Don't include the cost of leasing real estate (include this cost at label **H Rent expenses**).

If you include capital expenditure incurred to terminate a lease or licence, you will need to add back the amount at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**. Although capital expenditure to terminate a lease or licence is not deductible in one year, a 5 year straight-line write-off may be allowable (see [section 25-110](#) of the ITAA 1997) for certain capital expenditure incurred to terminate a lease or licence, if the expenditure is incurred in the course of carrying on a business, or in connection with ceasing to carry on a business. For more information, see [Worksheet 1](#).

Expenses incurred under a hire-purchase or instalment sale agreement of goods, are not lease expenses. Such expenses are referred to in [Appendix 6](#).

In some circumstances, lease expenses may be debt deductions for the purposes of the thin capitalisation rules. For information on thin capitalisation, see [Appendix 3](#).

In certain cases, an amount of tax (withholding tax) is withheld from amounts paid or payable under equipment leases to non-residents and overseas branches of residents, and must be remitted to us. This is also subject to the operation of any relevant tax treaties (treaties). If you have withheld amounts from payments to non-residents, you may need to lodge a [PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report](#).

If an amount of lease expense is not allowable as a deduction, such as amounts disallowed under the thin capitalisation rules, add back the amount at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.

## Record keeping

If the trust claims a deduction for the cost of leasing depreciating assets, keep a record of the following:

- a description of the items leased
- full particulars of the lease expenses for each item, including motor vehicles, showing



- who the payments were made to
- the terms of the payments including details of any prepayments or deferred payments
- if any assignment, defeasance, or re-direction to pay the payments was entered into, full particulars of the arrangement including to whom the payments were made
- details of use other than for producing assessable income
- any documents on or relating to the lease of the items.

## Rent expenses

Show at label **H Rent expenses** the expenditure incurred as a tenant for the rent of land and buildings used in the production of income.

## Total interest expenses

Show at label **I Total interest expenses** the interest incurred on money borrowed within Australia and overseas to acquire income-producing assets, to finance business operations or to meet current business expenses.

If the TOFA rules apply to the trust, include all interest incurred on money borrowed within Australia and overseas to acquire income-producing assets, to finance business operations or to meet current business expenses from financial arrangements subject to the TOFA rules at label **I**.

Don't include interest expenses incurred in relation to deriving rental income, these interest deductions are included at item **9 Rent** – label **G Interest deductions**.

The thin capitalisation rules may apply to reduce interest deductions.

These rules place a limit on the amount of interest and other loan costs that can be deducted for Australian tax purposes. For more information, see [Appendix 3](#).

Show the disallowed amount at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.

Distributions made by the issuer of a non-share equity interest are not deductible.

You may not be able to claim interest in certain situations – for example, if it has been incurred for private or domestic purposes.

Show the amount of interest not allowable as a deduction at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.

## Interest paid or payable to non-residents

An amount of tax, withholding tax, is generally required to be withheld from interest paid or payable to non-residents and to overseas branches of residents by the resident payer.

If you:

- are a payer, you must withhold the tax and remit this to us.
- have withheld amounts from payments to non-residents, you may need to lodge a [PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report](#).

Don't use the trust return as a substitute for the *PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report*.

## Record keeping

If interest is paid to non-residents or to overseas branches of residents, keep a record of the following:

- name and address of recipient
- amount of interest paid or credited
- amount of withholding tax withheld and the date on which it was remitted to us.

## Total royalty expenses

Show at label **J Total royalty expenses** the royalty expenses for the income year, include royalties paid to residents and non-residents.

## Royalties paid or payable to non-residents

An amount of tax, withholding tax, is generally required to be withheld from royalties paid or payable to non-residents and to overseas branches of residents by the resident payer.

If you:

- are a payer, you must withhold the tax and remit this to us
- have withheld amounts from payments to non-residents, you may need to lodge a [PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report](#).

Don't use the trust return as a substitute for the *PAYG withholding from interest dividend and royalty payments paid to non-residents – annual report*.

## Record keeping

Keep a record of the following:

- name and address of recipients
- amounts paid or credited
- nature of the benefit derived, for example, a copy of the royalty agreement
- details of tax withheld where applicable and the date on which it was remitted to us.

For more information, see [Appendix 2](#).

## Depreciation expenses

If the trust is an eligible small business entity and has chosen to use the simplified depreciation rules, see [Small business entities applying the simplified depreciation rules](#). Otherwise, see [All other trusts](#) below.

Show at label **K Depreciation expenses** the depreciation expenses of small business entities using the simplified depreciation rules as tax values.

## All other trusts

Show at label **K Depreciation expenses** the accounting or book depreciation expenses for depreciating assets, other than for pool assets. For assets allocated to a pool, include at label **K** the amount of the pool deduction to be claimed for tax purposes.

Don't include at label **K**:

- profit on the sale of a depreciating asset, include at item **5 Income** – label **G** or **H Other business income**

- loss on the sale of a depreciating asset, include at item **5 Expenses** – label **N All other expenses**.

The accounting or book depreciation may differ from the deduction for the decline in value of depreciating assets. Reconcile the deduction for the decline in value of depreciating assets with accounting depreciation at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.

For more information on deductions for the decline in value of depreciating assets, see [Appendix 6](#).

You can also work out your decline in value by using the [Depreciation and capital allowances tool](#).

## Simplifying tax obligations for business

Law Administration Practice Statement [PS LA 2003/8](#) *Practical approaches to low-cost business expenses* provides guidance on 2 straightforward methods, which taxpayers carrying on a business can use to help determine whether expenditure they incur to acquire certain low-cost items is treated as revenue or capital.

Subject to certain qualifications, the 2 methods cover expenditure below a threshold and the use of statistical sampling to estimate total revenue expenditure on low-cost items. The threshold rule allows an immediate deduction for qualifying low-cost business items costing \$100 or less. The sampling rule allows taxpayers with a low-value pool to use statistical sampling to determine the proportion that is revenue expenditure.

A deduction for expenditure incurred on low-cost tangible assets you calculate in accordance with this Practice Statement will be accepted by us.

## Small business entities applying the simplified depreciation rules

If the trust is an eligible small business entity and has chosen to use the simplified depreciation rules, show at label **K Depreciation expenses** the total depreciation deductions being claimed by the trust under the simplified depreciation rules and the uniform capital allowances (UCA) rules. You must also complete:

- item **51** – label **A Deduction for certain assets** for eligible assets where instant asset write-off applies
- item **51** – label **B Deduction for general small business pool** to record the total amount claimed relating to the general small business pool.

A small business entity choosing to use these simplified depreciation rules must use both the instant asset write-off and pooling where applicable. You can't choose to use one and not the other.

Special rules apply if the depreciating asset is a [passenger vehicle](#).

Some depreciating assets are excluded from these simplified depreciation rules, but you may be able to claim a deduction under the UCA rules. Examples of assets excluded from the simplified depreciation rules are:

- horticultural plants (including grapevines) which are deducted under special UCA provisions as specified in [Appendix 6](#)
- assets that are leased out, or will be leased out, by a small business entity for more than 50% of the time on a depreciating asset lease. You can generally claim a deduction under the UCA provisions.

Depreciation deductions are generally available only to the legal owner of the asset. However, an entity is not entitled to claim a deduction for the decline in value of a depreciating asset it leases out under a hire-purchase agreement as the hire-purchase is treated as a sale of the asset to the hirer.

For certain depreciating assets used by a small business entity in the course of carrying on a business of primary production, the entity can choose whether to use these simplified depreciation rules or specific UCA provisions. The specific UCA provisions are those applying to landcare operations, water facilities, fencing assets, fodder storage assets, electricity connections and phone lines. For more information on these specific UCA provisions, see [Appendix 6](#).

As the small business entity depreciation rules apply only to depreciating assets, certain capital expenditure incurred by a small business entity that does not form part of the cost of a depreciating asset may be deducted under the UCA provisions. This includes capital expenditure on certain business-related costs and amounts directly connected with a project. Don't include these amounts at label **K**. Show the amount that you can claim as a deduction at

item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.

For more information on the small business entity depreciation rules, see [Simpler depreciation rules for small business](#).

## Calculating depreciation deductions for small business entities

Only use calculations in [Appendix 15](#) to calculate the depreciation deductions if the trust is an eligible small business entity and has chosen to use these simplified depreciation rules.

If the profit and loss statement of the trust provides the amounts to complete the [worksheet](#), write these amounts. Otherwise, use steps [Appendix 15](#) to calculate the depreciation deductions. Where necessary, apportion your deductions included in the [worksheet](#) between primary production and non-primary production amounts.

## 5 year restriction

The 5-year 'lock out' rule is suspended until 30 June 2024. This rule prevented small business entities from re-entering the simplified depreciation regime if they opted out.

If the trust is a small business entity that has previously chosen to use these simplified depreciation rules but then, in a later year, has chosen to stop using this concession, the trust can again choose to use the simplified depreciation until the end of 30 June 2024.

To notify us of your choice, lodge your tax return and [keep relevant records](#) for the required period of time. You are not required to lodge any other form to notify us of your choice.

## Motor vehicle expenses

Show at label **L Motor vehicle expenses** motor vehicle running expenses only. These expenses include fuel, repairs, registration fees and insurance premiums. They don't include the following expenses shown at labels:

- **G Lease expenses**
- **I Total interest expenses**
- **K Depreciation expenses.**

## Repairs and maintenance

Show at label **M Repairs and maintenance** the expenditure on repairs and maintenance of plant, machinery, implements and premises.

Write back any non-deductible expenditure, such as items of a capital nature or amounts relating to private use of an item included at label **M**, at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**. The following information will help you work out if you should make an expense reconciliation adjustment.

### Repairs

As long as it is not expenditure of a capital nature, you may deduct the cost of repairs to property, plant, machinery or equipment used solely for producing assessable income or in carrying on a business. You can only deduct expenditure on repairs to property used partially for business or income-producing purposes (for example, if the property is used for private purposes or in the production of exempt income) to an extent that is reasonable in the circumstances.

If items are newly acquired, including items acquired by way of a legacy or gift, the cost of remedying defects in existence at the time of acquisition is generally of a capital nature. Expenditure incurred in making alterations, additions or improvements is of a capital nature and is not deductible.

For more information on deductions for repairs, see Taxation Ruling [TR 97/23](#) *Income tax: deductions for repairs*.

### Record keeping

To support any claim for repairs, keep source records showing full details of the nature and cost of repairs to each item.

### All other expenses

Show at label **N All other expenses** the total of all other business expenses for the income year that have not already been included at label **P** to **M**, for example, travel expenses.

- Write back capital and other non-deductible items included at label **N** at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.
- If you have included an amount for a loss on the sale of a depreciating asset at label **N**, see [Appendix 6](#).

- The calculation of some deductions may be affected by the commercial debt forgiveness provisions; see [Appendix 4](#).
- Expenses listed here that are costs associated with borrowing and servicing debt may not be allowable deductions under the thin capitalisation rules; see [Appendix 3](#). Include the non-deductible amount at item **5 Reconciliation items** – label **B Expense reconciliation adjustments**.
- If what you show at label **N** includes an amount that is brought to account under the TOFA rules, also complete item **31 Taxation of financial arrangements (TOFA)**.

## Total expenses

Show at label **O Total expenses** – labels **P to N**, the total of all expense items shown at labels **P to N**.

If there is a negative amount at label **E Cost of sales**, which exceeds the total of expenses shown at labels **P to D** and labels **F to N**, print **L** in the box at the right of the amount printed at label **O**.

## Reconciliation items

### Reconcile operating profit or loss

The reconciliation adjustments reconcile operating profit or loss as shown in the profit or loss account (the accounts) with the trust's net income or loss from business for income tax purposes.

If the trust has included any amounts such as exempt income or non-deductible expenses in the accounts, or has not included amounts which are assessable income or expenditure that is deductible, work out the reconciliation adjustments.

### Income reconciliation adjustments

Show at label **A Income reconciliation adjustments** the net income-related reconciliation adjustments. The amounts included here fall into 2 classes, which either increase or reduce the net adjustment, 'income add backs' and 'income subtractions'.

**Income add backs** are amounts not shown in the accounts, but are assessable income, including timing adjustments. These items



increase the total shown at label **A**.

Examples include:

- any excess of the tax value of closing stock over the tax value of opening stock (other than small business entities using the simplified trading stock rules)
- assessable balancing adjustment amounts on depreciating assets; see [Appendix 6](#)
- limited recourse debt amounts; see [Appendix 6](#)
- other assessable income not included in the accounts, small business entities should see [Appendix 6](#).

**Income subtractions** are income items shown in the accounts, which are not assessable income, including timing adjustments. These items reduce the total shown at label **A**.

Examples include:

- exempt income, including income exempt from Australian tax under a double-tax treaty
- profit on the sale of a depreciating asset; see [Appendix 6](#)
- personal services income (PSI) included in the assessable income of an individual (attributed amount); see item [30 Personal services income](#)
- other income shown in the accounts which is not assessable for income tax purposes; former STS taxpayers should see [Former STS taxpayers](#)
- cash flow boost payments if they have been included in other business income.

To calculate the net amount of the income-reconciliation adjustments, see [Worksheet 1](#).

If the **income subtractions** exceed the **income add backs**, the total is a negative amount. Print **L** in the box at the right of the amounts shown at label **A**.

## Expense reconciliation adjustments

Show at label **B Expense reconciliation adjustments** the net expense related reconciliation adjustments. The amounts included here fall into

2 classes that either increase or reduce the net adjustment, 'expense add backs' and 'expense subtractions'.

**Expense add backs** are expenses shown in the accounts, which are either not tax deductible or are only partly tax deductible, including timing adjustments. These items increase the total shown at label **B**.

Examples include:

- additions to provisions and reserves
- capital expenditure
- certain expenses relating to personal services income that are not deductible; see item [30 Personal services income](#)
- debt deductions denied by the thin capitalisation provisions; see [Appendix 3](#)
- depreciation expenses; see [Note](#)
- expenses relating to exempt income, including expenses relating to tax treaty exempt income
- hire-purchase payments; see [Appendix 6](#)
- income tax expenses
- loss on the sale of a depreciating asset
- luxury car lease payments
- part of prepaid expenses not deductible this year
- penalties and fines
- other non-deductible expenses; former STS taxpayers should see [Former STS taxpayers](#).

Note: Only add back amounts of depreciation expenses if the trust is not a small business entity using the simplified depreciation rules. However, exclude any small business pool deductions included at label **K Depreciation expenses**.

**Expense subtractions** are amounts not shown as expenses in the accounts but are tax deductible, including timing adjustments. These items reduce the total amount shown at label **B**.

Examples include:

- any excess of the tax value of opening stock over the tax value of closing stock
- any expenditure incurred under [Subdivision 40-J](#) of the ITAA 1997 to establish trees in carbon sink forests
- deductible balancing adjustment amounts on depreciating assets; see [Appendix 6](#)
- deduction for decline in value of depreciating assets (other than trusts using the small business entity depreciation rules); see [Appendix 6](#)
- deduction for environmental protection expenses; see [Appendix 6](#)
- deduction for project pool; see [Appendix 6](#)
- deduction for electricity connections and phone lines; see [Appendix 6](#)
- hire purchase agreements, interest component; see [Appendix 6](#)
- deductions for landcare operations and decline in value of water facility, fencing asset and fodder storage asset; see [Appendix 6](#)
- luxury car leases, accrual amount; see [Appendix 6](#)
- part of prepaid expenses deductible this year, but not shown in accounts
- section 40–880 deduction; see [Appendix 6](#)
- bonus deduction for small business skills and training boost; see [Appendix 14](#).
- bonus deduction for small business energy incentive; see [Appendix 14](#).
- other deductible items; former STS taxpayers should see [Former STS taxpayers](#).

For more information on which new depreciation measure applies to an asset, see [Interaction of tax depreciation incentives](#).

If the **expense subtractions** exceed the **expense add backs**, the total is a negative amount. Print **L** in the box at the right of the amount.

To calculate the net amount of the expense reconciliation adjustments, see [Worksheet 1](#).

## Specific reconciliation adjustments

The following provides further information on specific reconciliation adjustments.

### Former STS taxpayers

If the trust is eligible and is continuing to use the STS accounting method, you may need to make additional adjustments; see [Appendix 13](#).

You will need to make adjustments at **Reconciliation items** if the trust:

- uses the STS accounting method, and the amounts shown at **Income** and **Expenses** are not based on the STS accounting method, or
- stops using the STS accounting method.

These adjustments are explained in more detail below. For help with the calculations, see [Worksheet 1](#).

### Trade debtors and creditors as at 30 June 2024

If the trust is eligible, has chosen to continue using the STS accounting method and has included, as income at item **5**, amounts of ordinary income that have been derived but not received in 2023–24, the amounts not received (for example, trade debtors at 30 June 2024) are not assessable in 2023–24.

Show these amounts as income subtractions at label **A Income reconciliation adjustments**.

If the trust is eligible, has chosen to continue using the STS accounting method and has included, as expenses at item **5**, amounts of general deductions, repairs or tax-related expenses that have been incurred but not paid in 2023–24, then the amounts not paid (for example, trade creditors at 30 June 2024) are not deductible in 2023–24.

Show these amounts as expense add-backs at label **B Expense reconciliation adjustments**.

### Adjustments when ceasing to use the STS accounting method

If the trust has discontinued using the STS accounting method and changed to an accruals accounting method this year, read below.

If the trust has previously not included, as income at item **5**, amounts of ordinary income that were derived but not received while using the STS accounting method (for example, trade debtors at 30 June 2023) these amounts are assessable this year.

Show these amounts as income add backs at label **A Income reconciliation adjustments**.

If the trust has previously not included as expenses at item **5**, amounts of general deductions, repairs or tax-related expenses that were incurred but not paid while using the STS accounting method (for example, trade creditors at 30 June 2023) these amounts are deductible this year.

Include these amounts as expense subtractions at label **B Expense reconciliation adjustments** unless they are tax-related expenses. Include the deduction for tax-related expenses at item **18 Other deductions**.

## Disposal of depreciating assets

If the trust has disposed of (ceased to hold) depreciating assets during the income year, the following amounts (if any) are income add backs at label **A Income reconciliation adjustments**:

- taxable purpose proportion of the termination value of certain assets disposed of, for which an immediate deduction has been claimed
- if the closing pool balance of the general small business pool is less than zero, amount below zero, and
- assessable balancing adjustment amounts on the disposal (or deemed disposal) of depreciating assets not subject to the small business entity depreciation rules.

Show any deductible balancing adjustment amounts on the disposal of depreciating assets not subject to the small business entity depreciation rules as expense subtractions at label **B Expense reconciliation adjustments**.

## Prepaid expenses (immediate deduction)

Small businesses and entities that would be small business entities if the aggregated turnover threshold was \$50 million are entitled to an immediate deduction for prepaid expenses if:

- the expenditure is incurred for a period of service not exceeding 12 months, and
- the eligible service period ends on or before the last day of the next year of income.

If the eligible service period is more than 12 months, or ends after the next year of income, you must apportion the deduction for the expenditure over the eligible service period or 10 years, whichever is less.

For more information, see [Deductions for prepaid expenses 2024](#).

If expense amounts include prepaid expenses that differ from the amounts allowable as deductions in 2023–24, make the reconciliation adjustment at label **B Expense reconciliation adjustments**.

### **Prepaid expenses (apportionment)**

The trust's total deduction for prepaid expenses in 2023–24 may comprise 2 components:

- the part of prepaid expenses incurred in 2023–24 that relates to that income year
- that part of the 2022–23 or earlier income year's expenses that were not deductible in that income year, but are deductible in 2023–24 under the prepayment rules.

For more information, see [Deductions for prepaid expenses 2024](#).

If expense amounts include prepaid expenses that differ from the amounts allowable as deductions in 2023–24, make the reconciliation adjustment at label **B Expense reconciliation adjustments**.

### **Trading stock on hand (other than small business entities using the simplified trading stock rules)**

Reconciliation adjustments will be required where the tax values of trading stock on hand have not been used in calculating the amount included at label **E Cost of sales**. Any excess of the tax value of closing stock over the tax value of opening stock would be an income add back. Any excess of the tax value of opening stock over the tax value of closing stock would be an expense subtraction. If you have used accounting values for trading stock on hand in calculating the amount included at label **E**, you will need to take further reconciliation adjustments from those amounts.

For more information on the tax value of trading stock, see item [39 Opening stock](#) and item [41 Closing stock](#).

## Net income or loss from business

The trust's net income or loss from business is the amount of the trust's net income or loss for tax purposes that is from business. It is the total business income less total expenses incurred in producing that income according to the accounting systems, adjusted by any tax reconciliation items.

Show at label **S Net income or loss from business** in the totals column:

- total business income, **minus**
- label **O Total expenses**, **plus** or **minus**
- label **A Income reconciliation adjustments** and label **B Expense reconciliation adjustments**.

If the amount at label **S** is an overall loss, print **L** in the box at the right of the amount.

The amount at label **S** equals the sum of the net income or loss from business at:

- label **Q** for primary production, and
- label **R** for non-primary production.

If the amount at label **Q** or **R** is a loss, print **L** in the box at the right of the amount.

## Net small business income

Is the trust a small business entity?

- **No** – Go to item [6 Tax withheld](#).
- **Yes** – Read on.

The trust must work out the net small business income. Beneficiaries who are individuals need to know their share of net small business income to claim the small business income tax offset in their own tax return if they are entitled to it.

An individual is only entitled to the offset in respect of a share of net small business income received from a small business entity trust in which they are a beneficiary, where the business income was derived by that trust from carrying on its own business activities.

Trustees and beneficiaries who are prescribed persons (under 18 years of age and not excepted persons) are not entitled to the offset.

The net small business income is the trust's assessable income from carrying on a small business, less any deductions to the extent that they are attributable to that assessable income. If the trust carries on multiple businesses, combine the trust's assessable income and attributable deductions to work out the net small business income.

Don't include:

- any net capital gains from assets used in carrying on the business
- any personal services income not produced from conducting a personal services business
- any of the following deductions
  - tax-related expenses
  - gifts or contributions
  - tax losses from prior years.

## Completing item 5V Net small business income

Follow the steps below.

**Step 1** Did the trust have any business income or deductions at items other than at label **S Net income or loss from business**?

- **No** – The amount at item **5** – label **S Net income or loss from business** is your net small business income. Show this amount at item **5** – label **V Net small business income**. You have completed this section. Go to item [6 Tax withheld](#).
- **Yes** – Read on.

**Step 2** If you had any of the following, use [Worksheet 1a](#) to work out your net small business income:

- foreign source business income at item **23 Other assessable foreign source income**



- attributed foreign business income at item **22 Attributed foreign income**
- interest income earned in the course of carrying on the business at item **11 Gross interest**
- dividend income earned in the course of carrying on the business included at item **12 Dividends** – for example, dividends earned in the course of carrying on a share trading business
- any business income not already included at item **5 Income** – labels **C** to **G** and labels **D** to **H**
- any business deductions not already included at item **5 Expenses** – labels **P** to **N** – for example, debt deductions against foreign source business income claimed at item **18 Other deductions**.

For more information, see [Small business income tax offset](#).

Continue to: [Income excluding foreign income – items 6 to 9](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Income excluding foreign income – items 6 to 9

Instructions to complete items 6 to 9 in the trust tax return relating to income of the trust, excluding foreign income.

**Published** 30 May 2024

### 6 Tax withheld



Instructions to complete item 6 in the trust tax return relating to tax withheld.

## 8 Partnerships and trusts



Instructions to complete item 8 share of income and distributions from other trusts and partnerships.

## 9 Rent



Instructions to complete item 9 in the trust tax return relating to income and deductions for rental property.

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## 6 Tax withheld

Instructions to complete item 6 in the trust tax return relating to tax withheld.

**Published** 30 May 2024

### Tax withheld where ABN not quoted

Show at label **T Tax withheld where ABN not quoted** the total of amounts withheld from income subject to withholding where an ABN was not quoted. This amount equals the total of the amounts shown in the tax withheld boxes on the *Non-individual PAYG payment summary schedule 2024*.

For instructions on completing the schedule, see [Non-individual PAYG payment summary schedule 2024](#).

Don't include any share of amounts withheld that is a distribution from another trust or partnership where an ABN was not quoted. Show this at item **8 Partnership and trusts** – label **C Share of credit for tax withheld where ABN not quoted**.

If you show an amount of tax withheld at label **T**, you need to declare, as appropriate, the corresponding gross income at:

- item **5** – label **C Gross payments where ABN not quoted**

- item **5** – label **D Gross payments where ABN not quoted**.

## Credit for tax withheld – foreign resident withholding

Complete this entry only if the trust is a non-resident trust and the amount was withheld in Australia and remitted to us.

Show at label **U Credit for tax withheld – foreign resident withholding (excluding capital gains)** the total amount of tax withheld from payments subject to foreign resident withholding. Don't include any share of foreign resident withholding credits distributed to the trust from other trusts or partnerships.

Don't include at label **U** any amount for foreign resident capital gains withholding. This amount at item **21 Capital gains** – label **B Credit for foreign resident capital gains withholding amounts**.

If you claim a credit at label **U** for tax withheld under foreign resident withholding, you must show the corresponding gross payments amount at item **5** – label **B Gross payments subject to foreign resident withholding (excluding capital gains)**.

Continue to: [8 Partnerships and trusts](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## 8 Partnerships and trusts

Instructions to complete item 8 share of income and distributions from other trusts and partnerships.

Last updated 2 July 2024

### About partnership and trust distributions

The trust's income from a partnership includes income or a loss that the trust received, was entitled to receive, or was entitled to deduct in respect of that partnership.

The trust's income from other trusts includes the trust's share of the net income (for tax purposes) of the other trusts, which generally corresponds to the percentage share of the other trust's distributable income that the trust received or was entitled to receive as a beneficiary under a will, settlement, deed of gift, or other instrument of trust.

If you report a distribution from a trust at item **8**, complete a [Trust income schedule 2024](#) and attach it to the trust tax return. A trust income schedule is not required for CCIV sub-fund trusts or managed investment trusts.

Distributions from partnerships or shares of the net income of other trusts may include or be attributable to the partnership or trust's share of any:

- TFN amounts withheld from interest, dividends, and unit trust distributions
- franking credits attached to franked dividends received indirectly from an Australian franking company
- amounts withheld where an ABN was not quoted.

Copy the details from any statements of distribution or advice received from the partnerships and other trusts to [Worksheet 2](#). This is the trust's record if we need more details later.

If the partnership or trust statement of distribution or advice includes an amount described as dividends or franking credits from a New Zealand franking company, don't include these at item **8**. Show these amounts at item **23 Other assessable foreign source income**.

Don't include any payments and loans received from trustees or amounts that are debts forgiven by trustees that are treated as dividends under Division 7A of the ITAA 1936. Show these amounts at item **12 Dividends** – label **K Unfranked amount**.

If the partnership or trust statement of distribution or advice includes amounts described as foreign income or capital gains, don't include these at item **8**.

Show foreign income at either:

- item **22 Attributed foreign income**
- item **23 Other assessable foreign source income**.

Show net capital gains (including foreign capital gains) at item **21 Capital gains**.

Amounts of foreign resident capital gains withholding should be shown at item **21** – label **B Credit for foreign resident capital gains withholding amounts**.

Dividends received from listed investment companies (LIC) are not distributions of net capital gains. For more information, see [Guide to capital gains tax 2024](#).

To the extent that family trust distribution tax (FTDT) has been paid on income or capital to which the trust is presently entitled or has been distributed from or received from a partnership or other trust, an amount is excluded from the assessable income of the trust under [section 271-105](#) of Schedule 2F to the ITAA 1936.

For more information on the circumstances that FTDT is payable, see Family trust distribution tax.

If the trust receives or is presently entitled to a share of income which includes an amount, received indirectly from a closely held trust, on which trustee beneficiary non-disclosure tax (TBNT) has been paid, you don't need to include the amount in the trust's assessable income.

Any losses or outgoings incurred in deriving an amount that is excluded from assessable income because FTDT or TBNT has been paid are not deductible. The trust can't claim a tax offset for any franking credits attributable to the whole or a part of a dividend that is excluded from assessable income.

If the TOFA rules apply to the trust, include at item **8 Partnerships and trusts** the trust's share of all primary production and non-primary production income distributed from partnerships or included in the net income (for tax purposes) of other trusts and deductions relating to such amounts. This includes amounts from financial arrangements subject to TOFA rules.

If what you show at this item includes an amount that is brought to account under the TOFA rules, also complete item **31 Taxation of financial arrangements (TOFA)**.

## Primary production

Show at this section:

- [Distribution from partnerships](#)
- [Share of net income from trusts](#)
- [Deductions relating to amounts shown at A and Z](#)
- [Net primary production amount.](#)

## Distribution from partnerships

Show at label **A Distribution from partnerships** the amount of primary production (PP) income or loss distribution from partnerships.

If this amount is a loss, print **L** in the box at the right of the amount.

## Share of net income from trusts

Show at label **Z Share of net income from trusts** the trust's share of primary production income which has been included in the net income (for tax purposes) of other trusts. The statement of distribution or advice from the other trusts should separately show this amount. This amount should include the trust's share of primary production income which has been included in the net income of other trusts where the trust became presently entitled to primary production income of other trusts in the income year but has not yet received it.

If the trust's share of primary production income included in the net income of other trusts is zero because the other trust has made a loss from its primary production activities, print **L** in the box at the right of the amount. Show a loss at label **Z** only if it is a component of an overall distribution of net income from the same trust.

If this amount is not a loss, in the box at label **Z** print the code from [Table 1](#) that best describes the type of trust from which the distribution is made. If this amount is from more than one type of trust, show the code that represents the trust with the greatest amount of distribution.

Note: Don't use code **V** 'CCIV sub-fund trust' at label **Z – Share of net income from trusts**. All references to trust code 'V' and 'CCIV sub-fund trust' within [Table 1](#) should be disregarded in determining the appropriate trust code.

## Deductions relating to amounts shown at A and Z

Show at label **S Deductions relating to amounts shown at A and Z** the trust's deductions for its own expenses relating to primary production distributions from partnerships. Also show at label **S** the trust's deductions for its own expenses in deriving its share of primary production income which has been included in the net income (for tax purposes) of other trusts. Expenses incurred on behalf of those other trusts are not able to be deducted by the trust.

If you have prepaid any expenses, the amount that you can claim at label **S** may be affected by the prepayment provisions. For more information, see [Deductions for prepaid expenses 2024](#).

Expenses listed here that are costs associated with borrowing and servicing debt may not be allowable deductions under the thin capitalisation rules. For more information, see [Appendix 3](#). The disallowed amount reduces the amount that would otherwise be included at label **S**.

## Net primary production amount

Show at label **Net primary production amount** the net result of adding the trust's partnership distributions of primary production income and the trust's share of primary production income that has been included in the net income (for tax purposes) of other trusts less allowable deductions related to that income.

If this amount is a loss, print **L** in the box at the right of the amount.

## Non-primary production

Show at this section:

- [Distribution from partnerships, less foreign income](#)
- [Share of net income from trusts, less capital gains, foreign income and franked distributions](#)
- [Deductions relating to amounts shown at label B and R](#)
- [Franked distributions from trusts](#)
- [Deductions relating to franked distributions from trusts in label F.](#)

## Distribution from partnerships, less foreign income

Show at label **B Distribution from partnerships, less foreign income** the amount of non-primary production income or loss from partnerships. Include any share of credit for tax withheld in Australia due to foreign resident withholding that is attached to the distribution. Also include the share of credit at label **U Share of credit for tax withheld – foreign resident withholding (excluding capital gains)** but don't include amounts subject to foreign resident capital gains withholding.

If the amount at label **B** is a loss, print **L** in the box at the right of the amount.

If the distribution includes franked dividends from a franking entity, check the statement of distribution or advice detailing the distribution to ensure that the amounts to be included here represent both the trust's share of the franked dividend and its share of the franking credit attached to the franked dividend. The franking credit is also included at label **D Share of franking credits from franked distributions**. Franked distributions received from a partnership are shown at label **B** and not at label **F Franked distributions from trusts**.

Don't show at label **B** any dividends or franking credits indirectly received attributable to distributions from a New Zealand franking company here. If the trust received dividends or franking credits indirectly from a New Zealand franking company, see item [23 Other assessable foreign source income](#).

If the trust received a distribution from a partnership and that partnership advised that it claimed a deduction in respect of a LIC capital gain amount, the trust is required to include its share of the deduction allowed to the partnership at item **14 Other Australian income – give details**.

## **Share of net income from trusts, less capital gains, foreign income and franked distributions**

Show at label **R Share of net income from trusts, less capital gains, foreign income and franked distributions** the trust's share of non-primary production income, that was included in the net income (for tax purposes) of other trusts. The statement of distribution or advice from the other trusts should separately show this amount. Include any share of credit for tax withheld in Australia due to foreign resident withholding that is attached to the distribution. Also include the share of credit for tax withheld from foreign resident withholding at label



**U Share of credit for tax withheld – foreign resident withholding (excluding capital gains)** but don't include amounts subject to foreign resident capital gains withholding.

The trust's franked distributions from trusts and its share of the franking credits referable to those franked distributions (the franking credit 'gross-up') are no longer included at the amount shown at label **R**. These amounts are now included at label **F Franked distributions from trusts**. For more instructions on this amount, see [Franked distributions from trusts](#). However, these amounts are still relevant to working out whether the overall share of net income (for tax purposes) from non-primary production activities is a positive amount. Unfranked distributions are still shown at label **R**.

In working out the trust's share of non-primary production income included in the net income (for tax purposes) of other trusts, amounts to which the trust became presently entitled in the income year but has not yet received should also be taken into account.

Although for tax purposes a trust can't distribute a loss, in certain circumstances a trust may have made a loss in relation to its non-primary production activities and yet still have a positive amount of net income because its share of primary production income included in the net income for tax purposes is positive. In these circumstances, for the purposes of certain provisions relating to primary producers, it may be necessary to identify where the trust's share of net income from another trust related to non-primary production activities is a loss, and record this at label **R**.

If the trust's share of non-primary production income which was included in the net income (for tax purposes) of another trust is a loss, print **L** in the box at the right of the amount. Only show a loss at label **R** if the amount is a component of an overall distribution of net income from the same trust. The loss at label **R** should be adjusted for any amounts at labels **F** and **G Deductions relating to franked distributions from trusts in label F** relating to franked distributions from trusts.

If this amount is not a loss, in the box at the right of label **R** print the code from [Table 1](#) that best describes the type of trust from which the distribution is made. If this amount is from more than one type of trust, print the code that represents the trust with the greatest amount of distribution.

Note: Don't use code **V** 'CCIV sub-fund trust' at label **R** **Share of net income from trusts, less capital gains, foreign income and franked distributions**. All references to trust code 'V' and 'CCIV sub-fund trust' within [Table 1](#) should be disregarded in determining the appropriate trust code.

## Deductions relating to amounts shown at label **B** and **R**

Show at label **T** **Deductions relating to amounts shown at labels B and R** the trust's deductions for its own expenses relating to non-primary production distributions from partnerships. Also show at label **T** the trust's own expenses incurred in deriving its share of non-primary production income which has been included in the net income (for tax purposes) of other trusts, except those deductions which are directly related to the earning of franked distributions from trusts which are shown at label **G** **Deductions relating to franked distributions from trusts in label F**. Expenses incurred on behalf of those other trusts are not able to be deducted by the trust.

If any expenses have been prepaid, the amount that you can claim at label **T** may be affected by the prepayment provisions. For more information, see [Deductions for prepaid expenses 2024](#).

Expenses listed here (and where relevant at label **G** relating to franked distributions from trusts) that are costs associated with borrowing and servicing debt may not be allowable deductions under the thin capitalisation rules. For more information, see [Appendix 3](#). The disallowed amount reduces the amount that would otherwise be included at label **T** or where relevant at label **G**.

If FTDT has been paid on income or capital of another trust or partnership that the trust is entitled to or which has been distributed to the trust, an amount is excluded from the trust's assessable income under [section 271-105](#) of Schedule 2F to the ITAA 1936. Don't show this at label **A**, **Z**, **B**, **R** or **F**. You can't claim a deduction for any losses or outgoings incurred in deriving an amount that is excluded from assessable income at label **S**, **T** or **G**. For more information on the circumstances that FTDT is payable, see [Family trust distribution tax](#).

If TBNT has been paid in respect of an amount that would otherwise be assessable to the trust, that amount is excluded from the assessable income of the trust. Don't show that income at label **A**, **Z**, **B**, **R** or **F**. You can't claim a deduction for any losses or outgoings

incurred in deriving an amount which is excluded from assessable income at label **S**, **T** or **G**.

## Franked distributions from trusts

Show at label **F Franked distributions from trusts** the trust's share of the franked distribution (described as franked dividends, franked distributions, or attributable franked distributions), plus its share of the franking credit attached to the franked distribution. The franking credit is also included at label **D Share of franking credits from franked distributions**. Unfranked distributions are shown at label **R Share of net income from trusts, less capital gains, foreign income and franked distributions**.

A franked distribution is a distribution that has a franking credit attached to it and includes both fully and partially franked distributions. If the trust's share of the non-primary production income included in the net income of other trusts includes an amount described as franked dividends, franked distributions or attributable franked distributions, check the statement of distribution or advice detailing the distribution to ensure that the amounts to be included at this entry represent both the trust's share of the franked distribution and its share of the franking credit attached to the franked distribution (the franking credit 'gross-up').

Don't show any share of another trust's non-primary production income included in the net income of that other trust that includes any dividends or franking credits indirectly received which were attributable to distributions from a New Zealand franking company at this entry. Instead, see item [23 Other assessable foreign source income](#).

If the trust received, or was entitled to receive, income from another trust, and that income included a franked distribution (dividend) paid by a LIC, the total franked distribution should be shown at label **F**.

If the trust received, or was entitled to receive, income from another trust, and that trust advised that it claimed a deduction in respect of a LIC capital gain amount, the trust is required to include an amount equal to its share of the deduction allowed to the trust at item **14 Other Australian income – give details**.

## Deductions relating to franked distributions from trusts in label F

Show at label **G Deductions relating to franked distributions from trusts in label F** the trust's deductions for its own expenses incurred in deriving its share of the franked distributions from trusts at label **F Franked distributions from trusts**. The amount of deductions which can be claimed at label **G** may also be limited in circumstances such as those described above. For example, by the prepayment and thin capitalisation rules, or because an amount shown at label **F** was excluded from the trust's assessable income.

## Net non-primary production amount

Show at label **Net non-primary production amount** the net result of adding the partnership distributions of non-primary production income and the trust's share of non-primary production income included in the net income (for tax purposes) of other trusts, less deductions related to that income, plus the amount of the franked distributions from trusts, less the deductions relating to the franked distributions from trusts.

If this amount is a loss, print **L** in the box at the right of the amount.

## Share of credits from income

Show at this section:

- [Share of credit for tax withheld where ABN not quoted](#)
- [Share of franking credits from franked distributions](#)
- [Share of credit for TFN amounts withheld from interest, dividends and unit trust distributions](#)
- [Credit for TFN amounts withheld from payments from closely held trusts](#)
- [Share of credit for tax withheld – foreign resident withholding \(excluding capital gains\)](#).

## Share of credit for tax withheld where ABN not quoted

If the income shown at label **A, Z, B, R** or **F** includes any share of amounts that have had tax withheld where an ABN was not quoted, show any share of credit for the tax withheld at label **C Share of credit for tax withheld where ABN not quoted**. The trust or partnership

statement of distribution or advice should separately disclose this amount.

## Share of franking credits from franked distributions

Show at label **D Share of franking credits from franked distributions** the trust's share of any franking credits from a franking entity received indirectly through a partnership or other trust.

Show franking credits received directly from a paying franking entity at item **12 Dividends** – label **M Franking credit**.

Don't show franking credits relating to a franked dividend received indirectly through a partnership or other trust if any of the following apply:

- They were attributable to a distribution from a New Zealand franking company. If the trust received franking credits indirectly from a New Zealand franking company, see item [23 Other assessable foreign source income](#).
- The holding period rule and related payments rule were not satisfied in relation to the dividend. For more information, see [Appendix 1](#).
- Family trust distribution tax (FTDT) has been paid on the dividend paid or credited by a company that has made an interposed entity election. The dividend is excluded from assessable income under [section 271-105](#) of Schedule 2F to the ITAA 1936. A franking credit or tax offset can't be claimed for any franking credit attached to that dividend. For more information on when FTDT is payable, see [Family trust distribution tax](#).
- Trustee beneficiary non-disclosure tax (TBNT) has been paid on a dividend that is included in a share of net income which the trust, as a trustee beneficiary, is presently entitled to, or which has been distributed to the trust. You can't claim a tax offset for any franking credits attributable to the dividend.

## Share of credit for TFN amounts withheld from interest, dividends and unit trust distributions

Unless an entity claimed an exemption or quoted a TFN, an investment body may withhold amounts from interest, dividends or income of a unit trust to which a beneficiary is presently entitled. These are **TFN amounts withheld**, the current rate is 47% of the payment made.

Show at label **E Share of credit for TFN amounts withheld from interest, dividends and unit trust distributions** the trust's share of any credit for TFN amounts withheld from amounts of interest, dividends and income of unit trusts to which a beneficiary is presently entitled that are received from partnerships or other trusts. Credits for TFN amounts withheld are allowed in the assessments of the beneficiaries or trustees.

## **Credit for TFN amounts withheld from payments from closely held trusts**

Where a beneficiary of a closely held trust does not provide their TFN to the trustee, the trustee may be required to withhold from payments or distributions.

Show at label **O Credit for TFN amounts withheld from payments from closely held trusts** any amounts withheld by a trustee of a closely held trust because a TFN was not provided.

## **Share of credit for tax withheld – foreign resident withholding (excluding capital gains)**

Show at label **U Share of credit for tax withheld – foreign resident withholding (excluding capital gains)** the trust's share of any foreign resident withholding credits received from partnerships or other trusts. Ensure this amount is included in the gross distribution amount at label **B Distribution from partnerships, less foreign income** or label **R Share of net income from trusts, less capital gains, foreign income and franked distributions**.

Amounts may be withheld in Australia from some payments made to certain partnerships or trusts due to the operation of the foreign resident withholding measure. These payments relate to entertainment, sports activities, construction, related activities and casino gaming junket activities.

Don't include amounts of foreign resident capital gains withholding at label **U**. These should be shown at item **21 Capital gains** – label **B Credit for foreign resident capital gains withholding amounts**.

Don't include a share of tax paid under [subsection 98\(4\)](#) from other trusts.

Continue to: [9 Rent](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## 9 Rent

Instructions to complete item 9 in the trust tax return relating to income and deductions for rental property.

**Published** 30 May 2024

### Former STS taxpayers still using the STS accounting method

If the trust is eligible and has chosen to continue using the STS accounting method, calculate labels **F Gross rent**, **G Interest deductions**, and **H Other rental deductions** on the STS accounting method.

For more information, see [Appendix 13](#).

### Small business entities

Depreciating assets used in rental properties are generally excluded from the small business entity depreciation rules on the basis the assets are part of property that is subject to a depreciating asset lease.

For more information, see [Small business entity concessions](#).

### Gross rent

Show at label **F Gross rent** the gross amount of rental income. This item can't be a loss.

Rental income includes booking or letting fees, bond monies if the trust becomes entitled to retain them, any insurance payouts that compensate for lost or forgone rent, and reimbursements from tenants of deductible expenses incurred.

If the trust is registered for GST, and GST is payable in relation to rental income, exclude the GST from gross rent at label **F**.

Show rent from foreign sources at item **23 Other assessable foreign source income**.

## Lease premium received from a CGT event

A capital gain or a capital loss made from the receipt of a lease premium is shown at item **21 Capital gains**.

For more information on CGT events involving leases, see [Guide to capital gains tax 2024](#).

## Interest deductions

Show at label **G Interest deductions** the total deductible amount of interest expense incurred in earning the rental income.

If borrowed monies are used to finance a property investment, interest paid on the borrowing generally is deductible. However, to the extent that the loan is used or refinanced for a private purpose, you must apportion the interest expense to account for the private use.

The thin capitalisation rules may apply to reduce interest deductions. These rules place a limit on the amount of interest and other borrowing costs that can be deducted for Australian tax purposes. For more information, see [Appendix 3](#). The disallowed amount reduces the amount that would otherwise be included at label **G**.

If the TOFA rules apply to the trust, include all interest expenses incurred on monies borrowed to finance a property: this includes interest expense from financial arrangements subject to the TOFA rules at label **G**.

## Capital works deductions

Show at label **X Capital works deductions** the total capital works deductions amount for rental buildings and structural improvements, such as fences, retaining walls and sealed driveways.

For more information on capital works deductions, see [Appendix 5](#).

## Other rental deductions



Show at label **H Other rental deductions** the total of other deductible expenses incurred in earning rental income.

If the trust is registered for GST and GST is payable in relation to rental income, exclude any input tax credit entitlements that arise in relation to expenses from the amount shown at label **H**.

Expenses listed here that are costs associated with borrowing and servicing debt may not be allowable deductions under the thin capitalisation rules; see [Appendix 3](#). The disallowed amount reduces the amount that would otherwise be shown at label **H**.

Deductions for the decline in value of depreciating assets used to earn rental income are generally shown at label **H**. However, if the trust has allocated some of these assets to a low-value pool, you may need to record deductions at item **18 Other deductions**; see [Appendix 6](#).

## Net rent

Show at label **Net rent** the net amount of any rent. If this amount is a loss, print **L** in the box at the amount.

For more information, see [Rental properties guide 2024](#).

Tax agents who lodge trust tax returns through the practitioner lodgment service (PLS) must complete the *Partnerships and trusts rental property schedule 2024* if item **9 Rent** is completed. The schedule is only available to tax agents who lodge via PLS, if you are lodging a paper version of the trust return, you don't complete the schedule.

Continue to: [Income excluding foreign income – items 10 to 15](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Income excluding foreign income – items 10 to 15

Instructions for items 10 to 15 in the trust tax return relating to income of the trust, excluding foreign income.

## **10 Forestry managed investment scheme income**



Instructions to complete item 10 in the trust tax return relating to forestry managed investment scheme income.

## **11 Gross interest**



Instructions to complete item 11 gross interest, including Australian Government loan interest.

## **12 Dividends**



Instructions to complete item 12 relating to dividends in the trust tax return.

## **13 Superannuation lump sums and employment termination payments**



Instructions to complete item 13 super lump sums and death benefit employment termination payments in the tax return.

## **14 Other Australian income and 15 Total of items 5 to 14**



Instructions to complete items 14 other Australian income and 15 Total of items 5 to 14 in the trust tax return.

# 10 Forestry managed investment scheme income

Instructions to complete item 10 in the trust tax return relating to forestry managed investment scheme income.

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## What to include and exclude at item 10

Show at label **Q Forestry managed investment scheme income** the **total** income from the forestry interests that the trust holds in a forestry managed investment scheme (FMIS). The amount you show at label **Q** will depend on the points below.

Don't include capital gains from an FMIS; show these at item **21 Capital gain** – label **A Net capital gain**. For more information on the CGT treatment of the trust's forestry interests, see [Guide to capital gains tax 2024](#).

For information on calculating your income and deductions if the trust is a member of a collapsed agribusiness managed investment scheme, see [Collapse and restructure of agribusiness managed investment schemes – participant information](#).

## Definitions relating to forestry managed investment scheme

A **forestry interest** in an FMIS is a right to benefits produced by the FMIS, whether the right is actual, prospective or contingent, and whether it is enforceable or not.

The **forestry manager** of an FMIS is the entity that manages, arranges or promotes the FMIS.

A trust is an **initial participant** in a FMIS if:

- it obtained its forestry interest in the FMIS from the forestry manager of the scheme, and
- its payment to obtain the forestry interest in an FMIS results in the establishment of trees.

A trust is a **subsequent participant** in an FMIS if it acquired its interest through secondary market trading. This means it acquired its interest other than as an initial participant, usually by purchasing that interest from an initial participant in the scheme.

The amount of the trust's **total forestry scheme deductions** is the total of all the amounts it can deduct or has deducted for each income year it held its forestry interest. For more information on amounts the trust can deduct, see item [17 Forestry managed investment scheme deduction](#).

The amount of the trust's **incidental forestry scheme receipts** is the total of all the amounts it has received from the FMIS in each income year it held its forestry interest, other than amounts received because of a CGT event.

## Participants in an FMIS – for an initial participant

As an initial participant in FMIS, consider:

- [Thinning receipts](#)
- [Sale and harvest receipts – forestry interest no longer held](#)
- [Sale and harvest receipts – forestry interest still held](#).

### Thinning receipts

If the trust received thinning proceeds from its forestry interest, include the actual amount received at label **Q**.

### Sale and harvest receipts – forestry interest no longer held

Include the market value of the forestry interest at the time of the CGT event at label **Q** if the trust:

- ceased holding its forestry interest as a result of a CGT event (because it sold its interest or it received harvest proceeds), and
- has claimed a deduction, or can claim a deduction, or would be entitled to deduct such amounts but for a CGT event happening within 4 years after the end of the income year in which the trust first pays an amount under the FMIS.

## **Sale and harvest receipts – forestry interest still held**

Include at label **Q** the amount by which the market value of the forestry interest was reduced as a result of the CGT event if:

- a CGT event happened and the trust still held its forestry interest (because it sold part of its interest or there was a partial harvest), and
- the trust has claimed a deduction, or can claim a deduction, or would be entitled to deduct such amounts but for a CGT event happening within 4 years after the end of the income year in which the trust first pays an amount under the FMIS.

## **Participants in an FMIS – for a subsequent participant**

As a subsequent participant in FMIS, consider:

- [Thinning receipts](#)
- [Sale and harvest receipts – forestry interest no longer held](#)
- [Sale and harvest receipts – forestry interest still held.](#)

### **Thinning receipts**

If the trust received thinning proceeds from its forestry interest then include the actual amount received at label **Q**.

## **Sale and harvest receipts – forestry interest no longer held**

If the trust:

- ceased holding its forestry interest as a result of a CGT event (because it sold its interest or it received harvest proceeds), and
- has deducted, or can deduct, or could have deducted, an amount if the trust had paid the amount under the scheme in relation to the forestry interest.

Then include at label **Q** the lesser of:

- the market value of the forestry interest at the time of the CGT event, or
- the amount (if any) by which the total forestry scheme deductions exceeded the incidental forestry scheme receipts.

[Example 6](#) shows how to calculate the amount to include at label **Q** where the trust sold its forestry interest.

## Sale and harvest receipts – forestry interest still held

If:

- a CGT event happened and the trust still held its forestry interest (because it sold part of its interest or there was a partial harvest), and
- the trust has deducted, or could have deducted, an amount if the trust had paid the amount under the FMIS in relation to the forestry interest.

Work out:

- the market value of the forestry interest at the time of the CGT event
- the amount (if any) by which the total forestry scheme deductions exceeded the incidental forestry scheme receipts ('net deductions').

Use the lesser of the 2 amounts above in the following formula:

Lesser of 2 amounts above **multiplied by** (the decrease (if any) in the market value of the forestry interest (as a result of the CGT event) **divided by** the market value of the forestry interest just before the CGT event)

Include at label **Q** the amount calculated using the formula.

In a future income year (a year in which the trust receives further proceeds from a harvest or the sale of its forestry interest), disregard the amount of the 'net deductions' that has already been reflected at label **Q**.

[Example 7](#) shows how to calculate the amount to include at label **Q** where there is a harvest payment made and the trust still holds the forestry interest.

## To complete this item

Add up all the amounts you worked out for the trust's FMIS income. Show the total at label **Q**.

See **examples 6** and **7** for how to calculate the amount you show at label **Q** where the trust is a subsequent participant that holds the forestry interest on capital account.

For more information on the CGT treatment of a trust's forestry interest acquired as a subsequent participant, see [Guide to capital gains tax 2024](#).

### Example 6: sale receipts: forestry interest no longer held

Cedar Trust is a subsequent participant in an FMIS. It sold its forestry interest at the market value of \$20,000. The sale of the forestry interest is a CGT event. The original cost base was \$14,000.

In the time that Cedar Trust held the forestry interest, it claimed \$4,000 in deductions (its total forestry scheme deductions) for lease fees, annual management fees and the cost of felling that it paid to the forestry manager.

During an earlier period, it received \$1,500 from thinning proceeds (its incidental forestry scheme receipts).

Cedar Trust will need to include **\$2,500** (that is, \$4,000 – \$1,500) at label **Q**, because this amount is less than the market value of its forestry interest at the time of the CGT event.

#### CGT notes:

- Cedar Trust will take the amount that it included at label **Q** into account when working out the amount to include at item **21 Capital gain** – label **A Net capital gain**.
- The capital gain would be \$3,500. That is, capital proceeds of \$20,000 less cost base of \$16,500. The \$16,500 is made up of \$14,000 plus \$2,500 that was included in assessable income.

## Example 7: harvest receipts: forestry interest still held

Oakey Trust is a subsequent participant in an FMIS. It will receive harvest proceeds over 2 income years. It received the first harvest payment of \$5,000 in 2023–24.

The market value of its forestry interest was \$20,000 just before it received its payment for the first harvest (which is a CGT event). After it received this first harvest payment, the market value of its forestry interest was reduced to \$15,000. Its original cost base was \$14,000.

During the time that it held its interest, Oakey Trust claimed \$4,000 in deductions (its total forestry scheme deductions) for lease fees, annual management fees and the cost of felling that it has paid to the forestry manager. In an earlier period, it received \$1,500 from thinning proceeds (its incidental forestry scheme receipts).

**Step 1** The market value of the forestry interest (at the time of the CGT event) was \$20,000.

The amount by which the total forestry scheme deductions exceed the incidental forestry scheme receipts is \$2,500 (that is, \$4,000 – \$1,500 for the net deductions).

The amount to use in step 2 is \$2,500.

**Step 2** Using the formula above:

$$\$2,500 \times (\$5,000 \div \$20,000) = \$625$$

Oakey Trust disregards the \$625 when determining the amount to include in step 2 for any future income year when it receives harvest proceeds or sells its forestry interest. This is because the \$625 amount is already reflected in its assessable income in the current income year, 2023–24.

**Step 3** As the amount calculated at step 2 is less than the amount calculated at step 1, the Oakey Trust includes **\$625** at label **Q** in its tax return 2024.

**CGT notes:**



- Oakey Trust has disposed of 25% of its forestry interest. It must also calculate the amount it must include at item **21 Capital gain** – label **A Net capital gain**.
- For 2023–24 the capital gain is \$875. That is, capital proceeds of \$5,000 less apportioned original cost base of \$4,125. The \$4,125 is made up of \$3,500 (25% of \$14,000) plus \$625 that is included in assessable income.

Continue to: [11 Gross interest](#)

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## 11 Gross interest

Instructions to complete item 11 gross interest, including Australian Government loan interest.

**Last updated** 2 July 2024

### Interest to include

Show at label **J Gross interest** the interest from banks and credit unions, building societies, debentures, notes and deposits, income accrued on discounted or deferred interest securities, government securities and interest paid by us.

The total, which is the gross amount of interest received or credited, must be included in assessable income.

If the TOFA rules apply to the trust, include all interest received or credited at label **J**. This includes interest from financial arrangements subject to the TOFA rules.

If the trust has received or is entitled to receive an amount described as interest from a cash management trust or other similar trust investment product, include this at item **8 Partnerships and trusts**.

Copy details from all statements to [Worksheet 3](#). Keep the worksheet with your tax records.

Don't include non-share dividends received from holding a non-share equity interest. If the trust holds such an interest, the issuer is obliged to forward a dividend statement with details of the dividends, which should be recorded at item **12 Dividends**.

For more information on non-share dividends and non-share equity interests, see [Debt and equity tests](#).

## Discounted, deferred interest or capital-indexed securities

Show at label **J** the appropriate amount of discount, interest or other gain which accrued this income year on a discounted, deferred interest or capital-indexed security.

## Qualifying security rules

A discounted, deferred interest or capital-indexed security may be subject to the qualifying security rules in Division 16E of the ITAA 1936.

Those rules will only apply if the TOFA rules don't apply (see below). In addition, the security must be one that:

- was issued after 16 December 1984
- had a maturity date more than 12 months from the issue date
- the total of all payments under the security (except periodic interest, for example, a coupon rate) exceeds its issue price by greater than 1.5%.

For more information, see [Guide to taxation of financial arrangements \(TOFA\)](#).

### Example 8: qualifying security rules

On 1 July, a zero-interest-discounted security is issued at \$82.65, redeemable on 30 June after 2 years at a face value of \$100. The investor holds the security until it matures. Where this security is not subject to TOFA, the investor is required to

calculate the effective rate of interest for each 6 month period. In this case, it is 4.88%.

The accrued amount included in the total income each income year is equal to the increase in value of the security in that year, as follows:

**Table 6: Value of security**

| <b>Value of security at:</b> | <b>Year 1 (\$)</b> | <b>Year 2 (\$)</b> | <b>Calculation</b> |
|------------------------------|--------------------|--------------------|--------------------|
| Beginning of year            | 82.65              | 90.91              | a                  |
| Half-year                    | 86.68              | 95.35              | b                  |
| Increase                     | 4.03               | 4.44               | $c = b - a$        |
| End of year                  | 90.91              | 100.00             | d                  |
| Increase                     | 4.23               | 4.65               | $f = d - b$        |
| Increase for year            | 8.26               | 9.09               | $c + f$            |

In the example, the 6 monthly period falls at exactly half-year.

## TFN amounts withheld from gross interest

Show at label **I TFN amounts withheld from gross interest** any TFN amounts withheld from gross interest where a TFN has not been provided to the investment body.

### Record keeping

Keep all documents issued by the investment body that detail payments of income and any TFN amounts withheld from those payments.

Don't attach these documents to the trust tax return; keep them with the trust's tax records.

We may check the amount shown at label **J** with our own records to determine accuracy, see [Data matching](#).

Continue to: [12 Dividends](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## 12 Dividends

Instructions to complete item 12 relating to dividends in the trust tax return.

**Published** 30 May 2024

### When to show dividends

If the trust is a shareholder or holder of a non-share equity interest in a company (including a LIC) or it held units in a corporate unit trust or a public trading trust, that entity will usually give the trustee a dividend (also referred to as a distribution) or non-share dividend statement. The statement is likely to include:

- the name of the entity making the distribution
- the date on which the distribution was made
- the amount of the distribution
- the amount of franking credit allocated to the distribution
- the franking percentage for the distribution
- the amount of any withholding tax deducted from the distribution
- the name of the shareholder
- if the distribution is unfranked, a statement to that effect, or
- if the distribution is franked, the franked amount and the unfranked amount of the distribution.

Show only amounts received directly from Australian companies, corporate limited partnerships, corporate unit trusts and public trading trusts at item **12 Dividends**.

Copy details from all statements to [Worksheet 4](#), and keep the worksheet with the trust's tax records.

Show dividends that are part of a distribution from a managed investment fund or other trust or partnership at item **8 Partnerships and trusts**. Show dividends received from foreign sources, including dividends from a New Zealand franking company with Australian franking credits attached, at item **23 Other assessable foreign source income**.

If the trust was paid a dividend by a LIC and the dividend advice statement shows a LIC capital gain amount, the trust can claim a deduction of 50% of the LIC capital gain amount at item **16 Deductions**.

## **Dividends on which family trust distribution or trustee beneficiary non-disclosure tax has been paid**

To the extent that FTDT has been paid on a dividend paid or credited to the trust by a company that has made an interposed entity election, that amount is excluded from the assessable income of the trust under [section 271-105](#) of Schedule 2F to the ITAA 1936. Don't show it at either label:

- **K Unfranked amount**
- **L Franked amount.**

You can't claim a deduction for any losses or outgoings incurred in deriving an amount that is excluded from assessable income under [section 271-105](#) and you can't claim a credit or tax offset for any franking credit attached to the non-assessable non-exempt portion of the dividend.

Accordingly, don't include any amount at label **M Franking credit** for a franking credit attached to the whole or part of a dividend that is excluded under [section 271-105](#). For more information on the circumstances that FTDT is payable, see [Family trust distribution tax](#).

If TBNT has been paid on a dividend that is included in a share of net income which the trust, as a trustee beneficiary, is presently entitled to or which has been distributed to the trust, then the dividend is not included in the assessable income of the trust.

You can't claim a deduction for any losses or outgoings incurred in deriving these amounts that are excluded from assessable income and you can't claim a tax offset for any franking credits attributable to the dividend.

For more information on dividends, franking credits and tax offset entitlements, see [Appendix 1](#).

## Unfranked amount

Show at label **K Unfranked amount** the gross amount of unfranked dividends, and the unfranked amount of partially franked dividends (if the dividend statement shows this amount separately) received before any TFN amounts were withheld.

If the TOFA rules apply to the trust, include all unfranked dividends that were paid or credited to it by Australian companies in respect of financial arrangements subject to the TOFA rules at label **K**.

If the trust is a holder, or an associate of a holder, of a share or non-share equity interest in a private company and it received:

- directly or indirectly payments or loans forgiven by the company
- loans or debts forgiven by a trustee, where the company has an unpaid present entitlement to income of the trust, or
- payments from a trustee which are attributable to certain unrealised gains, where the company has an unpaid present entitlement to income of that trust.

The amounts of those payments (subject to distributable surplus and in the case of a trust the unpaid present entitlement), loans not repaid or debts forgiven are returned as an unfranked dividend unless they are specifically excluded under the provisions of Division 7A of Part III of the ITAA 1936, or the amount treated as a dividend is franked.

Division 7A was amended to enable certain amounts treated as dividends to be franked, for example, a private company can frank an amount treated as a dividend that arises because of a family law obligation in certain circumstances. For the purpose of these rules, a

**loan** has an extended meaning to also include, for example, the provision of financial accommodation and transactions that are in-substance loans.

Dividends paid under a demerger are generally not assessable dividends. Don't include a dividend paid under a demerger at label **K** unless the head entity of the demerger group has advised that it is an assessable dividend.

## Franked amount

Show at label **L Franked amount** the franked amount of franked dividends received before any TFN amounts were withheld.

If you have received a franked distribution with an associated statement of distribution that does not distinguish between the franked and unfranked portions of the dividend, include the total dividend amount at label **L** and include any attached franking credits at label **M Franking credit**.

## Franking credit

Show at label **M Franking credit** the amount of franking credits received directly from a paying company.

The beneficiaries or trustee may be entitled to a share of the franking credits shown at label **M**. This share will be shown at item **58**

**Statement of distribution**. The amount of franking credits to which they will be entitled will depend on their individual share of the franked distribution received by the trustee, having regard to the deed and any relevant trustee resolutions.

Don't show:

- franking credits if the trustee did not satisfy the holding period rule and the related payments rule in relation to the dividend, or if the dividend washing integrity rule applies – for more information, see [Appendix 1](#)
- franking credits received indirectly via a partnership or other trust; include your share of franking credit from these franked distributions at item **8 Partnerships and trusts** – label **D Share of franking credits from franked distributions**.

- franking credits attached to distributions paid by a New Zealand franking company; if the trust received franked distributions from a New Zealand franking company, see item [23 Other assessable foreign source income](#).

We may check the amounts you show at label **K**, **L** and **M** with our own records to determine accuracy. For more information, see [Data matching](#).

## TFN amounts withheld from dividends

Show at label **N TFN amounts withheld from dividends** the total of TFN amounts withheld from dividends received, less any refund of TFN amounts withheld.

Continue to: [13 Superannuation lump sums and employment termination payments](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## 13 Superannuation lump sums and employment termination payments

Instructions to complete item 13 super lump sums and death benefit employment termination payments in the tax return.

**Published** 30 May 2024

### What to include at item 13

Death benefit employment termination payments (ETPs) and superannuation lump sums paid to trustees of deceased estates are reported at this item.



To complete this question, use the following that your payer would have provided:

- *PAYG payment summary – superannuation lump sum*
- *PAYG payment summary – employment termination payment.*

## **Superannuation death benefits paid to a trustee of a deceased estate**

Show at label **V Death benefit superannuation lump sum where the beneficiary is a non-dependant** the taxed element and at label **W Death benefit superannuation lump sum where the beneficiary is a non-dependant** the untaxed element.

If you have more than one payment summary, unless one or more is an amendment of an earlier payment summary, add the taxed elements together and show the total at label **V** and add the untaxed elements together and show the total at label **W**.

A superannuation death benefit paid to a trustee is taxed in the hands of the trustee in the same way that it would be taxed if paid directly to a beneficiary, that is, portions of the payment are subject to tax to the extent that the beneficiary is a dependant or a non-dependant of the deceased. There is no tax payable to the extent that the payment is made to a [dependant or eligible non-dependant](#) of the deceased.

Eligible non-dependants of deceased members of the Australian Defence Force and Australian police forces (including Australian Protective Services) who have died in the line of duty are to be treated as [dependants](#).

The superannuation fund should have provided you with a *PAYG payment summary – superannuation lump sum* which shows the components of the payment.

The tax-free component of a superannuation death benefit received by a trustee is not subject to tax, regardless of whether the beneficiary is a dependant or non-dependant.

To the extent that a non-dependant is the beneficiary of the estate, the taxable component of the payment is assessable income.

## Death benefit employment termination payments

To the extent that the beneficiary of the estate is a dependant, taxable component amounts up to the ETP cap (\$235,000 for 2023–24) are not subject to tax and are not shown in the return.

Show at label **X Death benefit employment termination payment where the beneficiary is a dependant** amounts above the ETP cap, these amounts are assessable income.

To the extent that a non-dependant is the beneficiary of the estate, the taxable component of the payment is assessable income you should include at label **Y Death benefit employment termination payment where the beneficiary is a non-dependant**.

If you have more than one payment summary, unless one or more is an amendment of an earlier payment summary, add the components that are assessable income together and show them at the appropriate labels.

An ETP paid to a trustee is taxed in the hands of the trustee in the same way that it would be taxed if paid directly to a beneficiary, that is, the portions of the payment are subject to tax to the extent that the beneficiary is a dependant or a non-dependant of the deceased.

The employer should have provided you with a *PAYG payment summary – employment termination payment* which shows the components of the payment.

The tax-free component of an employment termination payment received by a trustee is not subject to tax, regardless of whether the beneficiary is a dependant or a non-dependant.

For more information, see [Recipients of death benefit termination payments](#).

Continue to: [14 Other Australian income and 15 Total of items 5 to 14](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

# 14 Other Australian income and 15 Total of items 5 to 14

Instructions to complete items 14 other Australian income and 15 Total of items 5 to 14 in the trust tax return.

Published 30 May 2024

## 14 Other Australian income

Show at label **O** the total amount of other Australian income.

If the amount is a loss, show **L** in the box at the right of the amount. The following are some examples of the amounts to be included at label **O**:

- [Excepted net income](#)
- [Gains on the disposal of traditional securities](#)
- [Bonuses from life insurance companies and friendly societies](#)
- [Bonuses credited from friendly society income bonds](#)
- [Add backs: Listed investment company \(LIC\) capital gain](#)
- [Royalties](#)
- [Foreign exchange gains or losses](#)
- [TOFA amounts from financial arrangements.](#)

## Excepted net income

Show at label **Excepted net income** and include at label **O** the excepted net income received, excluding net capital gains that are included at item **21 Capital gains** – label **A Net capital gain**.

Provide a statement on a separate sheet of paper:

- detailing the distribution of excepted income to each beneficiary, and
- listing each beneficiary who is considered to be an excepted person, giving supporting reasons.

Attach this statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

For an explanation of excepted income and excepted person, see [Appendix 9](#).

## Gains on the disposal of traditional securities

Show at label **O** any gains on the disposal or redemption of a traditional security which are assessable under [section 26BB](#) of ITAA 1936.

For more information on gains and losses on traditional securities, including traditional securities that are convertible notes or exchangeable notes, see [You and your shares 2024](#).

## Bonuses from life insurance companies and friendly societies

Life insurance policies are issued by life insurance companies and friendly societies.

If, during the year ended 30 June 2024, the trust received any bonuses or other amounts in the nature of bonuses on the maturity, forfeiture, partial or full surrender of a short-term life insurance policy taken out after 27 August 1982, you may need to show the amount at label **O**.

A trust is regarded as having received a bonus if it reinvests or otherwise deals with the bonus during the income year.

Don't include the amount shown on a bonus certificate if the trust:

- received it because of death, accident, illness or other disability suffered by the person on whose life the policy was effected
- received it under a policy held by the trustee of a complying superannuation fund, a complying approved deposit fund or a pooled superannuation trust
- can show that the amount was received because of serious financial difficulties
- received a bonus certificate in respect of an amount allocated to increase the amount receivable on surrender or maturity.

If the policy has a date of commencement of risk on or before 27 August 1982, any bonuses received in 2023–24 are not assessable.

If the policy has a date of commencement of risk after 7 December 1983, include any bonus in assessable income as follows:

- if received during the first 8 years after the date of commencement of risk of the policy, the bonus is included in full
- if received in the ninth- year, two-thirds of the bonus amount is included
- if received in the 10th year, one-third of the bonus amount is included, and
- any amounts received after the 10th year are not included.

If, during the term of the policy, the amount of a premium increases by more than 25% over the previous year's premium, the policy is taken to have started again with a commencement date at the beginning of the policy year in which the premium increased.

The beneficiary or trustee may, in their own tax return, claim a tax offset for a bonus or any other amount in the nature of a bonus included in the income if the organisation issuing the life policy is a:

- life insurance company that pays tax on the income from which the amount was paid, or
- friendly society.

The tax offset for 2023–24 is equal to 30 c in each dollar.

Include the bonus or other amount in the nature of a bonus in the calculation of net income or loss of the trust and apportion it among the beneficiaries in the same ratio as they share in that net income or loss.

If the trust received assessable bonuses from a life insurance company or friendly society, show the total amount at label **O**. To ensure the tax offset is allowed, provide a statement showing the amounts from the life insurance company and friendly society life insurance policies and attach the statement to the tax return. Print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## Record keeping

If a bonus or other amount in the nature of a bonus is included at label **O**, or an amount was not included because of the circumstances under which it was received, keep a record of the following:

- type of policy
- name of the issuing organisation
- policy number
- date the policy was taken out
- bonus statement or advice
- date that each amount was received
- nature of each amount received – for example, bonus, loan or withdrawal
- circumstances under which each amount was received, for example, partial surrender of policy, serious financial difficulties, death, accident, illness or other disability
- basis of calculation of the amount included.

For more information on bonuses received from certain life insurance policies, see Taxation Ruling [IT 2346](#) *Income tax: bonuses paid on certain life assurance policies – section 26AH – interpretation and operation*.

For more information on amounts switched between investment options for the same life insurance policy, see Taxation Determination [TD 94/82](#) *Income tax: does section 26AH of the Income Tax Assessment Act 1936 apply when investment options are 'switched' under an eligible policy?*

## **Bonuses credited from friendly society income bonds**

Include bonuses received from friendly society income bonds at label **O**. The statement of distribution issued by friendly societies to income bond holders will advise the amount that should be included as income. Don't include these amounts in the calculation of the tax offset applicable to bonuses from life insurance policies.

## **Add backs: Listed investment company (LIC) capital gain**

If the trust receives or is entitled to receive income from another trust or a distribution from a partnership which advises it has claimed a deduction for a LIC capital gain amount, the trust is required to add back as income an amount equivalent to its share of the deduction allowed to the partnership or other trust.

## Royalties

For information on royalty income shown at label **O**, see [Appendix 2](#).

## Foreign exchange gains or losses

Show at label **O** assessable Australian source foreign exchange gains or deductible losses that you have not included elsewhere, such as in item **5 Business income and expenses**. If the total amount at label **O** is a loss, print **L** in the box at the right of the amount.

For more information, see [Foreign exchange gains and losses](#).

As foreign currency is a CGT asset, the capital gains tax provisions can apply to any capital gain or capital loss made on a CGT event. Any capital gain would generally be ignored or reduced to prevent double taxation if the gain was assessable under the TOFA rules or [Division 775](#) of the ITAA 1997.

If a trust has made a foreign exchange gain or loss which is subject to CGT, show the capital gain or capital loss at item **21 Capital gains – label A Net capital gain**.

## TOFA amounts from financial arrangements

If the TOFA rules apply to calculate an assessable gain or deductible loss on the trust's financial arrangements, include at this item those assessable gains relating to the financial arrangements.

TOFA amounts that have been included elsewhere should not be included here – for example, amounts that have already been included at:

- item **5 Business income and expenses** – label **S Net income or loss from business**
- item **8 Partnerships and trusts** – label **A Distribution from partnerships**
- item **8 Partnerships and trusts** – label **Z Share of net income from trusts**

- item **11 Gross interest** – label **J**
- item **12 Dividends** – label **K Unfranked amount**
- item **23 Other assessable foreign source income** – label **B Gross**.

If the TOFA rules apply to the trust and the other Australian income shown at label **O** or any other income item includes an amount which is brought to account under the TOFA rules, also complete item [31 Taxation of financial arrangements \(TOFA\)](#).

For more information, see [Guide to taxation of financial arrangements \(TOFA\)](#).

## 15 Total of items 5 to 14

Show at item **15 Total of items 5 to 14** the total of all Australian income. If this amount is a loss, print **L** in the box at the right of the amount.

Continue to: [Instructions for trust tax return items 16 to 32](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Instructions for trust information and items 16 to 32

Instructions to complete trust tax return items 16 to 32.

**Published** 8 May 2024

### Deductions – items 16 to 20



Instructions to complete items 16 to 20 in the tax return relating to deductions for the trust.



## **Capital gains – item 21**



Instructions to complete item 21 in the tax return relating to capital gains for the trust.

## **Foreign income – items 22 to 24**



Instructions to complete items 22 to 24 in the tax return relating to foreign income of the trust.

## **Tax losses deducted – item 25**



Instructions to complete item 25 in the tax return relating to tax losses of the trust.

## **Losses information – item 27**



Instructions to complete item 27 in the tax return relating to losses information.

## **Landcare and water facility tax offset – item 28**



Instructions to complete item 28 in the tax return relating to landcare and water facility tax offset.

## **Overseas transactions – item 29**



Instructions to complete item 29 in the tax return relating to overseas transactions for the trust.

## **Personal services income – item 30**



Instructions to complete item 30 in the tax return relating to

## Taxation of financial arrangements – item 31



Instructions to complete item 31 in the tax return relating to taxation of financial arrangements (TOFA) for the trust.

## Non-concessional MIT income – item 32



Instructions to complete item 32 in the tax return relating to non-concessional managed investment trust (MIT) income.

QC 101517

## Deductions – items 16 to 20

Instructions to complete items 16 to 20 in the tax return relating to deductions for the trust.

Last updated 2 July 2024

### 16 Deductions relating to Australian investment income and franked distributions

If the trust was paid a dividend by a listed investment company (LIC) directly and the dividend included a LIC capital gain amount, the trust can claim a deduction of 50% of the LIC capital gain amount.

If the LIC dividend is franked (either fully or partially) then show at label **R Deductions relating to: Franked distributions** any deduction relating to a LIC capital gain.

If the LIC dividend is unfranked, then show at label **P Deductions relating to: Australian investment income** any deduction relating to the LIC capital gain. The LIC's dividend advice statement shows the LIC capital gain amount.

Include expenses that are directly related to franked distributions which are derived by the trust directly (rather than through another trust or partnership) at label **R**. These deductions should not include deductions shown at item **8 Partnerships and trusts** – label **F Franked distributions from trusts**. Expenses related to unfranked distributions are shown at label **P**.

Expenses listed here that are costs associated with borrowing and servicing debt may not be allowable deductions under the thin capitalisation rules; see [Appendix 3](#). The disallowed amount reduces the amount that would otherwise go at label **P** or **R**.

Deductions for the decline in value of depreciating assets used to earn interest and dividends are generally shown at label **P** or **R**. However, if the trust has allocated some of these assets to a low-value pool, you may need to include deductions at item **18 Other deductions** – label **Q**. For more information, see [Appendix 6](#).

If the TOFA rules apply to the trust, include all deductions relating to Australian investment income from financial arrangements subject to the TOFA rules at label **P** or **R**.

## **Former STS taxpayers still using the STS accounting method**

If the trust is eligible and has chosen to continue using the STS accounting method, it can claim general deductions (for example, interest expense) only when they are paid. For more information on the STS accounting method, see [Appendix 13](#).

## **17 Forestry managed investment scheme deduction**

Show at label **D Forestry managed investment scheme deduction** the total amount of deductible payments made to an FMIS.

A trust may be entitled to claim a deduction at this item for payments made to an FMIS if:

- the trust currently holds a forestry interest in an FMIS, or held a forestry interest in an FMIS during 2023–24
- the trust paid an amount to a forestry manager of an FMIS under a formal agreement

- the forestry manager has advised the trust that the FMIS satisfies the 70% direct forestry expenditure rule in Division 394 of the ITAA 1997
- the trust does not have day to day control over the operation of the scheme
- there is more than one participant in the scheme, or the forestry manager or an associate of the forestry manager manages, arranges or promotes similar schemes, and
- the trees are established within 18 months of the end of the income year in which an amount is first paid under the FMIS by a participant in the scheme.

If the trust is an **initial participant** in an FMIS it can claim initial and ongoing payments at this item. The trust can't claim a deduction if it has disposed of its forestry interest in an FMIS within 4 years after the end of the income year in which it first made a payment. However, the deduction will be allowed if the disposal occurs because of circumstances outside of the trustee's control, provided the trustee could not have reasonably foreseen the disposal happening when they acquired the interest. Disposals that would generally be outside the trustee's control may include compulsory acquisition, insolvency of the trust or the scheme manager, or cancellation of the interest due to fire, flood or drought.

If the trust is a **subsequent participant**, it can't claim a deduction for the amount paid for acquiring the interest. The trust can only claim a deduction for ongoing payments. The deduction is claimed in the income year in which the payment is made.

For definitions of the terms we use in this section, see [Definitions relating to forestry managed investment scheme](#).

## Excluded payments

The trust can't claim a deduction at this item for any of the following payments (see [section 394-10](#) and [section 394-40](#) of the ITAA 1997):

- payments for borrowing money
- interest and payments in the nature of interest (such as a premium on repayment or redemption of a security, or a discount of a bill or bond)

- payments of stamp duty
- payments of GST
- payments that relate to transportation and handling of felled trees after the earliest of the following
  - sale of the trees
  - arrival of the trees at the mill door
  - arrival of the trees at the port
  - arrival of the trees at the place of processing (other than where processing happens in-field)
- payments that relate to processing
- payments that relate to stockpiling (other than in-field stockpiling)
- payments that relate to marketing and sale of forestry produce.

The trust may claim a deduction for some of these expenses at another item.

## 18 Other deductions

Show at label **Q Other deductions** any deductible losses and outgoings not already claimed by the trust at any other items.

If the trust is registered for GST, exclude any input tax credit entitlements for expenses incurred by the trust from the amount recorded at label **Q**.

The following are some examples of the amounts to be included at label **Q**:

- [Former STS taxpayers still using the STS accounting method](#)
- [Losses and outgoings](#)
- [Interest expenses](#)
- [Tax-related expenses](#)
- [Losses on the disposal of traditional securities](#)
- [TOFA amounts from financial arrangements](#)
- [Payment of premiums to a non-resident insurer](#)

- [Gifts](#)
- [Deductions for political contributions and gifts](#)
- [Subscriptions](#)
- [Deductions for depreciating assets in a low-value pool](#)
- [Film industry incentives.](#)

## Former STS taxpayers still using the STS accounting method

If the trust is eligible and has chosen to continue using the STS accounting method, it can claim deductions for the following expenses only when they are paid:

- general deductions, for example interest expense
- tax-related expenses
- expenses for repairs.

For more information on the STS accounting method, see [Appendix 13](#).

## Losses and outgoings

You can claim a deduction for losses and outgoings if they are incurred in gaining or producing assessable income, or necessarily incurred in carrying on a business for the purpose of gaining or producing such income.

However, under [section 25-90](#) of the ITAA 1997, a trust may be able to claim a deduction for costs incurred in obtaining or servicing debt interests (as defined in ITAA 1997) if the costs are incurred in earning foreign source income which is non-assessable non-exempt income under [section 768-5](#) of the ITAA 1997, [section 23AI](#) or [23AK](#) of the ITAA 1936. The amount of the deduction is subject to any reduction required by the thin capitalisation rules. Similar rules apply under [subsection 230-15\(3\)](#) of the ITAA 1997 in relation to your debt interest that is a financial arrangement covered by the TOFA rules.

Debt deductions (such as interest and borrowing costs) incurred in earning assessable foreign source income that are not attributable to an overseas permanent establishment of the taxpayer should be included at label **Q**. You can deduct these expenses against assessable income of the trust, subject to any reduction required

under the thin capitalisation rules. Don't include them in the calculation of the net foreign source income at item **23 Other assessable foreign source income** – label **V Net** or any other item.

You can't claim a deduction for the following:

- losses or outgoings of capital or of a capital, private or domestic nature, except where special provision is made in the income tax law
- expenses incurred in gaining or producing exempt or non-assessable non-exempt income – except certain debt deductions under [section 25-90](#) or [subsection 230-15\(3\)](#) of the ITAA 1997
- penalties or fines
- income tax liabilities
- entertainment, except in very limited circumstances
- costs associated with borrowing and servicing debt to the extent that a deduction is denied under the thin capitalisation rules.

For more information on thin capitalisation, see [Appendix 3](#). The disallowed amount reduces the amount that would otherwise be shown in label **Q**.

## Interest expenses

If a trustee borrows money to pay distributions to a beneficiary, the trustee will only be able to take into account the interest expenses incurred on those borrowed funds when calculating the net income of a trust estate in certain circumstances. See, Taxation Ruling [TR 2005/12](#) *Income tax: deductibility of interest expenses incurred by trustees on funds borrowed in connection with the payment of distributions to beneficiaries*.

In order to be deductible, the interest expense must be sufficiently connected with the assessable income earning activity of the trust. There will be sufficient connection if the purpose of the trustee borrowing funds is to refinance a returnable amount. Trustees who have incurred interest expenses on monies borrowed to pay distributions to beneficiaries should seek advice either from their professional advisers or from us.

## Tax-related expenses

Show at label **Q** any expenses incurred by the trust in the management of its tax affairs. These expenses include:

- the cost of attending an audit by us
- tax planning
- expenditure on your income tax affairs, that is, a fee or commission for professional advice where the advice is provided by a registered tax agent, a barrister or solicitor
- an interest charge imposed by us on taxes and penalties
- a penalty for underestimating a varied GST instalment or PAYG instalment.

Show a deduction for the decline in value of a depreciating asset used in managing the tax affairs of the trust at label **Q**. For more information on working out decline in value, see [Appendix 6](#).

You can't claim a deduction for costs for any offence-related matter, for example, the cost of defending a tax prosecution.

If expenditure allowed or allowable as a deduction is recouped, include the amount recouped in assessable income in the year of recoupment.

## Losses on the disposal of traditional securities

Show at label **Q** any non-capital losses incurred upon the disposal or redemption of a traditional security which are deductible under [section 70B](#) of the ITAA 1936. For more information on gains and losses on traditional securities, including traditional securities that are convertible notes or exchangeable notes, see [You and your shares 2024](#).

## TOFA amounts from financial arrangements

If the TOFA rules apply to calculate an assessable gain or deductible loss on the trust's financial arrangements, include at this item those deductible losses relating to the financial arrangements.

TOFA amounts that have been included elsewhere should not be included here, for example amounts that have already been included at:

- item **5 Business income and expenses** – label **S Net income or loss from business**



- item **9 Rent** – label **G Interest deductions**.

If what you show at label **Q** or any other deduction item includes an amount which is brought to account under the TOFA rules, complete item **31 Taxation of financial arrangements (TOFA)**.

## Payment of premiums to a non-resident insurer

You can only claim a deduction for insurance premiums paid to a non-resident insurer for the insurance of property situated in Australia or of an event which can happen only in Australia where:

- the premium would otherwise be deductible to the trust
- arrangements have been made to our satisfaction for the payment of any tax payable or which may become payable in relation to the premium.

Keep records of the details supporting any claim for a deduction.

## Gifts

Show at label **Q** the deduction for gifts to a deductible gift recipient (DGR). The deduction can't add to or create a tax loss. You may need to reduce the claim where the amount at item **20 Net Australian income or loss** is a loss.

In some trusts, the trustee may have the power to make gifts or donations from the trust fund.

The trust can only claim a deduction for gifts (including cash) made to an organisation which is a DGR. DGRs are endorsed by us or specifically named in income tax law. Some of the types of bodies that can be endorsed as DGRs are public benevolent institutions, school building funds and approved overseas aid funds.

To check whether the organisation is a DGR, see [ABN Lookup](#) .

Gifts of \$2 or more of certain property, or money, may be deductible. This includes:

- gifts of property that we value at more than \$5,000
- property purchased by the donor during the 12 months before the gift was made

- shares valued at \$5,000 or less acquired in an Australian publicly listed company at least 12 months before the gift was made.

If claiming a donation for property that we value at more than \$5,000, or under the Cultural Gifts Program, or to National Trust bodies, keep the required valuation certificates.

A trust may elect to spread deductions over 5 income years or less, where the gift is money, or property that we value at more than \$5,000. Special requirements apply for spreading deductions for certain environmental, heritage and cultural property gifts.

For more information, see [Receiving tax-deductible gifts](#).

## **Deductions for political contributions and gifts**

Only individuals can deduct contributions and gifts to political parties and independent members and candidates; and the individual claiming the deduction must not have made the gift or contribution in the course of carrying on a business.

## **Subscriptions**

Show at label **Q** any expenses incurred for subscriptions paid to:

- trade, business or professional associations
- other organisations where the subscription expense is incurred in producing assessable income
- journals or magazines related to producing assessable income.

Don't claim for fees paid for membership of a sporting or social club, or a political party.

## **Deductions for depreciating assets in a low-value pool**

If the trust has allocated depreciating assets used for different income-producing purposes to its low-value pool (for example, some assets are used for producing rental income, or carrying on a business) and it has not shown them at any other item, show the low-value pool deduction at label **Q**.

For more information, see [Appendix 6](#).

## Film industry incentives

The conditions under which concessions are available for the Australian film industry are explained in [Film industry incentives 2024](#).

## 19 Total of items 16 to 18

Show at item **19 Total of items 16 to 18** the total of items 16 to 18.

## 20 Net Australian income or loss

Show at item **20 Net Australian income or loss** the net income or loss relating to Australian income, that is, total Australian income, minus total deductions at item **19**. If this amount is a loss, print **L** in the box at the right of the amount.

Continue to: [Capital gains – item 21](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

QC 101517

## Capital gains – item 21

Instructions to complete item 21 in the tax return relating to capital gains for the trust.

**Published** 30 May 2024

## Did you have a CGT event during the year?

Did the trust have a CGT event happen during the income year, or did the trust's share of the net income of another trust included an amount attributable to a capital gain made by that other trust?

Print **X** in the **Yes** box at label **G Did you have a CGT event during the year**.

Otherwise, print **X** in the **No** box at label **G Did you have a CGT event during the year**?

If you report a distribution from a trust at item **21**, complete a [Trust income schedule 2024](#) and attach it to the trust tax return. A trust income schedule is not required for CCIV sub-fund trusts or managed investment trusts.

Generally, a trust makes a capital gain or capital loss if certain events or transactions (CGT events) happen. Most commonly, CGT events happen to a trust's CGT assets (for example, the disposal of a CGT asset) while other CGT events relate directly to capital receipts (capital proceeds).

If the trust ceases to hold or use a depreciating asset which was used for both taxable and non-taxable purposes, a CGT event may happen to the asset. A capital gain or capital loss attributable to that non-taxable use may arise. For more information, see [Guide to depreciating assets 2024](#).

An Australian resident makes a capital gain or capital loss if a CGT event happens to any of its worldwide CGT assets.

The CGT discount rules generally don't apply to foreign resident individuals. This may affect trusts with foreign-resident individual beneficiaries. For more information, see [CGT discount for foreign residents](#).

## CGT worksheets and schedules

For more information on CGT events, see [Guide to capital gains tax 2024](#). You may also need:

- a [capital gain or loss worksheet](#) for calculating a capital gain or capital loss for each CGT event
- a [CGT summary worksheet](#) for calculating the trust's net capital gain or capital loss
- a [CGT schedule](#).

The worksheets will help you calculate a trust's net capital gain or capital loss for the income year and complete the CGT entries on the trust tax return. You don't have to complete the worksheets. However, if you do, don't attach them to the trust tax return, but keep them with the trust's tax records.

Complete a *Capital gains tax schedule 2024* and attach it to the trust tax return if the trust had either:

- total current year capital gains greater than \$10,000
- total current year capital losses greater than \$10,000.

## Have you applied an exemption or rollover?

If the trust has capital gains disregarded or deferred as a result of an application of a CGT exemption or rollover, print **X** in the **Yes** box at label **M Have you applied an exemption or rollover?**

If you print **X** in the **Yes** box, you may need to provide details of certain CGT exemptions and rollovers, if you are required to lodge a CGT schedule.

Print in the **CODE** box at label **M** the codes from the list below that describe the CGT exemptions and rollovers from which the trust has applied to disregard or defer a capital gain or capital loss made. If the trust applied more than one CGT exemption or rollover, select all of the codes that apply. If you are lodging by paper, write the code that represents the CGT exemption or rollover that produced the largest amount of capital gain or capital loss deferred or disregarded.

### CGT exemption or rollover codes

- **A** – Small business active asset reduction (Subdivision 152-C)
- **B** – Small business retirement exemption (Subdivision 152-D)
- **C** – Small business rollover (Subdivision 152-E)
- **D** – Small business 15-year exemption (Subdivision 152-B)
- **E** – Non-resident CGT exemption (Division 855)
- **F** – Scrip for scrip rollover (Subdivision 124-M)
- **H** – Demerger exemption (Subdivision 125-C)
- **I** – Main residence exemption (Subdivision 118-B)
- **J** – Capital gains disregarded as a result of the sale of a pre-CGT asset
- **K** – Disposal or creation of assets in a wholly-owned company (Division 122)
- **L** – Replacement asset rollovers (Division 124)

- **M** – Exchange of shares or units (Subdivision 124-E)
- **N** – Exchange of rights or options (Subdivision 124-F)
- **O** – Exchange of shares in one company for shares in another company (Division 615)
- **P** – Exchange of units in a unit trust for shares in a company (Division 615)
- **Q** – Disposal of assets by a trust to a company (Subdivision 124-N)
- **R** – Demerger rollover (Subdivision 125-B)
- **S** – Same asset rollovers (Division 126)
- **T** – Small business restructure rollover (Subdivision 328-G)
- **U** – Early stage investor (Subdivision 360-A)
- **V** – Venture capital investment (Subdivision 118-F)
- **X** – Other exemptions and rollovers.

Use code **T** if you have either received or disposed of an asset under the Small business restructure rollover provisions.

For more information, see [Guide to capital gains tax 2024](#).

If the trust is required to lodge a CGT schedule, you may need to provide details of the capital gains deferred or disregarded as a result of applying certain CGT exemptions and rollovers.

## Net capital gain

The trust's net capital gain is the total capital gains it made for the income year, less its current year capital losses, unapplied prior year net capital losses, CGT discount and any other relevant concessions. The relevant [small business CGT concessions](#) are:

- CGT 50% active asset reduction
- CGT 15-year asset exemption
- CGT retirement exemption
- CGT rollover.

Show at label **A Net capital gain** the amount of the trust's net capital gain. If you have used the CGT summary worksheet or CGT schedule, this is the amount at:

- part **6** – label **6A** of the CGT summary worksheet in [Guide to capital gains tax 2024](#), or
- item 6 – label **A Net capital gain** of the CGT schedule.

If you include an amount at item **32 Non-concessional MIT income (NCMI)** – labels **X NCMI** and **Z Excluded from NCMI** then those amounts must be included in the calculation of the amount at label **A**.

For more information, see:

- [Guide to capital gains tax 2024](#)
- [Losses schedule and instructions 2024](#)
- [Non-concessional MIT income – item 32](#).

## Excepted net capital gain of a minor

Include the amount of any excepted net capital gain of a minor at label **A** and provide a statement on a separate sheet of paper:

- detailing the distribution of excepted net capital gains to each beneficiary, and
- listing each beneficiary who is considered to be an excepted person, giving supporting reasons.

Attach this statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

For an explanation of excepted income and excepted person, see [Appendix 9](#).

## Foreign entities and CGT events

Include at label **A Net capital gain** amounts subject to the foreign resident capital gains withholding.

A capital gain or capital loss from a CGT event may be disregarded if the trust is a foreign trust just before the CGT event happens, if it happens in relation to a CGT asset that is not taxable Australian property; see [section 855-10](#) of the ITAA 1997.

A CGT event in relation to an interest in a fixed trust held by a beneficiary who is a foreign resident may not be subject to CGT if at least 90% of the assets of the fixed trust directly or indirectly through a chain of fixed trusts in which the fixed trust has an indirect or direct interest are not taxable Australian property at the time of the CGT event (see [section 855-40](#)). If you are the trustee of such a fixed trust, you may need to attach sufficient additional information to the statement of distribution provided to the beneficiaries, to enable them to work out their CGT position.

## Credit for foreign resident capital gains withholding amounts

Include the amount of foreign resident capital gains withholding at label **B Credit for foreign resident capital gains withholding amounts**.

For transactions entered into on or after 1 July 2017, a 12.5% withholding obligation will apply to the disposal of:

- taxable Australian real property with a market value of \$750,000 or more
- an indirect Australian real property interest
- an option or right to acquire such property or interest.

Where the vendor of these Australian assets is a foreign resident, the purchaser must pay 12.5% of the purchase price to us as a foreign resident capital gains withholding payment.

The relevant foreign resident claims a credit for the foreign resident capital gains withholding amount **except** where the net income of the trust is less than the withholding amount. In these circumstances the trustee is entitled to the credit for the withholding amount on their running balance account.

The previous market value exemption threshold of \$2 million for real property and 10% withholding rate will apply for any contracts that were entered into before 1 July 2017 (even if settlement is after that date).

For more information, see [Capital gains withholding: Impacts on foreign and Australian residents](#).

Continue to: [Foreign income – items 22 to 24](#)



Return to: [Instructions to complete the Trust tax return 2024](#)

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## Foreign income – items 22 to 24

Instructions to complete items 22 to 24 in the tax return relating to foreign income of the trust.

**Published** 30 May 2024

### 22 Attributed foreign income

For information on calculating the amounts shown at label **M Listed country** and label **X Unlisted country**, see [Foreign income return form guide](#).

Where the trust is a member of a consolidated group or MEC group for the whole income year and derived foreign income, the responsibility for preparing the [International dealings schedule 2024](#) will rest on the head company of the group.

Where a return is required because the trust had a period in the income year when it was not a member of a consolidated group or MEC group (a non-membership period) the trust should complete an [International dealings schedule 2024](#) where it has derived foreign income attributable to the non-membership period.

For more information, see *Consolidation reference manual*, [C9-5-110](#).

### Did you have overseas branch operations or a direct or indirect interest in a foreign trust, foreign company, controlled foreign entity or transferor trust?

If the answer to this question is yes, print **X** in the **Yes** box at label **S**.

Complete the [International dealings schedule 2024](#) and attach it to the trust tax return.

If the answer to this question is no, print **X** in the **No** box at label **S**.

Complete a [Losses schedule 2024](#) and attach it to the trust tax return if the trust:

- has an interest in a controlled foreign company (CFC) that has current year losses greater than \$100,000
- has an interest in a CFC that has deducted or carried forward a loss to later income years greater than \$100,000.

If you report a distribution from a trust at item **22**, complete a [Trust income schedule 2024](#) and attach it to the trust tax return. A trust income schedule is not required for CCIV sub-fund trusts or managed investment trusts.

Print **X** in the **Yes** box at **Have you attached any 'other attachment'?** at the top of the tax return.

With the repeal of the foreign investment fund rules, **foreign trust** in this context refers to a controlled foreign trust.

Overseas branch operations include:

- business operations carried on by an Australian resident entity at or through a fixed place of business in another country
- business operations carried on by a foreign resident entity at or through a fixed place of business in Australia.

Direct or indirect interests in a controlled foreign company or a controlled foreign trust are taken to have the same meaning as set out in [Division 3 of Part X](#) of the ITAA 1936. For the purposes of the controlled foreign company rules, don't trace interests through another Australian entity. For example, if your trust has an interest in an Australian trust, which owns a controlled foreign company, your trust is not regarded as having a direct or indirect interest in the controlled foreign company although your trust must still include any attributable income to which it was presently entitled at item **22 Attributable foreign income**.

A trust has an interest in a transferor trust if the trust has ever made, or caused to be made, a transfer of property or services to a non-resident trust. Transfer of property and services is defined in [section 102AAB](#) of the ITAA 1936.

[Sections 102AAJ](#) and [102AAK](#) of the ITAA 1936 provide guidance on whether there was a transfer, or a deemed transfer, of property or

services to a non-resident trust.

For help completing the schedule and a copy of the schedule, see [International dealings schedule and instructions 2024](#).

If you answered **Yes** and the trust had foreign source business income and is a small business entity, see [Small business income tax offset](#).

## Listed country

Show at label **M Listed country** the amount of gross attributed foreign income from controlled foreign entities and transferor trusts of listed countries. Listed countries are set out in Regulation 19 of the *Income Tax Assessment (1936 Act) Regulation 2015* (ITA (1936)R).

Attributed foreign income is the income attributed to the taxpayer from controlled foreign entities, calculated in accordance with Division 7 of Part X of the ITAA 1936, and includes an amount grossed-up under [section 392](#) of the ITAA 1936, as appropriate, to the extent of any foreign taxes paid.

Show at label **M** the amount of income attributed from a transferor trust that is a listed country trust estate, calculated in accordance with Subdivision D of Division 6AAA of the ITAA 1936.

A listed country trust estate is defined in [section 102AAE](#) of the ITAA 1936.

## Unlisted country

Show at label **X Unlisted country** the amount of attributed foreign income from controlled foreign entities in unlisted countries. Unlisted countries are countries that are not listed in Regulation 19 of the ITA (1936)R.

Show at label **X** the amount of income attributed from a transferor trust if the amount has not been included at label **M**.

## Small business income tax offset

If the trust is a small business entity and has attributed net business income, any individual beneficiaries may be entitled to the [small business income tax offset](#).

See the instructions for item [5 Business income and expenses](#) and complete [Worksheet 1A](#).

The individual beneficiaries will need to know their share of net small business income from the trust to work out their entitlement to the small business income tax offset.

## 23 Other assessable foreign source income

If the trust received assessable dividends directly or indirectly from a New Zealand franking company, the dividends (including any supplementary dividends) must be declared as assessable foreign income even if dividend withholding tax was deducted in New Zealand.

The individual beneficiaries of the trust may be able to claim a foreign income tax offset for any New Zealand dividend withholding tax paid on the dividend. See [Guide to foreign income tax offsets rules 2024](#) to work out whether the dividend is assessable income.

If the dividend from a New Zealand franking company is assessable income, then the amount of the Australian franking credit attached to the dividend is also assessable income. Subject to satisfying certain qualifying criteria, the beneficiaries or trustee may be entitled to a share of the benefit of Australian franking credit attached to the franked dividend. For more information, see [Appendix 1](#).

The dividend may include an amount of New Zealand imputation credits. Australian residents can't claim any amounts of New Zealand imputation credits.

### Gross foreign source income

Show at label **B Other assessable foreign source income: Gross** the gross amount of assessable income derived from foreign sources, including amounts distributed from partnerships and other trusts as well as New Zealand franking company dividends and supplementary dividends. Include any foreign tax withheld and/or paid at source on that income.

Don't include at label **B**:

- any income which is exempt from tax in Australia or treated as non-assessable non-exempt income under [sections 23AI](#) and [23AK](#) of the ITAA 1936
- any amount of New Zealand imputation credits

- any amount of Australian franking credits attached to dividends from a New Zealand franking company; show these at label **D Australian franking credits from a New Zealand franking company**
- income already included at item **22 Attributed foreign income**
- any foreign source capital gains or capital losses.

Include foreign source capital gains or capital losses when calculating the amount at item **21 Capital gains**.

In referring to **foreign source capital gains**, an Australian resident trust makes a capital gain if a CGT event happens to any of their overseas CGT assets.

Broadly, a trust that is not an Australian resident makes a capital gain only if the CGT asset is taxable Australian property just before the CGT event happens.

If the TOFA rules apply to the trust, include 'gross foreign source income' from financial arrangements subject to the TOFA rules at label **B**.

If you report a distribution from a trust at item **23**, complete a [Trust income schedule 2024](#) and attach it to the trust tax return. A trust income schedule is not required for CCIV sub-fund trusts or managed investment trusts.

## Net foreign source income

Show at label **V Other assessable foreign source income: Net** the net income derived from foreign sources.

The amount at label **V** is the gross amount recorded at label **B**, less any deductions allowable to the trust incurred in deriving that income. Debt deductions (such as interest and borrowing costs) that relate to assessable foreign source income and that are not attributable to an overseas permanent establishment of the taxpayer are not applied against assessable foreign source income for the purpose of calculating net foreign income or identifying a foreign loss. Don't claim these amounts here. Include them at item **18 Other deductions**.

If the amount at label **V** is negative, print **L** in the box at the right of the amount.

The trust combines both foreign and domestic deductions. Where the combined deductions exceed net exempt income and assessable

income, the excess is a tax loss. This tax loss can be carried forward and applied in a future income year against, firstly, net exempt income, and secondly, the excess of assessable income over deductions (except tax losses).

Under the trust loss provisions of Schedule 2F to the ITAA 1936, certain rules have to be satisfied by a trust before it can use prior year unrecouped foreign losses. For more information, see [Losses](#).

If the amount you include at label **V** includes foreign source business income, see [Small business income tax offset](#).

## Foreign income tax offsets

Show at label **Z Foreign income tax offset** the amount of any foreign income tax paid by the trust on foreign source income it derives.

If foreign income tax has actually been paid by the trust, then the beneficiaries may be able to claim a foreign income tax offset in their individual tax returns.

### Example 9: foreign income tax paid by trustee

The S trust estate derives rental income from commercial property investments in a foreign country, on which the trustee pays foreign income tax. Samantha, an Australian resident, is the sole beneficiary of the S trust estate and is presently entitled to all of its income. As such, she is assessed on the whole of the trust's net income. Although Samantha hasn't directly paid the foreign income tax, she is deemed to have paid it.

## Australian franking credits from a New Zealand franking company

Show at label **D Australian franking credits from a New Zealand franking company** the amount of Australian franking credits that are included in the net income of the trust because of franked dividends received from a New Zealand franking company directly or indirectly through a partnership or other trust.

The amount included at label **D** is not necessarily the total amount that the trustee or beneficiaries can claim; see [Appendix 1](#).

## Small business income tax offset

If any part of the amount at label **V Net** is net business income from a small business entity, any individual beneficiaries may be entitled to the small business income tax offset.

See the instructions for item [5 Business income and expenses](#) and complete [Worksheet 1A](#).

The individual beneficiaries will need to know their share of net small business income from the trust to work out their entitlement to the small business income tax offset.

## 24 Total of items 20 to 23

Show at item **24 Total of items 20 to 23** the total of the amounts shown at items **20 to 23**.

If this amount is a net loss, print **L** in the box at the right of the amount. Don't include prior year losses here.

If the amount shown at item **24** is a net income amount and the trust is able to deduct the whole or part of prior year losses in 2023–24 under [section 36-15](#) of the ITAA 1997, show the amount of prior year losses to be deducted at item **25 Tax losses deducted**.

Continue to: [Tax losses deducted – item 25](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Tax losses deducted – item 25

Instructions to complete item 25 in the tax return relating to tax losses of the trust.

**Published** 30 May 2024

## Completing item 25 tax losses deducted

Show at label **C Tax losses deducted** tax losses from earlier income years, which are deductible in 2023–24 under [section 36-15](#) of the ITAA 1997.

Exclude the film component of any tax loss (film loss). A film loss is shown, to the extent permissible, at item **18 Other deductions**.

Don't show current year foreign losses here. They are included at item **23 Other assessable foreign source income**.

Complete a [Losses schedule 2024](#) and attach it to the trust tax return if the trust:

- is a listed widely held trust (as defined in [Schedule 2F](#) to the ITAA 1936), and
- is required to pass the same business test in order to claim a deduction for losses in 2023–24, or will be required to pass that test in respect of losses being carried forward to later income years.

For more information, see [Subdivision 269-F of Schedule 2F](#) to the ITAA 1936 and [Losses schedule instructions 2024](#).

The following information will help you to complete label **C**:

- The total of any tax losses included here at label **C Tax losses deducted** can't exceed the amount of net income shown at item **24 Total of items 20 to 23**.
- Complete item **27 Losses information** if the income injection test under the trust loss provisions prevents the trust, including a family trust, from fully claiming a deduction for tax losses of an earlier income year in 2023–24: see [Division 270 of Schedule 2F](#) to the ITAA 1936.

For more information, see [Trust loss provisions](#).

## Beneficiaries with no interest in trust capital

A life tenant is a beneficiary with an interest in the income of the trust estate for the duration of their life, but with no interest in the capital of the trust.

If the trust includes a beneficiary who is a life tenant or a beneficiary with no interest in the capital of the trust, you can't claim a deduction



for tax losses of earlier income years in calculating the share of those particular beneficiaries in the net income of the trust if the tax losses of previous years are required to be met out of corpus.

### **Example 10: tax losses where beneficiary has no interest in trust capital**

The XYZ trust has tax losses of earlier income years of \$2,000. Its net income is \$20,000, excluding losses of earlier income years. There are 2 presently entitled beneficiaries of the trust, each with a 50% interest in the income of the trust. The trust deed requires tax losses to be met out of corpus.

One beneficiary is a life tenant. The other has an interest in the income and the capital of the trust.

In calculating the net income of the trust for the life tenant's share, no account is taken of earlier year losses. The life tenant's share of the net income of the trust for tax purposes is 50% of \$20,000 which is \$10,000.

Conversely, in calculating the other beneficiary's share of the net income of the trust, earlier year losses are taken into account. That beneficiary's share of the net income of the trust for tax purposes is 50% of (\$20,000 – \$2,000) which is \$9,000.

Continue to: [Total net income or loss – item 26](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## **Total net income or loss – item 26**

Instruction to complete item 26 in the tax return relating to total net income or loss.

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Show at item **26 Total net income or loss** the amount equal to the amount shown at item **24 Total of items 20 to 23**, less any amount shown at item **25 – label C Tax losses deducted**.

If at item **24** you show a net loss amount, the total to show at item **26** is the same. If at item **24** you show a net income amount, the amount at item **26** can't be a loss since the total amount you can claim as a deduction at item **25** must not exceed the net income at item **24**.

Print **L** in the box at the right of the amount, if the amount at item **26** is a loss.

Continue to: [Losses information – item 27](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Losses information – item 27

Instructions to complete item 27 in the tax return relating to losses information.

**Published** 30 May 2024

### What not to include at item 27

Don't include carried-forward film losses at this item.

If the total of the trust's tax losses and net capital losses carried forward to later income years is greater than \$100,000, complete a [Losses schedule 2024](#) and attach it to the trust tax return.

### Tax losses carried forward to later income years

Show at label **U Tax losses carried forward to later income years** the undeducted amount of tax losses incurred by the trust that can be

carried forward to a later income year under [section 36-15](#) of the ITAA 1997.

Don't show any net capital losses to be carried forward to later income years at label **U**. Show them separately at item **27** – label **V Net capital losses carried forward to later income years** and in the *CGT schedule 2024*, if a schedule is required.

Net exempt income reduces a current year tax loss. If there is any excess exempt income, then the prior year tax losses will be reduced.

If the trust is a designated infrastructure project (DIP) entity, ensure the amount of tax losses carried forward to later income years includes any uplift amount.

Tax losses carried forward may be affected by the commercial debt forgiveness provisions; see [Appendix 4](#).

If the income injection test in [Division 270 of Schedule 2F](#) to the ITAA 1936 prevents the trust from fully claiming a deduction in 2023–24, include the amount that the trust can't claim in the amount shown at label **U**. Include the full amount of the scheme assessable income within the meaning of Division 270 in the amount of total net income of the trust shown at item **26 Total net income or loss**.

If the trust is required to complete a *Losses schedule 2024*, the amount of the tax losses shown at part **A** – item **1** – label **U Tax losses carried forward to later income years: total** of that schedule must be the same as the amount shown at item 27 – label **U** in the trust tax return.

## Net capital losses carried forward to later income years

Show at label **V Net capital losses carried forward to later income years** the total of any unapplied net capital losses from collectables and all other CGT assets and CGT events. This information is calculated or transferred from either:

- the [CGT summary worksheet](#) – the amount at **3B** of table 5 and the amount at **3A** of table 9
- the [CGT schedule](#) – **3A Net capital losses from collectables carried forward to later income years** and **3B Other net capital**

**losses carried forward to later income years**, if a schedule is required.

For more information, see [Guide to capital gains tax 2024](#).

If the trust is required to complete a losses schedule, the amount shown at **part A – item 2V Net capital losses carried forward to later income years: total** of that schedule must be the same as the amount shown at label **V** in the trust tax return.

Continue to: [Landcare and water facility tax offset – item 28](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Landcare and water facility tax offset – item 28

Instructions to complete item 28 in the tax return relating to landcare and water facility tax offset.

**Published** 30 May 2024

You can't claim the landcare and water facility tax offsets for expenditure incurred after 2000–01.

## Landcare and water facility tax offset brought forward from prior years

Show at label **G Landcare and water facility tax offset brought forward from prior years** the total of any landcare and water facility tax offsets carried forward and available to be applied in 2023–24.

Continue to: [Overseas transactions – item 29](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

## Overseas transactions – item 29

Instructions to complete item 29 in the tax return relating to overseas transactions for the trust.

Last updated 2 July 2024

### Transactions or dealings with international related parties

Was the aggregate amount of your transactions or dealings with international related parties (including the value of any property/service transferred or the balance of any loans) greater than \$2 million?

- **No** – Print **X** in the **No** box at label **W**.
- **Yes** – Print **X** in the **Yes** box at label **W**.

### Did the thin capitalisation provisions affect you?

Print **X** in the appropriate box at label **O**. For more information, see [Appendix 3](#).

If the answer is yes for label **W** or label **O**, complete an [International dealings schedule 2024](#) and attach it to the trust tax return. Print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

Where the trust is a member of a consolidated group or MEC group for the whole income year and derived foreign income, the responsibility for preparing the schedule will rest on the head company of the group. Where a return is required because the trust had a period in the income year when it was not a member of a consolidated group or MEC group (a non-membership period) the trust should complete an *International dealings schedule 2024* if it has derived foreign income attributable to non-membership period. For more information on

reporting multiple non-membership periods during the year, see *Consolidation reference manual* sheet [C9-5-110](#).

The aggregate amount of the trust's transactions or dealings is the total amount of all dealings, whether on revenue or capital account (including property transfers or service provision), and includes the balance of any loans or borrowings outstanding with international related parties. Transactions must not be netted off against each other. For example, a \$600,000 purchase from, and a \$700,000 sale to, a related party should be treated as totalling \$1,300,000, not \$100,000.

International related parties may be persons who are not dealing wholly independently with one another in their cross-border commercial or financial relations, and whose dealings or relations can be subject to Subdivision 815-B of the ITAA 1997 or the associated enterprises article of a relevant double tax agreement (DTA).

The term includes the following:

- any overseas entity or person who participates directly or indirectly in the management, control, or capital of the trust
- any overseas entity or person in respect of which the trust participated directly or indirectly in the management, control, or capital
- any overseas entity or person in respect of which persons who participate directly or indirectly in its management, control or capital are the same persons who participate directly or indirectly in the management, control, or capital of the trust.

**Participates** includes a right of participation, the exercise of which is contingent on an agreed event occurring. **Person** has the same meaning as in [subsection 6\(1\)](#) of the ITAA 1936 and [section 995-1](#) of the ITAA 1997.

For more information on the relevant degree of participation, see [IT 2514](#) *Income tax: Company Schedule 25A: Information return for companies that transact business with related overseas entities*.

The type of dealings or transactions which will require the trust to complete an *International dealings schedule 2024* are its dealings with:

- related parties as above, such as an overseas holding company, overseas subsidiary, or non-resident trust in which the entity has an interest

- unrelated parties where the conditions that operate between you and the unrelated party are different to the conditions that might be expected to operate between independent parties dealing wholly independently with one another in comparable circumstances.

These dealings or transactions may be the provision or receipt of goods or services, or transactions in which money or property has been sent out of Australia, or received in Australia from an overseas source during the income year. They may include the transfer of tangible or intangible property, provision or receipt of services, or the provision or receipt of loans or financial services.

If money or property is not actually sent out of Australia or received in Australia, but accounting entries are made that have the effect of money or property being transferred, this is also to be taken as an international transaction.

## Interest expenses overseas

Show at label **D Interest expenses overseas** the amount of interest paid to non-residents.

If you include an amount at label **D**, complete an *International dealings schedule 2024* and attach it to the trust tax return.

This amount should have been included at item **5 Business income and expenses** – label **I Total interest expenses**, plus or minus any reconciliation adjustment for interest expense that you include at item **5 Business income and expenses** – label **B Expense reconciliation adjustments**.

An amount of tax (withholding tax) is generally withheld from interest paid or payable to non-residents, and from interest derived by a resident through an overseas branch. You must remit these amounts to us. You can't claim a deduction unless you have remitted any withholding tax to the Commissioner of Taxation. If you have withheld amounts from payments to non-residents, you may need to lodge a [PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report](#).

Don't use the trust tax return as a substitute for the *PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report*.

## Royalty expenses overseas

Show at label **E Royalty expenses overseas** the royalty expenses paid to non-residents during 2023–24.

If you include an amount at label **E**, complete an *International dealings schedule 2024* and attach it to the trust tax return.

This amount should have been included at item **5 Business income and expenses** – label **J Total royalty expenses**, plus or minus any reconciliation adjustment for royalty expenses that you included at item **5 Business income and expenses** – label **B Expense reconciliation adjustments**.

An amount of tax (withholding tax) is generally withheld from royalties paid or payable to non-residents and from royalties derived by a resident through an overseas branch. You must remit this amount to us. You can't claim a deduction unless you have remitted any withholding tax to the Commissioner. If you have withheld amounts from payments to non-residents, you may need to lodge a [PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report](#).

Don't use the trust return as a substitute for the *PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report*.

## Record keeping

Keep a record of the following:

- names and addresses of recipients
- amounts paid
- nature of the benefit derived – for example, a copy of the royalty agreement
- details of tax withheld where applicable and the date on which it was remitted to us.

## Non-resident beneficiaries

Was any beneficiary who was not a resident of Australia at any time during the income year 'presently entitled' to a share of the income of the trust?



- **No** – Print **X** in the **No** box at label **A**.
- **Yes** – Print **X** in the **Yes** box at label **A**.

Ensure that the details of the beneficiaries and the assessable amounts of net income referable to the income of the trust estate to which each beneficiary, who is a non-resident at the end of the income year, is presently entitled are entered under item **58 Statement of distribution** – label **J** and **K Non-resident beneficiary additional information**. Don't include here the non-resident beneficiary's share of the trust income which is subject to non-resident withholding tax, such as withholding tax on interest, dividend, and royalties. Instead, these amounts should be detailed in the additional information statement for the beneficiary and attached to the return.

If a beneficiary is a non-resident at the end of the income year and is presently entitled to a share of the income of the trust, the trustee is liable to tax on that share of the net income of the trust that is attributable to a period when the beneficiary was a resident, regardless of its source, and so much of the share of the net income that is attributable to a period where the beneficiary was a non-resident and is also attributable to Australian sources.

In the case of amounts covered by a withholding requirement, the trustee, at the time of distribution, deducts the tax payable and remits it to us. If you have withheld amounts from payments to non-residents, you may need to lodge a [PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report](#).

If you answered **Yes** at label **A**, attach a statement for each beneficiary who was a non-resident of Australia at any time during the income year, and who was presently entitled to income of the trust, showing:

- full details of any distribution to the beneficiary, including amounts of interest, royalties, franked dividends and unfranked dividends
- if a withholding amount has been paid and remitted to us from the distribution, the amount of such distribution and the withholding amount paid
- name and residential address
- if any change occurred in the residency status of the beneficiary during the income year, details of when the beneficiary became or ceased to be a resident

- if from any distribution (other than interest, dividend or royalty income subject to non-resident withholding tax) made to the beneficiary, tax has been deducted and remitted to us, the amount of the credit claimed for remittances made
- if the trust is a fixed trust and at least 90% of its assets, held either directly or indirectly, are not taxable Australian property
- if it is contended that all or part of the non-resident beneficiary's share of the income included income of the trust derived outside Australia and while the beneficiary was not a resident
  - the beneficiary's share of that income
  - the basis of the contention that the beneficiary is not a resident of Australia.

Also provide evidence that:

- if no amounts have been transferred overseas, the beneficiary's share of income has been applied for the benefit of the beneficiary or otherwise dealt with on behalf of the beneficiary
- the beneficiary has been notified of the entitlement.

Print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## Transactions with specified countries

- **No** – Print **X** in the **No** box at label **C**.
- **Yes** – Print **X** in the **Yes** box at label **C**.

Did you send any funds or property to, or receive any funds or property from, any of the countries listed below?

This includes sending or receiving funds or property indirectly, through another entity or country.

Do you have the ability to control the disposition of any funds, property, investments, or any other assets located in any of the countries listed below?

This includes:

- funds or assets may be located elsewhere, but are controlled or managed from one of the countries listed below, and

- where you have an expectation you are able to control the disposition of the funds or assets, or you have the capacity to control the disposition indirectly, for example, through associates.

The specified countries are as follows:

- Andorra
- Anguilla
- Antigua and Barbuda
- Aruba
- Bahamas
- Bahrain
- Barbados
- Belize
- Bermuda
- British Virgin Islands
- Cayman Islands
- Cook Islands
- Curacao
- Cyprus
- Dominica
- Gibraltar
- Grenada
- Guernsey
- Hong Kong
- Isle of Man
- Ireland
- Jersey
- Labuan (in Malaysia)
- Liberia

- Liechtenstein
- Luxembourg
- Marshall Islands
- Mauritius
- Monaco
- Montserrat
- Nauru
- Netherlands
- Niue
- Panama
- Sint Maarten (Dutch part)
- Samoa
- San Marino
- Seychelles
- Singapore
- St Kitts and Nevis
- St Lucia
- St Vincent and the Grenadines
- Switzerland
- Turks and Caicos Islands
- US Virgin Islands
- Vanuatu.

Continue to: [Personal services income – item 30](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

# Personal services income – item 30

Instructions to complete item 30 in the tax return relating to personal services income for individuals in the trust.

Last updated 2 July 2024

## Does your income include an individual's personal services income (PSI)?

- **No** – Print **X** in the **No** box at label **N Does your income include an individual's personal services income?**  
You don't need to answer any more questions at item **30**.
- **Yes** – Print **X** in the **Yes** box at label **N Does your income include an individual's personal service income?** – if the income of the trust includes an individual's PSI. Complete the remaining labels at item **30**.

[Personal services income](#) (PSI) is income that is mainly a reward for an individual's personal efforts or skills, or would mainly be such a reward if it was derived by the individual. If more than 50% of the income received under a contract is for an individual's personal efforts or skills, then all income from that contract will be PSI. If 50% or less of the income received under a contract is for an individual's personal efforts or skills, then none of the income for that contract is PSI.

A trust may derive income which includes the PSI of one or more individuals.

Examples of PSI include income:

- for the services of a professional practitioner in a sole practice
- derived under a contract which is wholly or mainly for the labour or services of an individual
- for the exercise of professional skills by a professional sportsperson or entertainer
- for the exercise of personal expertise by a consultant.

PSI does not include income that is mainly:

- for supplying or selling goods, for example, from retailing, wholesaling or manufacturing
- generated by an income-producing asset, for example, from contracting to provide a bulldozer
- for granting a right to use property, for example, the copyright to a computer program
- generated by a business structure, for example, a large accounting firm.

If the trust receives an individual's PSI other than in the course of conducting a [personal services business](#) and doesn't promptly pay it to the individual as salary or wages:

- the net amount of PSI is attributed to the individual and is not assessable to the trustee, and
- certain related expenses are not deductible under the special rules.

For more information, see Taxation Ruling [TR 2022/3](#) *Income tax: personal services income and personal services businesses*.

## **Total amount of PSI included at item 5 income labels**

Show at label **A Total amount of PSI included at item 5 income labels** the total amount of income gained by you during the year that is PSI of one or more individuals that you have included at item **5 Income**. At this item, exclude any exempt or non-assessable non-exempt components of the PSI – for example, GST.

## **Total amount of deductions against PSI included at item 5 expense labels**

Show at label **B Total amount of deductions against PSI included at item 5 expense labels** the total amount of expenses against PSI included at item **5 Expenses**.

## **Did you satisfy the results test in respect of any individual?**

- **No** – Print **X** in the **No** box at label **C Did you satisfy the results test in respect of any individual?** – if you didn't satisfy the results test in respect of one or more individuals.
- **Yes** – Print **X** in the **Yes** box at label **C Did you satisfy the results test in respect of any individual?** – if you satisfied the results test in respect of one or more individuals.

For more information, see [Self-assessing as a PSB](#).

You will meet the results test in an income year if:

- at least 75% of the PSI of the individual doing the personal services work is paid to achieve a contractually specified result under your contract or agreement
- you provide the tools or equipment necessary (if any) to do the work
- you are liable for the cost of rectifying defects in the work performed.

The PSI is considered to be paid to achieve a result when the individual is required to produce a specified result or outcome, and payment is conditional upon that result or outcome being achieved. The essence of the contract or agreement has to be to achieve a result and not just to do the work as required.

## **Do you hold a personal services business (PSB) determination in respect of any individual?**

- **No** – Print **X** in the **No** box at label **D Do you hold a personal services business (PSB) determination in respect of any individual?** – if you didn't hold a PSB determination in respect of any individual.
- **Yes** – Print **X** in the **Yes** box at label **D Do you hold a personal services business (PSB) determination in respect of any individual?** – if you held a PSB determination in respect of any individual.

To apply for a PSB determination, complete a [Personal services business determination application](#).

## Did you satisfy the unrelated clients test, employment test or business premises test in respect of any individual?

Labels **E1 Unrelated clients test**, **E2 Employment test** and **E3 Business premises test** require information in relation to any individual for whom you did not satisfy the results test or hold a PSB determination, and where each source of their PSI income yielded less than 80% of their total PSI.

If 80% or more of the PSI in the income year comes from one client (and their associates), you:

- can't self-assess whether you meet the unrelated clients test, employment test or business premises test, and
- don't complete labels **E1**, **E2** and **E3**.

When considering the 80% rule, don't take into account income that is not PSI. For example, investment income, income from the sale of goods or the use of an income-producing asset, or income an individual received as an employee.

If you are a commission agent your PSI will be treated as coming from each customer, provided you meet all of the following conditions:

- You are an agent of the principal but not an employee.
- You receive income from your principal for services that you provide to customers on the principal's behalf.
- At least 75% of that income is performance-based commissions or fees.
- You actively seek other customers to whom you could provide services on the principal's behalf.
- You don't provide any services to the customers, on the principal's behalf, using premises that the principal (or their associate) owns or has a leasehold interest in, unless you use the premises under an agreement entered into at arm's length.

If you meet all of these conditions and, as a consequence, less than 80% of the PSI is treated as coming from each customer, you can self-assess against the [unrelated clients test](#), [the employment test](#) and [the business premises test](#). You don't need a determination from the



Commissioner to be a PSB although you may apply for a determination if you are unsure.

Show whether you satisfied any of the PSB tests for any individual for whom:

- you didn't satisfy the results test or hold a PSB determination
- each source of their PSI income yielded less than 80% of their total PSI.

## Unrelated clients test

If you satisfied the unrelated clients test, print **X** in the box at label **E1**.

You will meet the unrelated clients test in the income year if:

- the individual doing the personal services work generates PSI from 2 or more clients who are not associated with each other, or with the individual, or with you, and
- those clients were obtained as a direct result of making offers to the public, for example, by advertising.

Don't count clients obtained as a result of registering your name with a labour-hire firm, placement agency or similar organisation.

Separate government departments are deemed not to be associates of each other for the purposes of this test.

If you are a commission agent who meets all of the conditions for the special rules, you will pass the unrelated clients test if your services are provided to at least 2 customers as a direct result of your making offers or invitations to the public on behalf of your principal.

## Employment test

If you satisfied the employment test, print **X** in the box at label **E2**.

Subject to certain exceptions below, you will meet the employment test in the income year if you:

- have employees, engage subcontractors or engage entities that perform at least 20% (by market value) of the principal work, or
- have one or more apprentices for at least half the income year.

'Principal' work is the main work that generates the PSI and does not usually include support work such as secretarial duties.

You can count a spouse or family member of an individual whose PSI you receive and who you engage to do principal work. You can also count companies, partnerships or trusts that you engage to do principal work unless they are associated with you or an individual whose PSI you receive.

You can't count any individual whose PSI you receive.

## Business premises test

If you satisfied the business premises test, print **X** in the box at label **E3**.

You will meet the business premises test if, at all times during the income year, you maintain and use business premises:

- that are mainly used by you for work in earning PSI, (that is, more than 50% of the activities conducted at the premises were directed at producing an individual's PSI) of which you have exclusive use
- that are physically separate from premises used for a private purpose by
  - the individual doing the personal services work
  - their associates
  - your associates, and
- that are physically separate from the business premises of your clients or their associates.

The phrase **at all times during the income year** is taken to mean the whole period during which activities are conducted for the purposes of generating personal services income.

You don't need to maintain and use the same business premises throughout the year, but you must satisfy all the above criteria.

## Treatment of attributed PSI on your trust tax return

If PSI is attributed to an individual, the income is not assessable to the trust.

Include the attributed amount in the amount shown at item **5 Business income and expenses** – label **A Income reconciliation adjustments**,

as calculated in [Worksheet 1](#).

The attributed amounts are income subtraction amounts. If the income subtractions exceed the income add backs, the total is a negative amount. If a negative amount, print **L** in the box at the right of item **5**

**Business income and expenses** – label **A Income reconciliation adjustments** in the tax return.

## Treatment of net PSI loss on your trust tax return

A net PSI loss is transferred to the individual. The trust can't use this loss against any other business income or carry forward the loss. The total amount of the deductions to which the trust is entitled is reduced by the net PSI loss.

Include the net PSI loss amounts in the amount shown at item **5 Business income and expenses** – label **B Expense reconciliation adjustments**, as calculated in [Worksheet 1](#).

For more information, see [Appendix 7: Personal services income](#)

- [Personal services income](#)
- [Company, partnership or trust](#)
- [Income from a business structure](#).

Continue to: [Taxations of financial arrangements – item 31](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Taxation of financial arrangements – item 31

Instructions to complete item 31 in the tax return relating to taxation of financial arrangements (TOFA) for the trust.

Last updated 2 July 2024

## Key provisions of the TOFA rules

The key provisions of the TOFA rules are found in Division 230 of the ITAA 1997, which generally provides for:

- methods of taking into account gains and losses from financial arrangements, being accruals and realisation, fair value, foreign exchange retranslation, hedging, reliance on financial reports and balancing adjustment, and
- the time at which the gains and losses from financial arrangements will be brought to account.

The TOFA rules apply to the following entities:

- authorised deposit-taking institutions, securitisation vehicles and financial sector entities with an aggregated annual turnover of \$20 million or more
- managed investment schemes, or entities with a similar status under foreign law relating to corporate regulation with assets of \$100 million or more
- any other entity which satisfies one or more of the following
  - an aggregated turnover of \$100 million or more
  - assets of \$300 million or more
  - financial assets of \$100 million or more.

A trust that does not meet these requirements can elect to have the TOFA rules apply to it.

The aggregated turnover tests may mean that the TOFA rules will apply to trusts that don't meet the thresholds in their own right. Aggregated turnover includes the annual turnover of any entity a trust is connected with, or any affiliate of the trust, including overseas entities. Once the TOFA rules apply to a trust, they will continue to apply to that trust, even if its aggregated turnover, value of assets or value of financial assets subsequently falls below the requisite threshold.

There are a number of elections available to trusts under the TOFA rules. Elections under the TOFA rules are irrevocable, and should be carefully considered before being made.

For more information, see [Guide to the taxation of financial arrangements \(TOFA\)](#).

## Total TOFA gains

Show at label **M Total TOFA gains** the trust's total assessable TOFA gains from financial arrangements.

## Total TOFA losses

Show at label **N Total TOFA losses** the trust's total deductible TOFA losses from financial arrangements.

Ensure you take into account at label **M** and **N** any amount in relation to a TOFA financial arrangement that you have shown at:

- Item **5 Business income and expenses** – label **S Net income or loss from business**
- Item **8 Partnerships and trusts** – labels **A, Z, S, B, R** or **T**
- Item **9 Rent** – label **G Interest deductions**
- Item **11 Gross interest** – label **J**
- Item **12 Dividends** – label **K Unfranked amount**
- Item **14 Other Australian income** – label **O**
- Item **18 Other deductions** – label **Q**
- Item **23 Other assessable foreign source income** – label **B Gross**.

Continue to: [Non-concessional MIT income – item 32](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Non-concessional MIT income – item 32

Instructions to complete item 32 in the tax return relating to non-concessional managed investment trust (MIT) income.

**Published** 30 May 2024

## Business income

Enter the business income amounts for primary and non-primary production, including any amounts excluded from NCMI.

### Primary production

Complete the following:

- [Non-concessional MIT income \(NCMI\)](#)
- [Excluded from NCMI.](#)

### Non-concessional MIT income (NCMI)

Show at label **A** the total NCMI amount in relation to primary production income, for example, income attributable to agricultural land held for rent.

### Excluded from NCMI

Show at label **B** the total excluded from NCMI amount in relation to primary production income, that is, income from transitional arrangements or approved economic infrastructure facilities.

The amounts you show at labels **A** and **B** you must also show at item **5 Business income and expenses** – label **G Primary production: Other business income**.

### Non-primary production

Complete the following:

- [Non-concessional MIT income \(NCMI\)](#)
- [Excluded from NCMI.](#)

### Non-concessional MIT income (NCMI)

Show at label **C**, the total NCMI amount in relation to non-primary production income, that is, cross staple income, trading trust income

and residential housing income.

## **Excluded from NCMI**

Show at label **D** the total excluded from NCMI amount in relation to non-primary production income, that is, income from transitional arrangements or approved economic infrastructure facilities.

The amounts you show at labels **C** and **D** you must also show at item **5 Business income and expenses** – label **H Non-primary production: Other business income**.

## **Partnership and trusts**

Enter the partnership and trust income amounts for primary and non-primary production, including any amounts excluded from NCMI.

### **Primary production**

Complete the following:

- [Non-concessional MIT income \(NCMI\) – partnerships](#)
- [Excluded from NCMI – partnerships](#)
- [Non-concessional MIT income \(NCMI\) – trusts](#)
- [Excluded from NCMI – trusts](#).

### **Non-concessional MIT income (NCMI) – partnerships**

Show at label **E** the total NCMI amount distributed from partnerships categorised as primary production income.

### **Excluded from NCMI – partnerships**

Show at label **F** the total Excluded from NCMI amount distributed from partnerships categorised as primary production income.

The amounts you show at labels **E** and **F** you must also show at item **8 Partnerships and trusts** – label **A Distribution from partnerships**.

### **Non-concessional MIT income (NCMI) – trusts**

Show at label **G** the total NCMI amount distributed from a trust categorised as primary production income.

### **Excluded from NCMI – trusts**

Show at label **H** the total Excluded from NCMI amount distributed from trusts categorised as primary production income.

The amounts you show at labels **G** and **H** you must also show at item **8 Partnerships and trusts** – label **Z Share of net income from trusts**.

## Non-primary production

Complete the following:

- [Non-concessional MIT income \(NCMI\) – partnerships](#)
- [Excluded from NCMI – partnerships](#)
- [Non-concessional MIT income \(NCMI\) – trusts](#)
- [Excluded from NCMI – trusts](#).

### Non-concessional MIT income (NCMI) – partnerships

Show at label **I**, the total NCMI amount distributed from partnerships categorised as non-primary production.

### Excluded from NCMI – partnerships

Show at label **J** the total Excluded from NCMI amount distributed from partnerships categorised as non-primary production.

The amounts you show at labels **I** and **J** you must also show at item **8 Partnerships and trusts** – label **B Distribution from partnerships, less foreign income**.

### Non-concessional MIT income (NCMI) – trusts

Show at label **K** the total NCMI amount distributed from trusts categorised as non-primary production.

### Excluded from NCMI – trusts

Show at label **L** the total Excluded from NCMI amount distributed from trusts categorised as non-primary production.

The amounts you show at labels **K** and **L** you must also show at item **8 Partnerships and trusts** – label **R Share of net income from trusts, less capital gains, foreign income and franked distributions**.

## Capital gains



Enter the capital gains amounts for primary and non-primary production, including any amounts excluded from NCMI.

## Non-concessional MIT income (NCMI)

Show at label **X** the aggregate amount of all capital gains which are included in the assessable income of a MIT as NCMI.

## Excluded from NCMI

Show at label **Z** the aggregate amount of all capital gains categorised as Excluded from NCMI.

The amounts shown at labels **X** and **Z** must be included in the calculation of the amount at item **21 Capital gains** – label **A Net capital gain**.

Continue to: [Instructions for trust items 33 to 61 and the declaration](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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# Instructions for trust items 33 to 61 and the declaration

Instructions to complete trust tax return trust items 33 to 61 and the declaration.

**Published** 8 May 2024

## Key financial information – items 33 to 36



Instructions to complete items 33 to 36 in the tax return relating to key financial information for the trust.

## **Business and professional items – items 37 to 52**



Instructions for items 37–52 to the extent they apply to the trust, including trusts that aren't carrying on a business.

## **Tax offsets – items 53 to 55**



Instructions to complete items 53 to 55 in the tax return relating to tax offsets for the trust.

## **Medicare levy reduction or exemption – item 56**



Instructions to complete item 56 in the tax return relating to the Medicare levy reduction or exemption of the trustee.

## **Income of the trust estate – item 57**



Instructions to complete item 57 in the tax return relating to income of the trust estate.

## **Statement of distribution – item 58**



Instructions to complete item 58 in the tax return, statement of distribution to beneficiaries of the trust.

## **Trustee choice, beneficiaries and non-resident trust – items 59 to 61**



Instructions to complete items 59 to 61 in the tax return for the trust.

## **Declarations**



Instructions for how to complete the declarations on the trust tax return.

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## Key financial information – items 33 to 36

Instructions to complete items 33 to 36 in the tax return relating to key financial information for the trust.

**Published** 30 May 2024

### 33 All current assets

Show at label **F All current assets** all current assets of the trust including cash on hand, short-term bills receivable, inventories and trade debtors. This amount will include the amount shown at item **42 Trade debtors** – label **E**.

### 34 Total assets

Show at label **G Total assets** all of the trust assets, including fixed, tangible and intangible assets, and all current assets from item **33 All current assets** – label **F**.

### 35 All current liabilities

Show at label **I All Current liabilities** the total obligations payable by the trust within the coming year; also include the amount for trade creditors. This amount will include the amount shown at item **43 Trade creditors** – label **H**.

### 36 Total liabilities

Show at label **J Total liabilities** all of the trust liabilities, including other creditors and deferred liabilities such as loans secured by mortgage

and long-term loans; also include the amount from item **35 All current liabilities** – label **I**.

Continue to: [Business and professional items – items 37 to 52](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Business and professional items – items 37 to 52

Instructions for items 37–52 to the extent they apply to the trust, including trusts that aren't carrying on a business.

**Last updated** 20 September 2024

### 37 Business name of main business

The business name of the main business activity should be consistent from year to year, except in the year of a name change or if it is no longer the main business.

If the business name is legally changed, send written advice of the change to us when the change is made. Show the current business name on the tax return.

### 38 Business address of main business

Show the street address of the main business. This is the place where most of the business decisions are made. Ensure that you include the postcode at label **A Postcode**.

### 39 Opening stock

Show at label **C Opening stock** the total value of all trading stock on hand at the beginning of the income year or accounting period for which the trust tax return is being prepared. The amount you show at label **C** is the calculated value for income tax purposes under [section 70–40](#), or for small business entities using the simplified

trading stock rules [subsection 328-295\(1\)](#) of the ITAA 1997. The opening value of an item of stock must equal its closing value in the previous year.

If you didn't have any trading stock in the previous year, the value of trading stock at the start of the year is zero. This might occur:

- in the case of a new business
- in the first year you have trading stock
- where the trading stock rules for small business entities cease to apply, either because
  - the entity is no longer eligible to be a small business entity
  - the entity chooses to account for changes to trading stock.

Include motor vehicle floor plan stock and work in progress of manufactured goods.

Don't include any amount that represents opening stock of a business that started operations during the income year. Show this amount at item **5 Business income and expenses** – label **E Cost of sales**.

## 40 Purchases and other costs

Show at label **B Purchases and other costs** the cost of direct materials used for manufacture, sale or exchange in deriving the gross proceeds or earnings of the business.

### Former STS taxpayers still using the STS accounting method

If the trust is eligible and has chosen to continue using the STS accounting method, only show at label **B** purchases and other costs which the trust has paid. For more information, see [Appendix 13](#).

## 41 Closing stock

If the trust is a small business entity choosing to use the simplified trading stock rules, see the information for small business entities below. Otherwise, go to [All other businesses](#).

### Small business entities

Small business entities only need to account for changes in the value of trading stock if the value of stock on hand at the start of the income year and a reasonable estimate of the value of stock on hand at the end of the income year varies by more than \$5,000.

For more information, see [Simplified trading stock rules](#).

Small business entities who wish to do so can still conduct a stocktake and account for changes in the value of trading stock.

If the difference between the value of opening stock and a reasonable estimate of closing stock is:

- more than \$5,000 the trust must account for the change in the value of trading stock, go to **step 2**
- \$5,000 or less, go to **step 1**.

### **Step 1: difference between the value of opening stock and estimate of closing stock less than \$5,000**

If the difference referred to above is \$5,000 or less and the trust chooses not to account for this difference, the closing stock value at label **D** is the same as the value at item **39 Opening stock** – label **C**. Don't put the reasonable estimate at label **D**.

Print in the **CODE** box at the right of label **D** the code letter from **Table 7** that matches the code the trust used to value closing stock in the previous year.

**Table 7: Valuation method**

| Code | Valuation method     |
|------|----------------------|
| C    | Cost                 |
| M    | Market selling value |
| R    | Replacement value    |

If this is the trust's first year in business the value of the closing stock will be zero. Print **C** in the **CODE** box.

### **Step 2: difference between the value of opening stock and estimate of closing stock more than \$5,000**

If the difference referred to above is more than \$5,000 or the trust chooses to account for the difference in trading stock, the closing stock values must be brought to account under [section 70-35](#) of the ITAA 1997. For instructions on how to calculate the value of closing stock, see [All other businesses](#).

The trust must include in the closing stock value at label **D** the value of all stock on hand, regardless of whether the trust has paid for the stock.

## All other businesses

Show at label **D** the total value of all trading stock on hand at the end of the income year or accounting period for which the trust tax return is being prepared. The amount at label **D** is the value calculated for income tax purposes under [section 70-45](#) of the ITAA 1997.

If the trust is registered for GST, the value of closing stock (other than items the supply of which was not a taxable supply) should not include an amount equal to the input tax credit that would arise if the trust had acquired the item solely for business purposes at the end of the income year. Input tax credits don't arise for some items of trading stock, such as shares.

Include motor vehicle floor plan stock and work in progress of manufactured goods.

Don't include any amount for closing stock of a business that ceased operations during the income year, instead, show this amount at item **5 Business income and expenses** – label **Total business income**.

Print in the **CODE** box the code from [Table 7](#) indicating the method used to value closing stock for income tax purposes. If you use more than one method, use the code for the method representing the greatest value.

You can use different methods to value the same item of trading stock in different income years, and you can value similar items using different methods in the same income year.

However, the opening value of an item in a particular income year must equal the closing value for that item in the previous income year. The trust can't reduce the value of stock on hand by creating reserves to offset falls in the value of stock or any other factors. Keep records showing how each item was valued.

The trust may elect to value an item of trading stock below the lowest value calculated by any of these methods because of obsolescence or other special circumstances. The value in the election must be reasonable. If you elect to value an item of trading stock below cost, market selling value and replacement value, see item [48 Trading stock election](#).

If you include incorrect trading stock information on the tax return, advise us by submitting a full statement of the facts, accompanied by a reconciliation of the value of stock as returned for each income year with the values permissible under the law.

Trusts engaged in manufacturing include the value of partly manufactured goods as part of their stock and materials on hand at the end of the income year.

For more information on the circumstances that packaging items held by a manufacturer, wholesaler or retailer are **trading stock** as defined in [section 70-10](#) of the ITAA 1997, see Taxation Ruling [TR 98/7](#) *Income tax: whether packaging items (i.e., containers, labels, etc.) held by a manufacturer, wholesaler or retailer are trading stock*.

## 42 Trade debtors

Show at label **E Trade debtors** the total amounts owing to the trust at year end for goods and services provided during the income year, that is, current trade debtors. Include this amount at item **33 All current assets** – label F.

## 43 Trade creditors

Show at label **H Trade creditors** the total amounts owed by the trust at year end for goods and services received during the income year, that is, current trade creditors. Include this amount at item **35 All current liabilities**.

## 44 Total salary and wage expenses

Show at label **L Total salary and wage expenses** the total salary, wages and other labour costs actually paid or payable to people employed in the trust's business. However, exclude those costs for private domestic assistance or which form part of capital expenditure, as they are not deductible.



You can only claim a deduction for a payment made or liability incurred by a trust to an associated person, principal, agent, related entity or associate entity if it is incurred in producing assessable income and we are satisfied that the amount is reasonable.

These expenses include any salary and wage component shown in item **5 Business income and expenses** – label **E Cost of sales**. This includes:

- allowances
- bonuses
- casual labour
- retainers and commissions paid to people who received a retainer
- workers' compensation paid through the payroll
- direct and indirect labour costs
- directors' fees
- holiday pay
- locums
- long service leave
- lump sum payments
- other employee benefits
- overtime
- payments under an incentive or profit-sharing scheme
- retiring allowances
- sick pay.

Include here and at item **45 Payments to associated persons** – label **M** any salary or wages paid to an associated person, principal, agent, related entity or associate entity.

However, these expenses don't include:

- agency fees
- contract payments
- sub-contract payments

- service fees
- superannuation
- management fees
- consultant fees.

You can't deduct salary and wage expenses where you have not complied with your PAYG withholding obligations. For more information, see [Removing tax deductibility of non-compliant payments](#).

Print in the **CODE** box the code from **Table 8** that shows where you predominantly reported salary and wage expenses.

**Table 8: Salary and wage reporting codes**

| Salary and wages wholly or predominantly reported in                             | Code |
|----------------------------------------------------------------------------------|------|
| The expense component of <b>Cost of sales</b>                                    | C    |
| <b>All other expenses</b>                                                        | A    |
| The expense component of both <b>Cost of sales</b> and <b>All other expenses</b> | B    |
| Neither <b>Cost of sales</b> nor <b>All other expenses</b>                       | O    |

For more information on paying salary and wages in crypto, see [Crypto assets used in business](#).

## 45 Payments to associated persons

Show at label **M Payments to associated persons** the amounts, including salaries, wages, commissions, superannuation contributions or allowances, paid to the trustee's relatives or partnerships in which the relative of the trustee is a partner.

Also include the amounts of salaries and wages paid to an associated person, relative, principal, agent, related entity or associate entity at item **44 Total salary and wage expenses** – label **L**.

## Record keeping

Excessive payments to a relative or other related entity may not be deductible; see [section 26-35](#) of the ITAA 1997. Keep a record of the following to establish the reasonableness of remuneration:

- full name of relative or other related entity
- relationship
- age, if under 18 years old
- nature of duties performed
- hours worked
- total remuneration
- salaries or wages claimed as deductions
- other amounts paid, for example retiring gratuities, bonuses and commissions.

For more information on paying salary and wages in crypto, see [Crypto assets used in business](#).

## 46 Fringe benefit employee contributions

Show at label **T Fringe benefit employee contributions** all payments the trust has received from recipients of fringe benefits.

Employee contributions form part of the employer's or associate's assessable income in situations where employees make payments for fringe benefits they have received.

## 47 Unpaid present entitlement to a private company

Show at label **Y Unpaid present entitlement to a private company** any amounts of the income of the trust from this year or a previous year of income to which a private company is entitled, and that remain unpaid by the **lodgment day**.

If the amount is greater than zero, print **D** in the **CODE** box at label **Y** where, during the income year, the trustee of the trust estate in favour of a shareholder (or an associate of a shareholder) of a private company with the unpaid present entitlement:

- made a payment that is attributable to an unrealised gain that discharged or reduced a present entitlement
- made a loan
- forgave a debt.

Print **X** in the **CODE** box at label **Y** if none of the above transactions took place.

## Lodgment day

The lodgment day is the earlier of the due date for lodgment and date of lodgment of the trust's tax return for the income year in which the payment, loan or debt forgiveness occurred.

## 48 Trading stock election

The trust may elect to value an item of trading stock below the lowest value of cost, market selling value, or replacement value, because of obsolescence or any other special circumstances. The value it elects must be reasonable.

For more information on trading stock valuations where obsolescence or other special circumstances exist, see Taxation Ruling [TR 93/23](#) *Income tax: valuation of trading stock subject to obsolescence or other special circumstances*.

- **No** – Print **X** in the **No** box.
- **Yes** – Print **X** in the **Yes** box if the trust makes an election.

## 49 Aggregated turnover

Complete the following in item **49**:

- [Select your aggregated turnover range](#)
- [Aggregated turnover](#).

### Select your aggregated turnover range

You must complete item **49 Select your aggregated turnover range** – label **P** if you are relying on your aggregated turnover for eligibility for any of the following:

- [Instant asset write-off](#)
- [Small business CGT concessions](#)
- [Small business restructure roll-over](#)
- [Small business skills and training boost](#)
- [Small business energy incentive](#).

Select a category code from the table below based on your aggregated turnover range and print the category code you select at item **49 Select your aggregated turnover range** – label **P** in your tax return.

You can use either your 2023–24 aggregated turnover or your 2022–23 aggregated turnover. For more information, see [Calculate your aggregated turnover](#).

**Table: Aggregated annual turnover range and category**

| Category code | Aggregated annual turnover range         |
|---------------|------------------------------------------|
| A             | \$0 to less than \$7.5 million           |
| B             | \$7.5 million to less than \$10 million  |
| C             | \$10 million to less than \$20 million   |
| D             | \$20 million to less than \$40 million   |
| E             | \$40 million to less than \$50 million   |
| F             | \$50 million to less than \$100 million  |
| G             | \$100 million to less than \$200 million |
| H             | \$200 million to less than \$300 million |
| I             | \$300 million to less than \$400 million |
| J             | \$400 million to less than \$500 million |

|   |                                          |
|---|------------------------------------------|
| K | \$500 million to less than \$600 million |
| L | \$600 million to less than \$700 million |
| M | \$700 million to less than \$800 million |
| N | \$800 million to less than \$900 million |
| O | \$900 million to less than \$1 billion   |
| P | \$1 billion or over                      |

You will not be penalised for specifying an incorrect category where you make your best attempt to calculate your aggregated turnover.

## Aggregated turnover

**Did you you have aggregated turnover of \$1 billion or more, or are you a significant global entity?**

- **No** – Go to item **50 Capital allowances**.
- **Yes** – Print at label **Q Aggregated turnover** your actual aggregated turnover rounded to the nearest \$100 million. You can use either your 2023–24 aggregated turnover or your 2022–23 aggregated turnover.

For more information, see [Satisfying the aggregated turnover threshold](#).

You will not be penalised for specifying an incorrect amount where you make your best attempt to calculate your aggregated turnover.

## 50 Capital allowances

Item 50 deals with the following:

- [Depreciating assets first deducted in this income year](#)
- [For all depreciating assets](#)

### Depreciating assets first deducted in this income year

Complete the following:

- [Intangible depreciating assets first deducted](#)
- [Other depreciating assets first deducted](#)
- [Self-assessment of effective life](#).

## Intangible depreciating assets first deducted

Show at label **A Intangible depreciating assets first deducted** the cost of all intangible depreciating assets for which the trust is claiming a deduction for decline in value for the first time. If the trust has allocated any intangible depreciating assets with a cost of less than \$1,000 to a low-value pool for the income year, include the cost of those assets at label **A**. Don't reduce the cost for estimated non-taxable use.

Don't include expenditure on in-house software which has been allocated to a software development pool at label **A**.

The following intangible assets are regarded as depreciating assets (providing they are not trading stock):

- certain items of intellectual property, such as patents, registered designs, copyrights and certain types of licences
- computer software, or a right to use computer software, that the trust acquires, develops or has someone else develop for its own use (that is, in-house software)
- mining, quarrying or prospecting rights and information
- spectrum licences
- certain indefeasible rights to use telecommunications cable systems (IRUs)
- some access rights to telecommunications sites.

A depreciating asset that the trust holds starts to decline in value from the time the trust uses it (or installs it ready for use) for any purpose, including a private purpose. However, the trust can only claim a deduction for the decline in value to the extent it uses the asset for a taxable purpose, such as for producing assessable income.

For more information on decline in value, cost, low-value pools, in-house software and software-development pools, see [Guide to depreciating assets 2024](#).

## Other depreciating assets first deducted

Show at label **B Other depreciating assets first deducted** the cost of all depreciating assets (other than intangible depreciating assets) for which the trust is claiming a deduction for the decline in value for the first time. If any assets (other than intangible depreciating assets) costing less than \$1,000 have been allocated to a low-value pool for the income year, also include the cost of those assets at label **B**. Don't reduce the cost for any estimated non-taxable use.

A depreciating asset the trust holds starts to decline in value from the time the trust uses it (or installs it ready for use) for any purpose. However, the trust can only claim a deduction for the decline in value to the extent it uses the asset for a taxable purpose, such as for producing assessable income.

For more information, see [Guide to depreciating assets 2024](#).

## Self-assessment of effective life

For most depreciating assets, you can choose to either:

- work out the effective life yourself (self-assess)
- use an effective life determined by the Commissioner.

If you have adopted the Commissioner's effective life determination for all your depreciating assets print **X** in the **No** box at label **C Have you assessed the effective life of any of these assets?**

If you have self-assessed the effective life of any of your depreciating assets, print **X** in the **Yes** box at label **C**.

## For all depreciating assets

Complete the following:

- [Recalculation of effective life](#)
- [Total adjustable values at end of income year](#)
- [Assessable balancing adjustments on the disposal of intangible depreciating assets](#)
- [Deductible balancing adjustments on the disposal of intangible depreciating assets](#)
- [Termination value of intangible depreciating assets](#)



- [Termination value of other depreciating assets](#)
- [Subsequent year accelerated depreciation deductions for assets using Backing business investment](#)
- [Deduction for project pool](#)
- [Section 40-880 deduction](#)
- [Landcare operations and deduction for decline in value of water facility, fencing asset and fodder storage asset.](#)

## Recalculation of effective life

Print **X** in the **No** box at label **D Did you recalculate the effective life for any of your assets this year?**, if you have not recalculated the effective life of any of your depreciating assets in this income year.

Print **X** in the **Yes** box at label **D**, if you have recalculated the effective life of any of your depreciating assets in this income year.

You may recalculate the effective life of assets in certain circumstances if the effective life you have been using is no longer accurate. There are also circumstances where you must recalculate the effective life of a depreciating asset.

## Total adjustable values at end of income year

Show at label **E Total adjustable values at end of income year**, the total of the adjustable values of your depreciating assets as at the end of the income year. This is the value of all assets costs (first and second elements) less any decline in value up to that time, or the closing value of all assets.

If the trust has allocated any assets with a cost of less than \$1,000 to a low-value pool, don't include the adjustable values of those assets at label **E**.

## Assessable balancing adjustments on the disposal of intangible depreciating assets

Show at label **F Assessable balancing adjustments on the disposal of intangible depreciating assets** the total assessable income you have from balancing adjustment events on the disposal of intangible depreciating assets that occurred this income year (this type of assessable income may arise if – for example, you disposed of an intangible depreciating asset for more than its adjustable value). If you

don't have any assessable balancing adjustment amounts for intangible assets this year, leave label **F** blank.

If the trust has allocated any assets with a cost of less than \$1,000 to a low-value pool, **don't** include the assessable balancing adjustments for these assets at label **F**.

## **Deductible balancing adjustments on the disposal of intangible depreciating assets**

Show at label **G Deductible balancing adjustments on the disposal of intangible depreciating assets** the total deductible amount you have from balancing adjustment events on the disposal of intangible depreciating assets that occurred this income year (this type of deduction may arise if, for example, you disposed of an intangible depreciating asset for less than its adjustable value).

If you don't have any deductible balancing adjustment amounts for intangible assets this year, leave label **G** blank.

If the trust has allocated any assets with a cost of less than \$1,000 to a low-value pool, **don't** include the assessable balancing adjustments for these assets at label **G**.

## **Termination value of intangible depreciating assets**

Show at label **H Termination value of intangible depreciating assets** the termination value of each balancing adjustment event occurring for intangible depreciating assets to which the uniform capital allowances rules applied, including assets allocated to a low-value pool.

Don't show at label **H** any consideration received during the income year for in-house software for which the trust has allocated expenditure to a software development pool.

A balancing adjustment event occurs if:

- you stop holding the asset
- you stop using it and expect never to use it again
- you have not used it and you decide never to use it.

A balancing adjustment event may occur if the trust has claimed temporary full expensing for an asset, on either the cost of acquisition or improvements in 2020–21, 2021–22 or 2022–23. If so, the trust will need to calculate a [balancing adjustment amount](#).

Any non-taxable use of an asset in an income year after the year in which temporary full expensing has been claimed will not reduce balancing adjustment amounts for balancing adjustment events happening after the claim year.

For more information, see [Working out your deduction](#).

Generally, the termination value is the amount the trust receives or is deemed to receive for the balancing adjustment event. It includes the market value of any non-cash benefits, such as goods and services the trust receives for the asset.

For more information, see [Guide to depreciating assets 2024](#).

A special balancing adjustment event will also occur in an income year after the year in which temporary full expensing has been claimed when:

- it is no longer reasonable to conclude that you will use the depreciating asset principally in Australia for the principal purpose of carrying on a business; or
- it becomes reasonable to conclude that the depreciating asset will never be located in Australia.

This special balancing adjustment event is not triggered with respect to trusts using the simplified depreciation rules, other than for those depreciating assets that are excluded from the simplified depreciation rules. For those other depreciating assets, the event may still be triggered if temporary full expensing has been claimed with respect to that asset.

If this special balancing adjustment event is triggered:

- the trust is treated as though it had ceased to hold the asset and the termination value of the asset will be equal to its market value at that time, resulting in the temporary full expensing deduction being clawed back to the extent of the assets then market value; and
- the first element of cost is modified so that the first element of cost of the asset is the asset's termination value at the time of the event. Although the trust may not thereafter work out the decline in value for that asset using temporary full expensing, the trust might, in a later income year, be entitled to claim other capital allowances for that asset (for example, under the general capital allowances rules for the proportion of business use). The trust may not claim a

deduction for the asset under the general capital allowance rules in the same year as the special balancing adjustment event.

## **Termination value of other depreciating assets**

Show at label **I Termination value of other depreciating assets** the termination value of each balancing adjustment event occurring for depreciating assets, including assets allocated to a low-value pool.

Don't show at label **I** any consideration received during the income year for:

- depreciating assets allocated in a prior year to the general small business pool
- intangible depreciating assets
- buildings or structures for which a deduction is available under the capital works provisions
- assets used in research and development (R&D) activities, or
- assets falling within the provisions relating to investments in Australian films.

A balancing adjustment event occurs if the trust stops holding or using a depreciating asset and expects never to use it again, or decides not to use it in the future, for example, asset sold, lost or destroyed.

Generally, the termination value is the amount the trust receives or is deemed to receive for the balancing adjustment event. It includes the market value of any non-cash benefits, such as goods and services the trust receives for the asset.

A balancing adjustment event may occur if the trust claims temporary full expensing for an asset, on either the cost of acquisition or improvements in 2020–21, 2021–22 or 2022–23. If so, the trust will need to calculate a [balancing adjustment amount](#).

Any non-taxable use of an asset in an income year after the year in which temporary full expensing has been claimed will not reduce balancing adjustment amounts for balancing adjustment events happening after the claim year.

For more information, see [Working out your deduction](#).

For more information on balancing adjustment events and termination value, see [Guide to depreciating assets 2024](#).

A special balancing adjustment event will also occur in an income year after the year in which temporary full expensing has been claimed when it is no longer reasonable to conclude that:

- the trust will use the depreciating asset principally in Australia for the principal purpose of carrying on a business; or
- the depreciating asset will never be located in Australia.

This special balancing adjustment event is not triggered with respect to trusts using the simplified depreciation rules, other than for those depreciating assets that are excluded from the simplified depreciation rules. For those other depreciating assets, the event may still be triggered if temporary full expensing has been claimed with respect to that asset.

If this special balancing adjustment event is triggered:

- the trust is treated as though it had ceased to hold the asset and the termination value of the asset will be equal to its market value at that time, resulting in the temporary full expensing deduction being clawed back to the extent of the assets then market value; and
- the first element of cost is modified so that the first element of cost of the asset is the asset's termination value at the time of the event. Although the trust may not thereafter work out the decline in value for that asset using temporary full expensing, the trust might, in a later income year, be entitled to claim other capital allowances for that asset (for example, under the general capital allowances rules for the proportion of business use). The trust may not claim a deduction for the asset under the general capital allowance rules in the same year as the special balancing adjustment event.

### **Subsequent year accelerated depreciation deductions for assets using Backing business investment**

If you are a trust that used the Backing business investment – accelerated depreciation in a previous year for one or more assets, show at label **N Subsequent year accelerated depreciation deductions for assets using Backing business investment** the amount of depreciation you claim in 2023–24.

### **Deduction for project pool**

Show at label **J Deduction for project pool** the trust's deductions for project pools. For more information, see [Appendix 6](#).

For more information on project pools, see [Guide to depreciating assets 2024](#).

## Section 40-880 deduction

Show at label **K Section 40-880 deduction** the total of the trust's deductions allowable under [section 40-880](#) of the ITAA 1997.

For more information on business related costs – section 40-880 deductions, see [Appendix 6](#) and [Guide to depreciating assets 2024](#).

## Landcare operations and deduction for decline in value of water facility, fencing asset and fodder storage asset

Show at label **L Landcare operations and deduction for decline in value of water facility, fencing asset and fodder storage asset** the deduction available to the trust for landcare operations and for the decline in value of water facilities, fencing assets and fodder storage assets. For more information, see [Appendix 6](#).

# 51 Small business entity simplified depreciation

Is the trust both:

- a small business entity
- using the simplified depreciation rules?

**No** – Go to item [52 Small business bonus deductions](#).

**Yes** – Read on.

To complete this item, use the amounts calculated for small business entity depreciation deductions at item **5 Business income and expenses** – label **K Depreciation expenses**.

Transfer the total deduction for certain assets at row **a** in [Worksheet: Depreciation deductions for small business entities](#) to item **51** – label **A Deduction for certain assets**. Don't show cents.

Add up the general small business pool deduction amounts at rows **b** and **c** in [Worksheet: Depreciation deductions for small business entities](#). Show the total at item **51** – label **B Deduction for general small business pool**. Don't show cents.

## 52 Small business bonus deductions

Complete this item if the trust is:

- a small business (with an aggregated annual turnover of less than \$50 million)
- claiming either or both the:
  - small business skills and training boost
  - small business energy incentive.

To complete this item, you need the amounts you calculated as bonus deductions in [Worksheet 1](#) and claimed as an expense subtraction in item 5.

Show at label **A Small business skills and training boost** the total bonus amount you claimed at item 5 relating to the small business skills and training boost. This is the total amount from row **x** in [Worksheet 1](#).

Show at label **C Small business energy incentive** the total amount you claimed at item 5 relating to the small business energy incentive. This is the total amount from row **y** in [Worksheet 1](#).

For more information, see [Appendix 14](#).

Continue to: [Tax offsets – items 53 to 55](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

QC 101517

## Tax offsets – items 53 to 55

Instructions to complete items 53 to 55 in the tax return relating to tax offsets for the trust.

**Last updated** 2 July 2024

## 53 National rental affordability scheme (NRAS) tax offset

Show at label **F National rental affordability scheme tax offset entitlement** the total NRAS tax offset available to the beneficiaries or trustee (including any NRAS tax offset received indirectly through a partnership or other trust) for the income year.

The beneficiaries and trustee's share of the NRAS tax offset must be shown at this item and at item **58 Statement of distribution**.

Refundable NRAS tax offsets may flow indirectly to certain beneficiaries of a trust or to the trustee of the trust provided the Secretary of the Department of Social Services has issued the trust (or a trust through which their interest is ultimately obtained) a certificate under NRAS and the income year of that trust begins in the NRAS year to which the certificate relates.

The amount of the tax offset is the amount stated on the certificate shared between the beneficiaries of the trust (or the trustee) according to their share of the NRAS rent of the trust for the NRAS year and the total NRAS rent derived by rental dwellings covered by the certificate for the relevant income year.

If a trustee is assessed under section 98 of the ITAA 1936 on behalf of a beneficiary who is entitled to a share of the NRAS rent, then the trustee is entitled to that percentage share of the NRAS tax offset.

If the trustee is assessed under section 99 or 99A of the ITAA 1936, the trustee may also be entitled to a share of the NRAS tax offset.

In circumstances where the trust has no net income for the year, for the purposes of the NRAS provisions, no beneficiary can receive a share of NRAS rent indirectly and, as a result, no NRAS tax offset can flow indirectly to the beneficiaries. In these circumstances, the trustee may be able to claim the refundable tax offset.

The amount of the trust's tax offset is the amount stated on the certificate issued by the Secretary of the Department of Social Services. However, if the Secretary issues the entity with an amended certificate under the [National Rental Affordability Scheme Act 2008](#) , the amount of the trust's tax offset is the amount stated in the amended certificate.



Note the NRAS is no longer taking new investments.

For more information, see [National rental affordability scheme – taxation issues](#).

## 54 Other refundable tax offsets

Show at label **G Other refundable tax offsets** the total exploration credits received by the trust during the income year (including any exploration credits received indirectly through a partnership or other trust) and print **E** in the **CODE** box.

Show the beneficiaries and trustee's share of the exploration credit tax offset at this item and at item **58 Statement of distribution**.

For more information, see [What to do if you receive exploration credits](#).

## 55 Non-refundable carry forward tax offsets

Show the following amounts that the trust has available to allocate to the beneficiaries and the trustee for 2023–24 at:

- label **H Early stage venture capital limited partnership tax offset** the total amount of the [Early stage venture capital limited partnership tax offset for the current year](#)
- label **I Early stage investor tax offset** the total amount of the .

If the trustee has a carried forward amount of either of these tax offsets from the previous year, show them under item **58 Statement of distribution – Income to which no beneficiary is presently entitled** at:

- label **K Early stage venture capital limited partnership tax offset carried forward from previous year** or
- label **M Early stage investor tax offset carried forward from previous year**.

### Early stage venture capital limited partnership tax offset for the current year

An entitlement to the [early stage venture capital limited partnership](#) (ESVCLP) tax offset may be available for eligible contributions made to

an ESVCLP during the current year.

The ESVCLP must have become unconditionally registered on or after 7 December 2015.

If the trust is a limited partner of an ESVCLP, the amount of the tax offset that the trust would be entitled to is 10% of the lesser of the following:

- the trust's total contribution to the ESVCLP during 2023–24 (certain [exclusions](#) apply), and
- the trust's share (based on the trust's interest in the entire capital of the ESVCLP at the end of the current income year) of the sum of eligible venture capital investments made by the ESVCLP during the period starting at the start of the current income year and ending 2 months after the end of the current income year.

If the trust is a partner in a partnership or a beneficiary of another trust which has contributed to an ESVCLP, the trust may be entitled to an amount of ESVCLP tax offset. A written notification will be provided by the partnership or trustee of the other trust setting out the trust's entitlement to this tax offset. If a written notification has not been provided, contact the partnership or the trustee of that other trust.

Show at label **H** the sum of the ESVCLP tax offset amounts:

- to which the trust would have been entitled for 2023–24
- that have been allocated to the trust as a member of another trust or a partnership.

The amount at label **H** is the amount of the ESVCLP tax offset that is available for allocation to the beneficiaries and trustee for 2023–24.

This tax offset is non-refundable. If the trustee is entitled to an amount of tax offset and is unable to utilise it in the current year, the trustee may be able to carry forward the tax offset.

The amount of unused ESVCLP tax offset from the current year will be shown on the trustee's notice of assessment for 2023–24.

For more information on working out the amount of the ESVCLP tax offset available to the trust for allocation in 2023–24, see [ESVCLP tax incentives and concessions](#).

## **Early stage investor tax offset for the current year**

An entitlement to the early stage investor tax offset may be available for investments made in an eligible early stage innovation company during the current year. To [qualify for this tax offset](#) there are requirements that need to be satisfied by the investor (that is, trust) and by the early stage innovation company. If the investor is entitled to an early stage investor tax offset for the current year, this amount is worked out as set out below.

## Calculating the 2023–24 early stage investor tax offset available to the trust

- **Step 1:** Work out the total amount the trust paid for newly issued shares in all [early stage innovation companies](#) in 2023–24.

If the trust does not meet the requirements of the '[sophisticated investor](#)' test for at least one of the investments in an early stage innovation company in 2023–24, the step 1 amount must not exceed \$50,000. If the step 1 amount **exceeds \$50,000** the trust **can't claim** this offset.

- **Step 2:** Multiply the step 1 amount by 20%.
- **Step 3:** Identify the amount of any early stage investor tax offsets that have been allocated to the trust as a beneficiary of another trust, or a partner in a partnership, that has invested in an early stage innovation company during 2023–24.
- **Step 4:** Add together the amounts at step 2 and step 3. This is the step 4 amount.
- **Step 5:** Subtract from \$200,000 the amount (if any) reported at item **58 Statement of distribution** – label **M Early stage investor tax offset carried forward from previous year**. This result is the step 5 amount.
- **Step 6:** If the step 4 amount is equal to or less than the step 5 amount, write the step 4 amount at label **I**.

If the step 4 amount is greater than the step 5 amount, write the step 5 amount at label **I**.

The amount reported at label **I** may need to be further reduced if any of the trust's affiliates are entitled to the early stage investor tax offset (whether for investments they made in 2023–24 or carried forward from 2022–23). The maximum offset (including current year and

carried forward from prior year amounts) that you and your affiliates combined, are entitled in 2023–24 is \$200,000.

The amount at label I is the amount of the early stage investor tax offset that is available for allocation to the beneficiaries and trustee for 2023–24.

This tax offset is non-refundable. If the trustee is entitled to an amount of tax offset and is unable to utilise it in the current year, the trustee may be able to carry forward the tax offset.

The amount of unused early stage investor tax offset from the current year will be shown on the trustee's notice of assessment for 2023–24.

For more information, see [Tax incentives for early stage investors](#).

Continue to: [Medicare levy reduction or exemption – item 56](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

QC 101517

## Medicare levy reduction or exemption – item 56

Instructions to complete item 56 in the tax return relating to the Medicare levy reduction or exemption of the trustee.

**Last updated** 2 July 2024

### When to complete item 56

A trustee needs to complete this item only if all of the following conditions apply:

- The trustee is liable to be assessed on a share of the net income of the trust because a beneficiary is presently entitled to a share of the income of the trust (or specifically entitled to an amount of capital gains or franked distributions) but under a legal disability.

- The amount of the net income of the trust upon which the trustee is liable to be assessed in respect of a particular beneficiary is more than the relevant threshold amount for the Medicare levy as set out in part A of [Question M1](#) in the *Individual tax return instructions 2024*.
- The beneficiary qualifies for an exemption or reduction in the Medicare levy under one of the categories set out in [Question M1](#) in *Individual tax return instructions 2024*.

If there is more than one such beneficiary, provide a statement on a separate sheet of paper setting out the information required at this item for each additional beneficiary.

Attach the statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## Spouse's 2023–24 taxable income

Show at label **A Spouse's 2023–24 taxable income – if nil write '0'** the taxable income of the beneficiary's spouse for 2023–24. If the beneficiary had no spouse or had a spouse who had no taxable income, print **0** (zero).

## Number of dependent children and students

Show at label **B Number of dependent children and students** the number of the beneficiary's dependent children and students, if any.

## Full Medicare levy exemption – number of days

For details of the Medicare levy exemption categories, see [Question M1](#) in the *Individual tax return instructions 2024*.

Show at label **C Full Medicare levy exemption – number of days** the number of days in 2023–24 for which the beneficiary was entitled to the full Medicare levy exemption. If you have completed label **C** and the beneficiary has been issued with a statement from the Medicare Entitlement Statement Unit of Services Australia showing that the

beneficiary is not entitled to any Medicare benefits, print **C** in the **CODE** box.

## Half Medicare levy exemption – number of days

For details of the Medicare levy exemption categories, see [Question M1](#) in the *Individual tax return instructions 2024*.

Show at label **D Half Medicare levy exemption – number of days** the number of days during 2023–24 for which the beneficiary was entitled to a half Medicare levy exemption.

## Medicare levy on net income assessed to the trustee under sections 99 or 99A of the ITAA 1936

If a trustee is liable to be assessed on that part of the net income of a trust (other than a trust of a deceased person) under either [sections 99](#) or [99A](#) of the ITAA 1936 the trustee may need to pay the Medicare levy.

If a trustee is assessed on part or all of the net income of a trust under either sections 99 or 99A of the ITAA 1936 and is liable to pay tax on all of the income so assessed at the top marginal tax rate, the trustee must pay the Medicare levy at 2% of net income.

In other situations, if the net income assessed to the trustee is:

- \$416 or less, no Medicare levy is payable
- \$417 to \$520, the Medicare levy is 10% of the excess over \$416
- more than \$520, the Medicare levy is 2% of the net income assessed to the trustee.

For a trust of a deceased person, no Medicare levy is payable on that part of the net income of the trust that is assessed under either [sections 99](#) or [99A](#) of the ITAA 1936.

## Medicare levy surcharge

If the beneficiary's share of the trust net income to which a trustee is assessed under section 98 exceeds either \$93,000 (if single) or \$186,000 for the family surcharge threshold (plus \$1,500 for each dependent child after the first) the trustee may be liable for the Medicare levy surcharge (MLS). See [Question M2](#) in the *Individual tax return instructions 2024*.

Provide a statement on a separate sheet of paper showing:

- the trust's name
- the trust's TFN
- the beneficiary's name
- the beneficiary's TFN
- the beneficiary's share of the net income of the trust estate
- the number of days not liable for MLS
- the full name of the beneficiary's spouse, if applicable
- if the beneficiary did not have a spouse for the full year (the period they had the spouse)
  - the date from which the beneficiary had a spouse
  - the date to which the beneficiary had a spouse
- if the beneficiary's spouse died during the year
- the spouse's income for (Medicare levy) surcharge purposes, if applicable
- the number of dependent children, if applicable
- the health insurer identification (ID) code, if applicable
- the membership number, if applicable.

Sign the statement, attach it to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

The definition of dependant for the purposes of MLS differs from the definition of dependant for other tax purposes.

The beneficiary's and their spouse's income for MLS purposes must be calculated:

- ignoring the exemption under [section 271-105](#) of Schedule 2F to the ITAA 1936 for distributions on which FTDT has been paid – for more information on the circumstances that FTDT is payable, see [Family trust distribution tax](#)
- excluding the taxed element of a superannuation lump sum, other than a death benefit, that they received when they were over their preservation age and under 60 years old that does not exceed their low-rate cap amount.

## Medicare levy surcharge rate

The amount of Medicare levy surcharge (MLS) payable may increase depending on the beneficiary's income for MLS purposes.

The rates are detailed in [Question M2](#) in the *Individual tax return instructions 2024*.

The MLS is income tested against the following income tier thresholds:

### MLS income thresholds

| Threshold                          | Base tier         | Tier 1                | Tier 2                | Tier 3            |
|------------------------------------|-------------------|-----------------------|-----------------------|-------------------|
| <b>Single threshold</b>            | \$93,000 or less  | \$93,001 – \$108,000  | \$108,001 – \$144,000 | \$144,001 or more |
| <b>Family threshold (see note)</b> | \$186,000 or less | \$186,001 – \$216,000 | \$216,001 – \$288,000 | \$288,001 or more |
| <b>Medicare levy surcharge</b>     | 0%                | 1%                    | 1.25%                 | 1.5%              |

**Note:** The families' threshold is increased by \$1,500 for each dependent child after the first. Families include couples and single parent families.



Income for MLS purposes is only used to determine whether the beneficiary is liable to pay the MLS. It is not used to calculate the surcharge amount.

The MLS is only levied on the total of the beneficiary's:

- taxable income
- reportable fringe benefits amount, and
- any amount on which family trust distribution tax has been paid.

If the beneficiary is over their preservation age and under 60 years old, MLS is not levied on any taxed element of a super lump sum they received (other than a death benefit) that does not exceed the low-rate cap.

For more information, see [Income for Medicare levy surcharge purposes](#).

Continue to: [Income of the trust estate – item 57](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

QC 101517

## Income of the trust estate – item 57

Instructions to complete item 57 in the tax return relating to income of the trust estate.

**Published** 30 May 2024

### Income of the trust estate

Print at label **A Income of the trust estate** the income of the trust estate for trust law purposes. This is the income of the trust estate as that expression is found in Division 6 of the ITAA 1936 and related provisions. This is the total distributable income of the trust that the trustee determine is legally available for distribution to trust beneficiaries in the income year.

This calculation may depend on the terms of the trust and general trust law principles: you may need to carefully consider the trust deed, the trust accounts and relevant resolutions to determine what the trust's distributable income is. Because this amount is determined in accordance with trust law principles and where applicable, the terms of the particular trust, it may be different to the accounting income of the trust or the net (taxable) income of the trust for tax purposes.

If the income of the trust estate is a loss amount, then print **0** (zero) at label **A**.

Subject to the application of Division 6E of the ITAA 1936 and the provisions relating to the streaming of capital gains and franked distributions, Division 6 of the ITAA 1936 broadly operates to assess beneficiaries who are presently entitled to a share of the **income of the trust estate** and not under a legal disability on the same share of the net (taxable) income of the trust. This is commonly referred to as the **proportionate approach** to trust taxation. Division 6 broadly operates in a similar manner to assess a trustee in respect of certain presently entitled beneficiaries who are under a legal disability or who were non-resident at year end. The balance of net (taxable) income not assessed to any beneficiary is generally assessed to the trustee.

For more information on present entitlement, the application of Division 6E and the provisions relating to streaming of franked distributions, see [Is a beneficiary presently entitled to a share of the income of the trust estate?](#)

A beneficiary who is presently entitled to a share of the income of the trust estate shown here at label **A** will have an amount recorded at item **58 Statement of distribution** – label **W Share of income of trust estate**.

## **What is the meaning of ‘income of the trust estate’ and the ‘proportionate approach’ to trust taxation**

For information to help you complete item 57, see:

- [Bamford decision impact statement](#)
- [Taxation Ruling TR 2012/D1](#)
- [Taxation Determination TD 2012/22](#).

## Bamford decision impact statement

The 2010 High Court of Australia case of *Commissioner of Taxation v. Bamford* clarified the meaning of **income of the trust estate** and **share of income**. In response to the judgment we released a [decision impact statement](#) (DIS). The DIS includes the following key propositions:

- The income of a trust estate for trust law purposes and its income for tax purposes are 2 different subject matters which don't necessarily correspond.
- In subsection 97(1) of the ITAA 1936 **income of the trust estate** takes its meaning from the general law of trusts and not from taxation law.
- Under the general law of trusts the concept of **income** is governed by a set of rules designed to ensure that trustees fairly apportion the receipts and outgoings of a period between those entitled to income and those with an interest in capital.
- The rules of apportionment adopted by the general law of trusts take the form of presumptions about whether particular receipts or outgoings constitute income or capital. The trust law presumptions can be displaced by express provision in the trust deed.
- The apportionment of receipts and outgoings forms part of the processes in trust administration, whereby the **surplus or distributable income** to which income beneficiaries may become presently entitled in respect of **distinct year(s) of income** is ascertained (the **distributable income**).

## Taxation Ruling TR 2012/D1

Draft Taxation Ruling [TR 2012/D1](#) *Income tax: meaning of 'income of the trust estate' in Division 6 of Part III of the Income Tax Assessment Act 1936 and related provisions* was released on 28 March 2012. The draft ruling explains that the income of the trust estate is a reference to the income for trust purposes that a beneficiary could be made presently entitled to or a trustee could accumulate. This ruling may assist you in completing label **A** and item **58 Statement of distribution** – label **W**.

The ruling is in draft form and while it sets out the Commissioner's preferred view, it also contains alternative views which could, in appropriate circumstances, support a reasonably arguable position in the context of penalties. Under self-assessment, you can follow the

meaning as set out in the ruling or, if you disagree with aspects of that ruling, you can apply what you understand the term to mean for the purpose of present entitlement and completing the items. What you show at label **A** and item **58 Statement of distribution** – label **W** should be your honest determination of what the trust's distributable income is, and each relevant beneficiary's entitlement to that income by year end.

If you choose to calculate the trust's distributable income based on one of the alternative views in TR 2012/D1, for example, according to a so-called 'income equalisation clause', this income is the amount you include at item **57 Income of the trust estate** – label **A**. Even if the Commissioner later takes the view that the trust's distributable income is a different amount, you will not have made an error here.

## Taxation Determination TD 2012/22

There is more explanation of the **proportionate approach** to trust taxation in Division 6 of the ITAA 1936 in Taxation Determination [TD 2012/22](#) *Income tax: for the purposes of paragraph 97(1)(a) of the Income Tax Assessment Act 1936 (ITAA 1936) is a beneficiary's share of the net income of a trust estate worked out by reference to the proportion of the income of the trust estate to which the beneficiary is presently entitled?*

The TD contains practical examples which explain the relevance of the trust deed and the wording of the trustee resolution to the outcome which will arise under the proportionate approach.

Continue to: [Statement of distribution – item 58](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

QC 101517

## Statement of distribution – item 58

Instructions to complete item 58 in the tax return, statement of distribution to beneficiaries of the trust.

**Last updated** 2 July 2024

## Distribution details

The information disclosed in the statement of distribution will need to be provided to each beneficiary to whom that information relates to allow them to complete their own tax return.

Beneficiaries of closely held trusts need to quote their TFN to the trustee to avoid having amounts withheld from their payments or unpaid entitlements. If a beneficiary doesn't quote their TFN before a payment or entitlement occurs, the trustee must withhold from the payment or entitlement, pay the withheld amount to the ATO and lodge an annual report with details of all withheld amounts.

For more information, see [TFN withholding rules for closely held trusts](#).

If required, the [Annual TFN withholding report](#) is lodged separately by either PLS or paper.

Before completing the statement of distribution, see [Appendix 11](#).

Failure to make a correct trustee beneficiary (TB) statement may result in liability for trustee beneficiary non-disclosure tax (TBNT), currently imposed at the rate of 47%.

## Is a beneficiary presently entitled to a share of the income of the trust estate?

The way the net income of a trust is taxed will depend on whether there are beneficiaries presently entitled to a share of the income of a trust estate and whether the trust has derived capital gains or franked distributions which the trustee has 'streamed' to specific beneficiaries. In the absence of the trustee making certain beneficiaries specifically entitled to amounts of capital gains or franked distributions, a resident beneficiary who is presently entitled to a share of the income of the trust estate (for trust purposes) and is not under a legal disability is assessed on the same percentage share of the net income (for tax purposes) of the trust.

There are a number of steps in determining whether a beneficiary is presently entitled to a share of the income of the trust.

### Step 1: Calculate the income of the trust available for distribution

Determine the total income of the trust that was legally available for distribution to trust beneficiaries in the income year (the **distributable income**). This is the amount at item **57 Income of the trust estate** – label **A**.

## **Step 2: Determine the beneficiary's entitlement to distributable income**

Determine the amount of the trust's distributable income that the beneficiary was presently entitled at any time during the year, even if it has been paid or applied on their behalf. A beneficiary's entitlement to income may be prescribed by the deed, or it may depend on the exercise of a trustee's discretion.

A beneficiary will be deemed to be presently entitled to the income of a trust estate if they have an **indefeasible vested interest** in that income. An indefeasible interest is one that can't be brought to an end or varied. For example, it is not able to be varied by the exercise of a power by the trustee or another person. A vested interest is one that presently exists. However, it can be either a present right or one that can be enjoyed in the future.

The principal beneficiary of a special disability trust is considered to be presently entitled to all of the income of the trust estate. For more information, see [Completing a trust tax return for a special disability trust](#).

## **Step 3: Calculate the beneficiary's percentage share of the distributable income**

Convert each beneficiary's entitlement to the distributable income to a percentage share of the total distributable income. This percentage share is relevant in working out the amount of the trust's net income (for tax purposes) that is assessed to a beneficiary (or to the trustee on the beneficiary's behalf where the beneficiary is under a legal disability or is a non-resident at the end of the income year). It is also relevant to the allocation of certain types of income, tax credits and other trust amounts to beneficiaries.

A beneficiary will also be taken to be presently entitled to any income they are paid or that is applied on their behalf, at the discretion of the trustee.

## **Step 4: Apply relevant adjustments**

If allowed by the trust deed, the trustee of a trust may stream a trust's capital gains and franked distributions to beneficiaries for tax purposes by making them **specifically entitled** to the amounts (see [Streaming trust capital gains and franked distributions](#)). Broadly, beneficiaries who are made **specifically entitled** to the trust's capital gains will be taken to have made capital gains referable to so much of those gains as are included in the trust's net income (with appropriate adjustments for any CGT discounts or concessions). Beneficiaries who are made **specifically entitled** to the trust's franked distributions will be assessed on so much of those distributions as are included in the trust's net income, as well as on any corresponding franking credits.

In these circumstances, to work out how much of the balance of the trust's net income for tax purposes (that is, excluding capital gains and franked distributions that any entity is specifically entitled to) is assessed to relevant beneficiaries or the trustee, in a practical sense the trustee will generally need to use the beneficiaries (or trustee's) **adjusted Division 6 percentage** share instead of their percentage share of distributable income calculated at [step 3](#). The adjusted Division 6 percentage is broadly the income of the trust estate to which a beneficiary is presently entitled, ignoring any franked distributions and capital gains to which they are specifically entitled, divided by the income of the trust calculated on the assumption that it excludes any capital gains or franked distributions to which **any entity** is specifically entitled. For a trustee, if the sum of the adjusted Division 6 percentage of all beneficiaries is less than 100%, the difference is the trustee's adjusted Division 6 percentage.

The streaming rules don't apply to AMITs or CCIV sub-fund trusts that meet the requirements to be an AMIT, which are subject to the separate attribution rules that enable capital gains and franked distributions to be attributed to members for tax purposes (see [Managed investment trusts: election into capital treatment](#)).

Trustees of trusts that didn't stream capital gains and franked distributions to beneficiaries for tax purposes in 2023–24, or were not in receipt of franked distributions or capital gains in 2023–24, don't calculate an **adjusted Division 6 percentage** and, instead, just use each beneficiary's percentage share of distributable income calculated above.

Similarly, for trusts in receipt of capital gains or franked distributions, if no beneficiaries (or the trustee) are specifically entitled to such amounts, the 2 percentage shares will be the same.

These adjustments can only apply if total net income of the trust for tax purposes is greater than zero.

For more information, see [Trust tax-time toolkit](#).

## Is there income of the trust estate to which no beneficiary is presently entitled?

Include at the end of item **58 Income to which no beneficiary is presently entitled** that part of the net (taxable) income of the trust at item **26 Total net income or loss** that has not been assessed to either:

- a beneficiary
- the trustee on behalf of a beneficiary who is presently entitled to a share of the income of the trust but is either
  - not a resident at the end of the income year
  - under a legal disability.

The trustee also prints **X** in the **Yes** box at **Is any tax payable by the trustee?** on page 2 of the trust tax return.

Generally, to work out the amount to record at labels **A, B, U, F, G** and **H** under **Income to which no beneficiary is presently entitled** at the end of item **58**:

- convert the amount of the trust's distributable income to which no beneficiary is presently entitled as a percentage of the total distributable income, and
- multiply this result by the component of the trust's net income that relates to each entry.

If the trust has beneficiaries (or the trustee) that are **specifically entitled** to amounts of capital gains or franked distributions, the amount recorded at labels **A, B, U, F, G** and **H** under **Income to which no beneficiary is presently entitled** at the end of item **58** will need to be calculated having regard to the **adjusted Division 6 percentage** share of the income of the trust.

For more information, see [Trust tax-time toolkit](#).

The trustee is assessable under [section 99A](#) of the ITAA 1936 and is liable to pay tax at the highest marginal rate on that part of the net income of the trust that has not been assessed to a beneficiary or to



the trustee on a beneficiary's behalf. The applicable tax rate is the highest marginal rate of tax for resident individuals.

However, section 99A of the ITAA 1936 will not apply if the Commissioner thinks it would be unreasonable for the special rate of tax to apply to the net income of a trust estate that:

- resulted from the will or intestacy of a deceased person
- consists of property either of a bankrupt vested in the official receiver in bankruptcy or that is being administered under [Part XI](#) of the *Bankruptcy Act 1966* (as amended)
- consists of property that was transferred to the trustee for the benefit of the beneficiary
  - by way of, or in satisfaction of a claim for, damages for loss of parental support, personal injury, disease, or physical or mental impairment
  - by way of workers or criminal injury compensation
  - directly as a result of the death of a person and from the proceeds of a life assurance policy, a superannuation fund or an employer of the deceased person
  - out of a public fund established and maintained exclusively for the relief of persons in necessitous circumstances
  - as a result of a family breakdown (see section 102AGA of the ITAA 1936 for when the transfer of property is as a result of a family breakdown).

Where the Commissioner exercises his discretion that it would be unreasonable for section 99A to apply to the trust for an income year, the trustee will pay tax at concessional rates.

For deceased estates that are resident trust estates and in respect of which the Commissioner has exercised his discretion:

- for the [first 3 income years](#) including the income year the deceased died, the general individual tax rates incorporating the tax free threshold will apply (this concessional treatment can't be extended)
- for the [fourth and subsequent years](#), modified individual tax rates apply where the benefit of the tax-free threshold is not available.

For other resident trust estates in respect of which the Commissioner has exercised his discretion to not apply section 99A in assessing the trustee, the [modified individual tax rates](#) also apply.

## **Requesting an exercise of the Commissioner's discretion**

If you would like the Commissioner's discretion to be exercised, submit full details in support of the request including:

- if the trust resulted from the will or intestacy of a deceased person
  - whether the trust is a deceased estate or a testamentary trust
- if the trust is a testamentary trust
  - the name of the deceased person
  - the date of death of the deceased person
  - the clauses in the will that instruct for the creation of the trust
- details of the balance sheet capital accounts
- details of any unpaid present entitlements of the trust
- whether the trust property consists only of:
  - property vested in the trustee as the result of a will
  - property that represents accumulations of income or capital from the above property
  - property from the sale of any of the above property
  - property from the re-investment of any of the above property
- if shares are held in private companies and special rights attach directly or indirectly to those shares, a statement showing
  - the name of the company
  - the class and paid-up value of the shares
  - details of the special rights
  - whether those rights have been exercised during the year
- if a loan has been made to or by the trust, a statement showing the nature of the debt, the terms of the loan and the borrower's or lender's full name, address and family relationship, if any, to the beneficiaries

- full details for such loans if relatives of the beneficiaries or other persons not at arm's length have made loans to a private company in which the trust holds shares, or to a partnership in which the trustee is a partner
- the names of any other trusts to which the person has contributed in the ways mentioned or in which the beneficiaries of the trust lodging this tax return are interested
  - this information need not be furnished for public securities, debentures in public companies and loans made in normal commercial transactions where the parties are at arm's length
- if a person, other than in a purely commercial transaction at arm's length, has directly or indirectly transferred money or property to the trust, conferred benefits on the trust or conferred special privileges on the property of the trust, the full name and address of the person and the family relationship, if any, of that person to the beneficiaries
- names of any other trusts to which the person referred to in the 2 previous dot points has contributed in the ways mentioned in those sub-paragraphs or in which the beneficiaries of the trust lodging this tax return are interested
- details of property which has been transferred to a trust by a relative of the beneficiaries, and income from that property which must or may be used to pay for that property
- if the trustee is a discretionary object in relation to another trust the details of any distributions of income or capital received from the other trust
- reasons why the trustee is not making distributions and is instead accumulating amounts within the trust.

In exercising the discretion, the Commissioner, will consider whether any tax is avoided under the arrangement, and whether the arrangement is achieving legitimate and reasonable family and business objectives. Where relevant, we would also consider whether the arrangement is for the good of the public generally or arises out of an exercise of public duty.

If the Commissioner has previously exercised the discretion in relation to the trust, provide on a separate sheet of paper the reference

number and the income years the discretion was exercised for.  
Alternatively, you can attach a copy of the decision you received.

Attach the statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## Can trust capital gains be reduced?

**Can trust capital gains be reduced by the CGT discount and/or the small business 50% reduction where there is income to which no beneficiary is presently entitled?**

If the trustee is assessable under [section 99A](#) of the ITAA 1936 on some or all of the net income of the trust, capital gains included in that part of the trust's net income are not eligible for the CGT discount and the small business 50% reduction (see [section 115-222](#) of the ITAA 1997).

If the trustee is assessable under section 99A of the ITAA 1936 on some or all of the net income of the trust and the amount on which the trustee is assessed includes a capital gain to which either the CGT discount or the small business 50% reduction has been applied (but not both), work out the amount assessable to the trustee under section 99A as if the part attributable to the capital gain was double the amount it actually is.

If the trustee is assessable under section 99A of the ITAA 1936 on some or all of the net income of the trust, and the amount on which the trustee is assessed includes a capital gain to which both the CGT discount **and** the small business 50% reduction have been applied, work out the amount assessable to the trustee under section 99A as if the part attributable to the capital gain was 4 times the amount it actually is.

Provide a statement on a separate sheet of paper showing details of the amount assessable under section 99A using the above method.

Attach the statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

**Has the trust received an employment termination payment (ETP) or superannuation lump sum?**

Include death benefit ETPs and superannuation lump sums on the statement of distribution at label **B Non-primary production** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The trustee is liable to pay the tax, if any, on these amounts. The amount of tax payable by the trustee depends on the components of the ETP or superannuation lump sum and the extent that the dependants of the deceased have benefitted from the estate. For more information on ETPs and superannuation lump sums, see item [13 Superannuation lump sums and employment termination payments](#).

## Has the trust received a listed investment company (LIC) capital gain amount?

If the following persons or entities are beneficiaries and the trustee claimed a deduction in respect of a LIC capital gain amount in calculating the trust's net income for tax purposes, the trustee must advise these beneficiaries of their share of the deduction:

- trustee of a trust
- trustee of a superannuation entity
- company (including a life insurance company)
- partnership.

Each beneficiary's share of the deduction is so much of that deduction as is reflected in their share of the net income of the trust.

## Completing item 58

The total of the amounts at labels **N, A, B, U, F, G** and **H** on this statement equals the amount at item **26 Total net income or loss**, except in the case:

- of certain ETPs, as covered in item [13 Superannuation lump sums and employment termination payments](#)
- where a beneficiary's or a trustee's share of franking credits at label **N** has been reduced because of an entitlement to a foreign income tax offset
- where part of the net income is not taxable either to the trustee or beneficiary.

If part of the net income is not taxable to either the trustee or a beneficiary, for example, where it is not attributable to sources in Australia and it relates to a share of income that a non-resident beneficiary, who is not the trustee of another trust, is entitled to:

- attach a statement highlighting this to the tax return
- print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return
- include the information outlined at [Non-resident beneficiaries](#).

If part of a distribution is not taxable to either the trustee or a beneficiary, for example, the distribution to a non-resident beneficiary includes dividends, interest, or royalties on which withholding tax has been withheld and remitted to us, franked dividends excluded from non-resident withholding tax, or a distribution to a foreign resident which requires an Australian managed investment trust to withhold an amount:

- attach a statement highlighting this to the tax return
- print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return
- include the information outlined at [Non-resident beneficiaries](#).

## Trust losses

A trust can't distribute an overall trust loss. In these circumstances, there will be no income of the trust estate to which any beneficiary can be presently entitled, which will generally result in the trustee being assessed on any net income of the trust for tax purposes, if there is any.

However a beneficiary still may be able to be made specifically entitled to (and assessed in respect of) a capital gain if it forms part of the capital of the trust rather than being included in the calculation of trust income.

You may still need to record certain information on the statement of distribution for the purposes of certain primary production concessions. See [Beneficiaries of primary production trusts that report a loss](#).

If the trust has overall income, but has a negative net income for tax purposes, it can't distribute that tax loss to beneficiaries.

## Beneficiary details

Use these instructions to complete the beneficiary details:

- [If the number of beneficiaries exceeds 3](#)
- [Beneficiary 1, Beneficiary 2, Beneficiary 3](#)
- [Entity code](#)
- [Assessment calculation code](#)
- [Share of income of the trust estate](#)
- [Share of credit for tax withheld – foreign resident withholding](#)
- [Australian franking credits from a New Zealand franking company](#)
- [Share of income – Primary production and Non-primary production](#)
- [PP – NCM](#)
- [PP – Excluded from NCM](#)
- [Non-PP – NCM](#)
- [Non-PP – Excluded from NCM](#)
- [Credit for tax withheld where ABN not quoted](#)
- [Franked distributions](#)
- [Franking credit](#)
- [TFN amounts withheld](#)
- [Share of credit for TFN amounts withheld from payments from closely held trusts](#)
- [Capital gains](#)
- [Gross capital gain](#)
- [Capital losses applied](#)
- [CGT discount applied](#)
- [CGT small business concessions applied](#)

- [NCMI Capital gains](#)
- [Excluded from NCMI capital gains](#)
- [Share of credit for foreign resident capital gains withholding amounts](#)
- [Attributed foreign income](#)
- [Other assessable foreign source income](#)
- [Foreign income tax offset](#)
- [Share of National Rental Affordability Scheme tax offset](#)
- [Exploration credits distributed](#)
- [Early stage venture capital limited partnership \(ESVCLP\) tax offset](#)
- [Early stage venture capital limited partnership tax offset carried forward from previous year](#)
- [Early stage investor tax offset](#)
- [Early stage investor tax offset carried forward from previous year](#)
- [Div 6AA Eligible income.](#)

## **If the number of beneficiaries exceeds 3**

For paper tax returns, if there are more than 3 beneficiaries, photocopy extra pages and complete the statement of distribution for each additional beneficiary.

Attach the additional beneficiary details to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

Complete the statement of distribution even for those beneficiaries under a legal disability on whose behalf the trustee will be assessed.

## **Beneficiary 1, Beneficiary 2, Beneficiary 3**

For each beneficiary presently entitled or having an indefeasible and vested interest in trust income, show the following details.

### **Individuals**

For individual beneficiaries, show:



- tax file number (TFN)
- full name, including title, family name, and given names
- residential address (street address, not a PO Box)
- date of birth
- [entity type code](#)

## Non-individuals

for non-individuals, show:

- TFN
- full name of entity – for example, ABC Trust
- business address (street address not a PO Box)
- [entity type code](#).

## Entity code

Print the appropriate code for the beneficiary entity type at label **U Entity code** (next to the TFN):

- **C** – Company
- **F** – Fund
- **I** – Individual
- **P** – Partnership
- **S** – Self-managed super fund
- **T** – Trust.

Ensure you complete these details fully and in the correct area.

### Example 11: beneficiary is a company

If the beneficiary is a company, then complete the details as:

- **Tax file number:** 123 456 789
- **Entity code:** C
- **Non-individual name:** John Smith Pty Ltd

- **Business address:** 123 Brown Street
- **Suburb/town:** Melbourne
- **State/territory:** Vic
- **Postcode:** 3000

## Assessment calculation code

Show at label **V Assessment calculation code** an assessment calculation code from [Appendix 12](#) for each beneficiary presently entitled to a share of the income of the trust (even those beneficiaries under a legal disability on whose behalf the trustee will be assessed), and also for income to which no beneficiary is presently entitled and in which no beneficiary has an indefeasible vested interest.

Bankrupt estates are lodged under assessment calculation code **37**.

## Share of income of the trust estate

Show at label **W Share of income of the trust estate** each beneficiary's share of the income of the trust estate recorded at item **57 Income of the trust estate** – label **A** to which they are presently entitled.

A beneficiary's entitlement to income may be prescribed by the deed, or it may depend on the exercise of a trustee's discretion. A beneficiary will be taken to be presently entitled to any income they are paid or that is applied on their behalf, at the discretion of the trustee.

A beneficiary will be deemed to be presently entitled to the income of a trust estate if they have an **indefeasible vested interest** in that income. An indefeasible interest is one that can't be brought to an end or varied, for example, it is not able to be varied by the exercise of a power by the trustee or another person. A vested interest is one that presently exists. However, it can be either a present right or one that can be enjoyed in the future.

The principal beneficiary of a special disability trust is considered to be presently entitled to all of the income of the trust estate. For more information, see item [57 Income of the trust estate](#).

## Share of credit for tax withheld – foreign resident withholding

You complete label **L** if the trust is a non-resident trust and completed:

Item **6 Tax withheld** – label **U Credit for tax withheld - foreign resident withholding (excluding capital gains)**, or

item **8 Partnerships and trusts** – label **U Share of credit for tax withheld – foreign resident withholding (excluding capital gains)**.

Show at label **L Share of credit for tax withheld - foreign resident withholding (excluding capital gains)** each beneficiary's share of credit for tax withheld where income of the trust is subject to foreign resident withholding.

Except for relevant trusts that have made beneficiaries specifically entitled to franked distributions or capital gains, you work out a beneficiary's share of the credit by multiplying the amount of tax withheld by the beneficiary's percentage share of the trust income. Show whole dollars only.

For trusts that have made beneficiaries specifically entitled to franked distributions or capital gains, you generally work out a beneficiary's share of the credit by multiplying the amount of tax withheld by their **adjusted Division 6 percentage share**. Show whole dollars only.

If there is trust income to which no beneficiary is presently entitled, show that share of the amount of tax withheld at label **L** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

If the trust has no net income, the beneficiaries are not entitled to a share of the credit for tax withheld. Instead, show the sum of the amounts withheld at label **L** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The total of the amounts at label **L** must equal the total amount of credit shown on the tax return at item **6 Tax withheld** – label **U Credit for tax withheld - foreign resident withholding (excluding capital gains)** and item **8 Partnerships and trusts** – label **U Share of credit for tax withheld – foreign resident withholding (excluding capital gains)**.

Don't include any amounts of foreign resident capital gains withholding at label **L**. This amount should be included at label **Z Share of credit for foreign resident capital gains withholding amounts**.

## Australian franking credits from a New Zealand franking company

Show at label **N Australian franking credits from a New Zealand franking company** the beneficiary's share of the Australian franking credit received from a New Zealand franking company, including any amounts received through another trust or a partnership. The beneficiary's share of this credit is broadly calculated as the total of:

- the credit attaching to any part of the relevant distribution from the New Zealand franking company to which the beneficiary is **specifically entitled, plus**
- the beneficiary's **adjusted Division 6 percentage** of the credit attaching to any part of the relevant distribution to which no beneficiary is **specifically entitled**.

The amount at label **N** is not necessarily the amount that can be claimed by each beneficiary.

If the beneficiary is under a legal disability, the trustee will be assessed; see above. In these circumstances, include at label **N** in the beneficiary's statement of distribution the amount of Australian franking credits attached to a New Zealand franking company dividend allowed to the trustee.

If there are relevant distributions to which no beneficiary is presently entitled, include the trustee's share of the Australian franking credits attached to a dividend paid by a New Zealand franking company at label **N** under **Income to which no beneficiary is presently entitled** at the end of item **58**. The trustee's share is worked out in the same way as their share of the franking credit on a franked distribution by an Australian company; see below.

Under [section 220-405](#) of the ITAA 1997, the Australian franking credits may be reduced by the relevant part of the supplementary dividend paid by the New Zealand franking company if:

- the supplementary dividend was paid in connection with the franked dividend
- the beneficiary under a legal disability or trustee is entitled to a foreign income tax offset because the franked dividend is included in their assessable income; for more information, see [Appendix 1](#).

Amounts shown at label **N** are not included at label **D Franking credit**.

## Share of income – Primary production and Non-primary production

Show at label **A Primary production** and label **B Non-primary production** each beneficiary's share of the trust's primary production income and non-primary production income included in the net income of the trust for tax purposes, except to the extent that these amounts are recorded at other labels, at item **58**.

The trust's primary production income is generally indicated at item **5 Business income and expenses** and item **8 Partnerships and trusts**, less any primary production deductions.

The trust's non-primary production income is the amount shown at item **26 Total net income or loss**, less:

- primary production income as calculated above
- amounts attributable to capital gains (shown at item **21 Capital gains**)
- foreign income included at item **22 Attributed foreign income** and item **23 Other assessable foreign source income**.

All of these amounts are shown at separate labels on the statement of distribution.

While the trust's non-primary production income includes franked distributions, for the purpose of recording beneficiaries' shares of franked distributions included in the net income of the trust on the statement of distribution, these amounts should not be shown at label **B**. Franked distributions (both fully and partially franked) should be shown at label **U Franked distributions** on the distribution statement. Unfranked distributions should continue to be shown at label **B**.

If the trust carries on a business of primary production and has disposed of Australian Carbon Credit Units (ACCUs), for beneficiaries who are individuals include at label **A** (Primary production) of the Statement of distribution their share of the net income of the trust attributable to the sale of the ACCUs if:

- the individual does not hold their interest as a trustee
- the individual is taken to carry on a business of primary production because they are the beneficiary of the trust for the purpose of the farm management deposit or tax averaging rules

- the trust started to hold the ACCUs on or after 1 July 2022
- either
  - the units were issued to the trust by the Clean Energy Regulator in relation to an eligible offsets project, or
  - under an arrangement with a carbon service provider (CSP), the ACCUs were transferred to the trust by the CSP and were issued to the CSP under the *Carbon Credits (Carbon Farming Initiative) Act 2011* in relation to an eligible offsets project on or after 1 July 2022.

At all times while the eligible offsets project is carried on, the trust must have carried on a primary production business in the same area as the eligible offsets project or in an area connected to where the eligible offsets project is carried on.

Don't include these amounts at label **B** Non-primary production of the Statement of distribution. The trust will still include these amounts at label **H** (in the Trust tax return, item **5**, Other business income, Non-primary production). For more information, see [Taxation of Australian carbon credit units for primary producers](#).

The amount shown at label **A** is worked out by multiplying the primary production income by the beneficiary's percentage share of the trust's income or **adjusted Division 6 percentage** share, in the case of relevant trusts with capital gains or franked distributions that any beneficiary (or the trustee) is **specifically entitled** to in full or in part.

For trusts that did not receive franked distributions either directly or indirectly through a partnership or trust during the income year and did not have any capital gains that any beneficiary (or the trustee) was specifically entitled to, the amount shown at label **B** is worked out by multiplying the non-primary production income by the beneficiary's percentage share of the trust's income.

The non-primary production income amount you show at label **B** will need to be worked out differently if the trust is a relevant trust with capital gains or franked distributions that any beneficiary (or the trustee) is **specifically entitled** to in full or in part.

For relevant trusts with capital gains or franked distributions that any beneficiary (or the trustee) is **specifically entitled** to in full or in part, the amount you show at label **B** in respect of a beneficiary should include the beneficiary's **adjusted Division 6 percentage** of all other

non-primary production income of the trust, excluding franked distributions.

Franked distributions are shown at label **U Franked distributions**, see [Franked distributions](#).

For more information, see [Trust tax-time toolkit](#).

If the shares or interests are not held at risk as required under the holding period and related payments rules, or there is other manipulation of the imputation system, don't include the relevant franking credits here or at label **D Franking credit** on the statement of distribution at this item.

For more information, see [Appendix 1](#) and [Qualified person test](#).

The amounts shown at labels **A** and **B** under any calculation method may be different from the primary production and non-primary production income actually distributed to the beneficiary, or which they were entitled to receive from the trust.

If the trust made a loss from its primary production or non-primary production activities, print **L** in the box to the right of label **A** and **B**, as appropriate. The total of the amounts shown at label **N, A, B, U, F, G** and **H** should be a positive amount, because trusts can't distribute losses.

## **Beneficiaries of primary production trusts that report a loss**

Eligible primary producer beneficiaries can access income averaging and hold a farm management deposit in years even where a primary production trust reports a loss for trust purposes.

What you are required to show at label **A** will depend on the type of trust that has made the loss for trust purposes.

### **Fixed trusts**

If the trust is a fixed trust, all the eligible beneficiaries are able to access income averaging and hold farm management deposit.

### **Discretionary trusts**

If the trust is a discretionary trust, the trustee will need to choose those beneficiaries who will still be eligible for the concessions.

Trustees may choose beneficiaries who will be eligible for income averaging or hold farm management deposits.

The trustee's choices must be:

- made in writing
- signed by both the trustee and the beneficiary
- made by the time that the trust return is lodged (unless the Commissioner allows a later time).

The trustee may choose the greater of:

- 12 beneficiaries, or
- the number of primary producer beneficiaries chosen in the previous income year.

## How to complete primary production

Print **0** (zero) at label **A Primary production** for each eligible beneficiary, that is:

- all fixed trust beneficiaries
- each chosen discretionary trust beneficiary eligible for income averaging.

If as a result of the trustee's choices, a primary producer is eligible to access farm management deposits but is not eligible for income averaging, don't show anything at label **A** for that beneficiary.

For more information, see:

- [Tax averaging for primary producers](#)
- [Farm management deposits scheme](#).

## PP – NCMI

If you showed an amount at item **32 Non-concessional MIT income (NCMI)**

Show at label **A1 PP – NCMI** the total share of primary production NCMI for the relevant beneficiary of the trust.

The total distributed to all beneficiaries at label **A1** can't be greater than the total at item **32** – label **A, E** and **G Non-concessional MIT income (NCMI)**.



## PP – Excluded from NCMI

Show at label **A2 PP – Excluded from NCMI** the total share of primary production income excluded from NCMI for the relevant beneficiary of the trust.

The total distributed to all beneficiaries at label **A2** can't be greater than the total at item **32** – label **B, F and H Excluded from NCMI**.

## Non-PP – NCMI

Show at label **B1 Non – PP NCMI** the total share of non-primary production NCMI for the relevant beneficiary of the trust.

The total distributed to all beneficiaries at label **B1** can't be greater than the total at item **32** – label **C, I and K Non-concessional MIT income (NCMI)**.

## Non-PP – Excluded from NCMI

Show at label **B2 Non – PP Excluded from NCMI** the total share of non-primary production income excluded from NCMI for the relevant beneficiary of the trust.

The total amount distributed to all beneficiaries at label **B2** can't be greater than the total at item **32** – label **D, J and L Excluded from NCMI**.

## Credit for tax withheld where ABN not quoted

Show at label **C Credit for tax withheld where ABN not quoted** each beneficiary's share of credit for tax withheld where an ABN was not quoted.

Except for relevant trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you work out a beneficiary's share of the credit by multiplying the amount of tax withheld by the beneficiary's percentage share of the trust income. Show whole dollars only.

For trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you generally work out a beneficiary's share of the credit by multiplying the amount of tax withheld by their **adjusted Division 6** percentage share. Show whole dollars only.

If there is trust income to which no beneficiary is presently entitled, show that share of the amount of tax withheld at label **C** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

If the trust has no net income, the beneficiaries are not entitled to a share of the credit for tax withheld. Instead, show the sum of the amounts withheld at label **C** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The total of label **C** amounts for each completed statement of distribution equals the sum of any credit claimed at:

- item **6 Tax withheld** – label **T Tax withheld where ABN not quoted**
- item **8 Partnerships and trusts** – label **C Share of credit for tax withheld where ABN not quoted**.

## Franked distributions

Show at label **U Franked distributions** each beneficiary's share of franked distributions, to the extent they formed part of the net income of the trust for tax purposes. The amount you show at label **U** also includes the beneficiary's share of attached franking credits (the franking credit 'gross-up').

Trusts which have not made beneficiaries (or the trustee) **specifically entitled** to franked distributions generally work out a beneficiary's share of the franked distributions by multiplying the total amount of the trust's franked distributions (and any attached franking credits) to the extent to which those distributions formed part of the net income of the trust estate for tax purposes by the beneficiary's percentage share of the trust income. Show whole dollars only.

For relevant trusts with franked distributions that any beneficiary (or the trustee) is **specifically entitled** to in full or in part, the amount you show at label **U** in respect of a beneficiary should generally include:

- the amount of the net franked distributions that the beneficiary is **specifically entitled** (net franked distributions are determined by reducing the franked distributions by expenses that are directly relevant to them), to the extent that those distributions formed part of the net income of the trust estate for tax purposes, plus any attached franking credits, **plus**
- the beneficiary's **adjusted Division 6 percentage** share of any net franked distributions of the trust that no beneficiary is **specifically**

**entitled** to the extent that those distributions formed part of the net income of the trust estate for tax purposes, plus that same share of any attached franking credits.

For more information, see [Trust tax-time toolkit](#).

While dividends from a New Zealand franking company are taken into account when calculating a beneficiary's share of franked distributions, the New Zealand franking company dividend amount (and associated franking credits) should not be included at label **U**. Show the New Zealand franking company dividend amount at label **H Other assessable foreign source income**.

The total amount of franking credits (the franking credit 'gross-up') included at this label for a beneficiary would generally equal the total of the credits at label **D Franking credit**.

If the shares or interests are not held at risk as required under the holding period and related payments rules, or there is other manipulation of the imputation system, don't include the relevant franking credits here or at label **D**.

For more information, see [Appendix 1](#) and [Qualified person test](#).

## Franking credit

For trusts that didn't make any beneficiary (or the trustee) specifically entitled to any franked distributions, the amount shown at label **D Franking credit** is worked out by multiplying the total franking credits included in the trust's net income (at item **8 Partnerships and trusts** – label **D Share of franking credits from franked distributions** and at item **12 Dividends** – label **M Franking credit**) multiplied by the beneficiary's percentage share of the trust income. Include cents.

The amount shown at label **D** will need to be worked out differently if the trust is a relevant trust with franked distributions that any beneficiary (or the trustee) is **specifically entitled** to in full or in part.

For relevant trusts with capital gains or franked distributions that any beneficiary (or the trustee) is **specifically entitled** to in full or in part, the amount shown at label **D** in respect of a beneficiary should include:

- any franking credits attaching to franked distributions to which the beneficiary is **specifically entitled**, to the extent to which those distributions formed part of the net income of the trust estate for tax purposes, **plus**

- the beneficiary's **adjusted Division 6 percentage** share of any franking credits attaching to any part of the franked distributions forming part of the net income of the trust estate, to which no beneficiary is **specifically entitled**.

If the trustee is assessable on a part of the net income under section 99 or 99A, the trustee may have a share of the franking credit on the dividend. To work out the trustee's entitlement, express that part of the dividend in respect of which no beneficiary has an entitlement as a percentage of the total dividend. Multiply the result by the amount of the franking credit on that dividend at label **D** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The total of label **D** amounts for each completed statement of distribution must equal the sum of franking credits claimed at:

- item **8 Partnerships and trusts** – label **D Share of franking credits from franked distributions**
- item **12 Dividends** – label **M Franking credit**.

Amounts shown at label **N Australian franking credits from a New Zealand franking company** are not included at label **D**.

For more information, see [Appendix 1](#) and [Trust tax-time toolkit](#).

## TFN amounts withheld

Show at label **E TFN amounts withheld** each beneficiary's share of credit for amounts withheld from payments of interest, dividends and unit trust distributions by investment bodies because the recipient didn't quote a TFN. Include cents.

Except for relevant trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you work out a beneficiary's share of the credit by multiplying the amount of tax withheld by the beneficiary's percentage share of the trust income.

For trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you generally work out a beneficiary's share of the credit by multiplying the amount of tax withheld by their **adjusted Division 6 percentage** share.

If there is trust income to which no beneficiary is presently entitled, show that share of the credit for the TFN amounts withheld at label **E**

under **Income to which no beneficiary is presently entitled** at the end of item **58**.

Where the trustee claims the credit withheld on behalf of presently entitled beneficiaries under a legal disability, the beneficiary must not also claim this amount on their income tax return.

If the trust has no net income, the beneficiaries don't have a share of credit for the TFN amounts withheld. Instead, show the total of the TFN amounts at label **E** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The amounts at label **E** for each completed statement of distribution must equal the sum of TFN amounts withheld on interest, dividends and unit trust distributions at:

- item **8 Partnerships and trusts** – label **E Share of credit for TFN amounts withheld from interest, dividends and unit trust distributions**
- item **11 Gross interest** – label **I TFN amounts withheld from gross interest**
- item **12 Dividends** – label **N TFN amounts withheld from dividends**.

## **Share of credit for TFN amounts withheld from payments from closely held trusts**

Show at label **O Share of credit for TFN amounts withheld from payments from closely held trusts** each beneficiary's share of credit for any amount withheld by the trustee of a closely held trust from a distribution made to you as a trustee beneficiary, because a TFN was not provided. Include cents.

Except for relevant trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you work out a beneficiary's share of the credit by multiplying the amount of tax withheld by the beneficiary's percentage share of the trust income.

For trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you generally work out a beneficiary's share of the credit by multiplying the amount of tax withheld by their **adjusted Division 6 percentage** share.

If there is trust income to which no beneficiary is presently entitled, show that share of the credit for the TFN amounts withheld from

payments from closely held trusts at label **O** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

If the trust has no net income, the beneficiaries are not entitled to a share of the credit for tax withheld. Instead, show the total of the amounts withheld at label **O** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The total amounts at label **O** for each completed statement of distribution must equal the total of TFN amounts withheld on closely held trust distributions shown at item **8 Partnerships and trusts** – label **O Credit for TFN amounts withheld from payments from closely held trusts** on the trust return. Include cents.

Don't show at label **O** any amounts you have withheld, as the trustee of a closely held trust, from payments or distributions where the beneficiary has not provided their TFN to you. These should be reported at label **T Total TFN amounts withheld from payments** under **Annual Trustee Payment report information**.

For more information on the TFN withholding rules for closely held trusts, see [TFN withholding for closely held trusts](#).

## Capital gains

Show at label **F Capital gains** each beneficiary's share of the trust's (net) capital gains. Show whole dollars only.

**Table: CGT calculation elements for label F Capital gains**

| Label     | Calculation element                        | Amount |
|-----------|--------------------------------------------|--------|
| <b>F1</b> | Gross capital gain                         | \$     |
| <b>F2</b> | Capital losses applied                     | \$     |
| <b>F3</b> | CGT discount applied                       | \$     |
| <b>F4</b> | CGT small business concessions applied     | \$     |
| <b>F</b>  | <b>F1 – F2 – F3 – F4 = F Capital gains</b> | \$     |

Except for relevant trusts which have made beneficiaries (or the trustee) specifically entitled to capital gains, you work out a

beneficiary's share of capital gains by multiplying:

- the amount of the trust's capital gains, to the extent that it forms part of the net income of the trust estate for tax purposes, by
- the beneficiary's percentage share of the trust income.

For a relevant trust which has made beneficiaries (or the trustee) specifically entitled to capital gains the amount shown at label **F** is:

- the total of the beneficiary's share of capital gains that the beneficiary is specifically entitled, to the extent that it forms part of the net income of the trust estate for tax purposes
- plus the beneficiary's adjusted Division 6 percentage share of any capital gains that no beneficiary is specifically entitled, to the extent they form part of the net income of the trust
- If a rateable reduction is reported, it should be apportioned evenly against the beneficiary CGT amounts.

If there is trust income to which no beneficiary is presently entitled, show that share of the trust's capital gains at the end of item **58** – label **F** under **Income to which no beneficiary is presently entitled**.

The legislation that provides for the streaming of capital gains for tax purposes, includes an option for eligible trustees to choose to be assessed on capital gains of the trust in certain circumstances. For more information, see [item 59 Choice of resident trustee to be assessed to capital gains on behalf of beneficiaries](#). If this option applies, show that share of the trust's capital gains at item **59**– label **Y**. Capital gains under which this choice has been made should only be shown at item **59** and should not be shown at item **58** – label **F** for each relevant beneficiary.

The total amounts at item **58** – label **F** from all completed statements of distribution, plus the amount at item **59** – label **Y**, would generally equal the amount at item **21 Capital gains** – label **A Net capital gain**. This is unless the trust properly applies deductible expenses or revenue losses against the net capital gain in working out the net income of the trust.

For more information, see:

- [Guide to capital gains tax 2024](#)
- [Worksheet 5](#).

## Gross capital gain

Show at label **F1 Gross capital gain** each beneficiary's share of the trust's gross capital gains. Show whole dollars only.

To work out the total amount reportable at label **F1**, calculate the gross capital gain from each capital gains tax event (being proceeds less the cost base, and prior to any losses or concessions being applied) and multiply by the relevant beneficiary's entitlement percentage. The total of the calculated amounts is the amount reportable.

If you apply a [CGT rollover](#) to defer any capital gain from crystallising from a CGT event the outcome should generally be nil as there would be no capital gain to appoint to a beneficiary.

For more information, see

- [Guide to capital gains tax 2024](#)
- [Streaming trust capital gains and franked distributions](#)
- [Rateable reduction](#).

## Capital losses applied

Show at label **F2 Capital losses applied** the capital losses that applied to the share of gross capital gains distributed to each beneficiary of the trust. Show whole dollars only.

For more information, see:

- [Losses schedule and instructions 2024](#)
- [Guide to capital gains tax 2024](#).

## CGT discount applied

Show at label **F3 CGT discount applied**, the CGT discount that applied to the share of gross capital gains distributed to each beneficiary of the trust. Show whole dollars only.

The 12-month holding rule means you can only discount a capital gain if you acquired the asset at least 12 months before the CGT event. If you apply capital losses from the current or previous tax years to reduce the capital gains, you must do so before applying any CGT discount.

## CGT small business concessions applied



Show at label **F4 CGT small business concessions applied** the trust's small business CGT concessions that applied to the share of gross capital gains distributed to each beneficiary of the trust. Show whole dollars only.

For more information, see:

- [Small business CGT concessions eligibility overview](#)
- [Guide to capital gains tax 2024](#).

## Information to be provided to beneficiaries

To complete their own tax returns and meet their CGT obligations, beneficiaries will need the following information:

- In relation to their share of the trust's net capital gain (amount reported at label **F**):
  - the amount of label **F1 Gross capital gains** which is from collectables and all other capital gains (in whole dollars)
  - the amount of label **F1 Gross capital gains** from active assets versus non-active assets (in whole dollars)
  - whether each capital gain is a discount capital gain
  - the 'gross up' of each gain they receive from a trust (after considering the losses applied by the trustee)
  - label **F4 CGT small business concessions applied** amount of any capital gains that have been reduced by the small business 50% reduction and/or any of the other small business CGT concessions (in whole dollars)
  - the amount and [type](#) of any capital gains that they are specifically entitled to (in whole dollars)
- details of any non-assessable payment made in the income year in respect of an interest in the trust (CGT event – E4 [section 104-70](#) of the ITAA 1997) – indicating the extent to which the payment is attributable to each of the following
  - tax-exempted amounts, [subsection 104-71\(1\)](#) of the ITAA 1997
  - tax-free amounts, [subsection 104-71\(3\)](#) of the ITAA 1997
  - CGT concession amounts, under item 7 of the table in [subsection 104-71\(4\)](#) of the ITAA 1997

- CGT concession amounts, under another item (other than item 7) of the table in [subsection 104-71\(4\)](#) of the ITAA 1997
- tax-deferred amounts, associated with the small business 50% active asset reduction, frozen indexation, building allowance and accounting difference in income
- details of any capital gains on which the trustee has chosen to be assessed on behalf of a beneficiary to ensure that the beneficiary is not assessed on this amount.

For more information, see:

- [Small business CGT concessions eligibility overview](#)
- [Does capital gains tax apply to you.](#)

## NCMI Capital gains

If you show a capital gain amount at item **32 Non-concessional MIT income (NCMI)**, show at item **58** – label **F5 NCMI capital gains** the total NCMI capital gains amount for the relevant beneficiary of the trust.

The total distributed to all beneficiaries at label **F5** can't be greater than item **32 Non-concessional MIT income** – label **X Capital gains**.

## Excluded from NCMI capital gains

Show at label **F6 Excluded from NCMI capital gains** the total capital gains amount excluded from NCMI for the relevant beneficiary of the trust.

The total distributed to all beneficiaries at label **F6** can't be greater than item **32 Non-concessional MIT income** – label **Z Capital gains**.

## Share of credit for foreign resident capital gains withholding amounts

Show at label **Z Share of credit for foreign resident capital gains withholding amounts** each beneficiary's share of foreign resident capital gains withholding. Include cents, if applicable.

Except for relevant trusts which have made beneficiaries specifically entitled to capital gains, you work out a beneficiary's share of the foreign resident capital gains withholding by multiplying the amount of

foreign resident capital gains withholding by the beneficiary's percentage share of the trust income.

For trusts which have made beneficiaries specifically entitled to capital gains, you generally work out a beneficiary's share of the foreign resident capital gains withholding by multiplying the foreign resident capital gains withholding by their **adjusted Division 6 percentage share**.

If there is trust income to which no beneficiary is presently entitled, show that share of the foreign resident capital gains withholding at the end of item **58** – label **Z** under **Income to which no beneficiary is presently entitled**.

If the trust has no net income, the beneficiaries are not entitled to a share of the foreign resident capital gains withholding. Instead, show the sum of the amounts of foreign resident capital gains withholding at the end of item **58** – label **Z** under **Income to which no beneficiary is presently entitled**.

## Attributed foreign income

Show at label **G Attributed foreign income** each beneficiary's share of attributed foreign income included in the net income of the trust in whole dollars only. Except for relevant trusts that have made beneficiaries **specifically entitled** to amounts of franked distributions or capital gains, this amount is generally worked out by multiplying a beneficiary's percentage share of trust income by the total attributed foreign income of the trust.

For trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you generally work out a beneficiary's share of attributed foreign income by multiplying the total attributed foreign income of the trust by their **adjusted Division 6 percentage share**. Show whole dollars only.

If there is trust income to which no beneficiary is presently entitled, show that share of the trust's attributed foreign income at the end of item **58** – label **G** under **Income to which no beneficiary is presently entitled**.

The total amounts at label **G** from all completed statements of distribution must equal the sum of any attributed foreign income shown at item **22 Attributed foreign income**.

If the beneficiary was not a resident of Australia at any time during the income year, see [Non-resident beneficiaries](#).

## Other assessable foreign source income

Show at label **H Other assessable foreign source income** each beneficiary's share of other assessable net foreign source income included in the net income of the trust for tax purposes. Except for relevant trusts that have made beneficiaries **specifically entitled** to amounts of franked distributions or capital gains, this amount is generally worked out by multiplying a beneficiary's percentage share of trust income by the total of the trust's other assessable net foreign source income.

For trusts that have made beneficiaries specifically entitled to franked distributions or capital gains, you generally work out a beneficiary's share of assessable net foreign source income by multiplying the total of the trust's other assessable net foreign source income by their **adjusted Division 6 percentage** share. Show whole dollars only.

The total amounts at label **H** from all completed statements of distribution must equal the amount of net foreign source income shown at item **23 Other assessable foreign source income – label V Net**.

If the beneficiary was not a resident of Australia at any time during the income year, see [Non-resident beneficiaries](#).

## Foreign income tax offset

Show at label **I Foreign income tax offset** each beneficiary's share of foreign income tax offsets. Include cents.

Except for relevant trusts that have made beneficiaries **specifically entitled** to amounts of franked distributions or capital gains, this amount is worked out by multiplying a beneficiary's percentage share of trust income by the total of the trust's foreign income tax offsets.

For trusts which have made beneficiaries specifically entitled to franked distributions or capital gains, you generally work out a beneficiary's share of assessable net foreign source income by multiplying the total of the trust's other assessable net foreign source income by their **adjusted Division 6 percentage** share.

If there is trust income to which no beneficiary is presently entitled, show that share of the trust's foreign income tax offset at label **I** under

**Income to which no beneficiary is presently entitled** at the end of item **58**.

The total amounts at label **I** from all completed statements of distribution must equal the amount of foreign income tax offsets shown at item **23 Other assessable foreign source income** – label **Z Foreign income tax offset**. Include cents.

## **Share of National Rental Affordability Scheme tax offset**

Show at label **R Share of National rental affordability scheme tax offset** each beneficiary's share of the NRAS tax offset. Include cents.

A beneficiary's share of the NRAS tax offset will depend on their entitlement to the NRAS rent derived by the trustee (or flowing to the trustee via a partnership or another trust) having regard to the trust deed and any relevant trustee resolution.

The beneficiary's entitlement to the NRAS rent is expressed as a percentage of the total NRAS rent derived from all rental dwellings covered by the certificate issued by the Secretary of the Department of Social Services. To work out the beneficiary's entitlement to the NRAS rent where it has come via one or more trusts or partnership, you will need to work out the entitlements to the NRAS rent of each interposed entity in the chain through which the amount flowed.

The beneficiary's percentage entitlement is then multiplied by the amount of the tax offset stated on the certificate relating to those dwellings (or in any amended certificate).

If only some of the beneficiaries to whom the income of the trust has been distributed are entitled to benefit from the NRAS rent, then only those beneficiaries will be entitled to the offset.

If the trustee is assessable on a part of the net income under section 99 or 99A, the trustee may be entitled to the NRAS offset. To work out the trustee's entitlement, express that part of the NRAS rent in respect of which no beneficiary has an entitlement as a percentage of the total NRAS rent derived from all rental dwellings covered by the certificate. Multiply the result by the amount of the tax offset stated on the certificate at label **R** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

A trustee may also be entitled to the NRAS offset if the trust does not have any net income for the year; see [section 380-20](#) of the

ITAA 1997. Record the trustee's entitlement at label **R** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The total of the amounts shown at label **R** for each completed statement of distribution must equal the amount of NRAS tax offset entitlement shown at item **53 National rental affordability scheme (NRAS) tax offset entitlement** – label **F**. Include cents.

## Exploration credits distributed

Show at label **M Exploration credits distributed** each beneficiary's share of exploration credits.

Where a trust receives exploration credits, the trustee may pass the exploration credits to beneficiaries. To be entitled to benefit from exploration credits, the beneficiary must be an Australian resident for the whole of the income year.

Special rules apply to a beneficiary who receives exploration credits from a trust. For more information, see [What to do when you receive exploration credits](#).

## Share of other refundable tax offsets

The trustee is entitled to a relevant proportion of the exploration credit tax offset if the trustee is liable to pay tax because a beneficiary is under a legal disability or no beneficiary is presently entitled. The offset is only available if the trustee is taxed as if it were an Australian resident individual and the relevant beneficiary is also an Australian resident individual.

The trustee is not entitled to the exploration credit tax offset to the extent that a beneficiary has already been made entitled to a share of the exploration credit. Show the trustee's entitlement at label **X Share of other refundable tax offsets** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

## Early stage venture capital limited partnership (ESVCLP) tax offset

Show at label **T Early stage venture capital limited partnership tax offset** each beneficiary's allocation of the early stage venture capital limited partnership (ESVCLP) tax offset. Include cents.

The trustee determines the amount of the ESVCLP tax offset to allocate to any one or more beneficiaries. If a beneficiary is entitled to

a fixed proportion of any capital gain from these investments that gave rise to the tax offset, the trustee must allocate that same fixed proportion of the tax offset to the beneficiary. Otherwise, there are no requirements as to how the trustee may decide to allocate the tax offset between the beneficiaries.

The trustee is entitled to the ESVCLP tax offset if the trustee is liable to pay tax on behalf of a beneficiary under section 98 (a beneficiary under a legal disability or a non-resident beneficiary) or under section 99 or 99A (no beneficiary is presently entitled). The amount of the trustee's tax offset entitlement in the current year is reduced by the amount of the tax offset allocated to any beneficiary in respect of that year.

Show the trustee's ESVCLP tax offset entitlement at label **T** under **Income to which no beneficiary is presently entitled** at the end of item **58**.

The total of the amounts shown at label **T** for each completed statement of distribution must equal the amount of the ESVCLP tax offset reported at item **55 Non-refundable carry forward tax offset** – label **H Early stage venture capital limited partnership tax offset**. Include cents.

This tax offset is non-refundable. If the trustee is entitled to an amount of tax offset and is unable to utilise it in the current year, the trustee may be able to carry forward the tax offset.

The amount of unused ESVCLP tax offset from the current year will be shown on the trustee's notice of assessment for 2023–24.

## **Early stage venture capital limited partnership tax offset carried forward from previous year**

The trustee's notice of assessment from 2022–23 should show if the trustee has any unused ESVCLP tax offset that is carried forward to 2023–24.

Show at label **K** under **Income to which no beneficiary is presently entitled** at the end of item **58** the amount of unused ESVCLP tax offset carried forward by the trustee from 2022–23.

### **Additional information for trustee's assessments**

Provide the following additional information only if there is more than one trustee assessment for the current year.

If there is an amount at label **T** or **K** under **Income to which no beneficiary is presently entitled** at the end of item **58** and the trustee is liable to pay tax under section 98, 99 or 99A, provide a statement setting out the following:

- the identity of each beneficiary to which section 98 applies and the amount of ESVCLP tax offset to be applied in the trustee's assessment on behalf of that beneficiary, and
- the amount of ESVCLP tax offset to be applied to the trustee's assessment under section 99 or 99A of the ITAA 1936, if applicable.

The total amount of the ESVCLP tax offset applied in the trustee's assessments must not exceed the sum of the amounts at labels **T** and **K**.

Attach the statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return. If you don't provide this additional information, we may need to contact you before we can process the trust tax return.

For more information, see [ESVCLP tax incentives and concessions](#).

## Early stage investor tax offset

Show at label **J Early stage investor tax offset** each beneficiary's allocation of the early stage investor tax offset. Include cents.

The trustee determines the amount of the early stage investor tax offset to allocate to the beneficiaries. If a beneficiary is entitled to a fixed proportion of any capital gain from these investments that gave rise to the tax offset, the trustee must allocate that same fixed proportion of the tax offset to the beneficiary. Otherwise, there are no requirements as to how the trustee may decide to allocate the tax offset between its beneficiaries.

The trustee is entitled to the early stage investor tax offset if the trustee is liable to pay tax on behalf of a beneficiary under section 98 (a beneficiary under a legal disability or a non-resident beneficiary) or under section 99 or 99A (no beneficiary is presently entitled). The amount of the trustee's tax offset entitlement in the current year is reduced by the amount of the tax offset allocated to any beneficiary in respect of that year.

Show the trustee's early stage tax offset entitlement at label **J** under **Income to which no beneficiary is presently entitled** at the end of



item **58**.

The total of the amounts shown at label **J** for each completed statement of distribution must equal the amount of the early stage investor tax offset reported at item **55 Non-refundable carry forward tax offsets** – label **I Early stage investor tax offset**. Include cents.

This tax offset is non-refundable. However, the trustee can carry it forward if the tax offset has not been fully allocated to beneficiaries and/or utilised by the trustee in the current year.

The amount of unused early stage investor tax offset will be shown on the trustee's notice of assessment for 2023–24.

## **Early stage investor tax offset carried forward from previous year**

The trustee's notice of assessment from 2022–23 should show if the trustee has any unused early stage investor tax offset that is carried forward to 2023–24.

Show at label **M Early stage investor tax offset carried forward from previous year** under **Income to which no beneficiary is presently entitled** at the end of item **58** the amount of unused early stage investor tax offset carried forward by the trustee from 2022–23.

## **Additional information for trustee's assessments**

Provide the following additional information only if there is more than one trustee assessment for the current year.

If there is an amount at label **J** or **M** under **Income to which no beneficiary is presently entitled** at the end of item **58** and the trustee is liable to pay tax under section 98, 99 or 99A, provide a statement setting out the following:

- the identity of each beneficiary to which section 98 applies and the amount of early stage investor tax offset to be applied in the trustee's assessment on behalf of that beneficiary, and
- the amount of early stage investor tax offset to be applied to the trustee's assessment under section 99 or 99A of the ITAA 1936, if applicable.

The total amount of early stage investor tax offset applied in the trustee's assessments must not exceed the sum of the amounts at label **J** and **M**.

Attach the statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return. If you don't provide this additional information, we may need to contact you before we can process the trust tax return.

For more information, see [Tax incentives for early stage investors](#).

## Div 6AA Eligible income

Show at label **C1 Div 6AA Eligible income**, for beneficiaries who are under 18 years old at the end of the income year, the amount of the beneficiary's share of net income that is [eligible income](#).

## Small business income tax offset information

Complete the share of net small business income as below.

### Share of net small business income

Show at label **Y Share of net small business income** each beneficiary's share of the net small business income.

Work this out by multiplying the trust's net small business income by the beneficiary's proportional share of the trust income.

The total of all the amounts at label **Y** for each statement of distribution must equal item **5 Business income and expenses** – label **V Net small business income**.

You must advise any beneficiaries who are individuals of their share of net small business income from the trust to help them to work out their entitlement to the small business income tax offset.

Trustees and beneficiaries who are prescribed persons (under 18 years old and not excepted persons) are not entitled to the offset.

## Non-resident beneficiary additional information

Under Division 6 of the ITAA 1936, a trustee will be liable to pay tax in relation to:

- shares of net income of a trust where non-resident companies and individual beneficiaries not being trustees are presently entitled to a share of the income of the trust; show both these amounts at item **58 Non-resident beneficiary additional information** – label **J** [subsection 98\(3\) assessable amount](#)
- share of net income of a trust where a beneficiary who is presently entitled to the income of the trust is itself a trustee and is a non-resident at the end of the income year; show these amounts at item **58 Non-resident beneficiary additional information** – label **K** [subsection 98\(4\) assessable amount](#).

## Subsection 98(3) assessable amount

Complete at this section:

- [Non-resident company beneficiary assessable amount.](#)
- [Non-resident individual beneficiary assessable amount.](#)

### Non-resident company beneficiary assessable amount.

If you have entered assessment calculation code 134 (non-resident company beneficiaries that are a base rate entity) or 139 (non-resident company beneficiaries that are not a base rate entity) at item **58** – label **V Assessment calculation code**, you must include an amount at label **J**.

Show at label **J** the amount you are liable to pay tax on under [subsection 98\(3\)](#) of the ITAA 1936 on behalf of the corporate beneficiary who is a non-resident at the end of the income year. Show whole dollars only. This amount may be zero if tax has been paid under subsection 98(4) by a previous trust and this trust is not assessable.

The amount you are liable to pay tax on is calculated as:

- so much of the corporate beneficiary's share of the trust's net income that is attributable to a period (if any) that the corporate beneficiary was a resident, and
- so much of the corporate beneficiary's share of the trust's net income that is attributable to the period that the corporate beneficiary was not a resident and also attributable to Australian sources, and

- so much of the corporate beneficiary's share of the trust's net income attributable to the trust's net capital gain whether or not the source of that gain was attributable to Australian sources.

For more information, see:

Taxation Determination [TD 2022/12](#) – *Income tax: is the source concept in Division 6 of Part III of the Income Tax Assessment Act 1936 relevant in determining whether a non-resident beneficiary of a resident trust, or trustee for that trust, is assessed on an amount of trust capital gain arising under Subdivision 115-C of the Income Tax Assessment Act 1997?*

Taxation Determination [TD 2022/13](#) – *Income tax: does Subdivision 855-A (or subsection 768-915(1)) of the Income Tax Assessment Act 1997 disregard a capital gain that a foreign resident (or temporary resident) beneficiary of a resident non-fixed trust has because of subsection 115-215(3)? published on 31 August 2022.*

Don't include income from which foreign resident withholding tax has been withheld (such as unfranked dividends, interest and royalties), fully franked dividends or amounts on which managed investment trust withholding tax is payable. Don't include the capital gains for which you are not liable to pay tax under [subsection 855-40\(3\)](#) of the ITAA 1997.

If the non-resident corporate beneficiary's share of the trust's net income includes an amount that is attributable to a discounted capital gain made by the trust, work out the amount you are liable to pay tax on under subsection 98(3) as if the part attributable to the capital gain was double the amount it actually is, see [section 115-220](#) of the ITAA 1997. This ensures that a trustee assessed on behalf of a non-resident corporate beneficiary does not get the benefit of the CGT discount that the corporate beneficiary would not be entitled to if it were assessed.

Show the non-resident corporate beneficiary's share of the trust's net capital gain amount at item **58** – label **F Capital gains**.

Show the non-resident corporate beneficiary's share of the trust's net income attributable to the trust's net capital gain grossed-up to the extent the trust applied a CGT discount when calculating its net capital gain at item **58** – label **J**.

If the beneficiary is a non-resident at the end of the year and has not been a non-resident for the entire year, show clearly in a separate schedule full details of its share of the net income. It is important to provide the information set out at [Non-resident beneficiaries](#) so that the appropriate tax rates can be applied.

## **Non-resident individual beneficiary assessable amount**

If you have entered assessment calculation code 138 (non-resident individual beneficiaries) at item **58** – label **V Assessment calculation code**, you must include an amount at label **J**.

Show at label **J** the amount you are liable to pay tax on under [subsection 98\(3\)](#) of the ITAA 1936 on behalf of an individual beneficiary who is a non-resident at the end of the income year: show whole dollars only. This amount may be zero if tax has been paid under subsection 98(4) by a previous trust and this trust is not assessable.

The amount you are liable to pay tax on is calculated as:

- so much of the non-resident beneficiary's share of the trust's net income that is attributable to a period (if any) that the beneficiary was a resident, and
- so much of the non-resident beneficiary's share of the trust's net income that is attributable to the period that the beneficiary was not a resident and also attributable to Australian sources, and
- so much of the non-resident beneficiary's share of the trust's net income attributable to the trust's net capital gain whether or not the source of those gains was attributable to Australian sources.

For more information, see: [TD 2022/12](#) and [TD 2022/13](#).

Don't include income subject to withholding tax (unfranked dividends, interest and royalties), fully franked dividends or amounts on which managed investment trust withholding tax is payable. Don't include any capital gains for which you are not liable to pay tax under [subsection 855-40\(3\)](#) of the ITAA 1997.

If the beneficiary's share of the trust's net income includes an amount that is attributable to a discounted capital gain made by the trust, work out the amount you are liable to pay tax on under subsection 98(3) which may involve limitations to the CGT discount for gains accrued after 8 May 2012, see, [sections 115–220](#) and [section 115-120](#) of the ITAA 1997. This ensures that a trustee assessed on behalf of a non-

resident individual beneficiary gets the same CGT discount benefit that the individual beneficiary gets when it is assessed.

If the beneficiary is a non-resident at the end of the year, but has not been a non-resident for the entire year, ensure you have printed **X** in the **Yes** box at item **29 Overseas transactions** – label **A**. It is important to provide the information set out at [Non-resident beneficiaries](#) so that the appropriate tax rates can be applied.

## Subsection 98(4) assessable amount

- Complete at this section the [Non-resident trustee beneficiary assessable amount](#).

### Non-resident trustee beneficiary assessable amount

If you have entered assessment calculation code 140 (non-resident trustee beneficiary) at label **V Assessment calculation code**, you must include an amount at label **K**. This amount may be zero if tax has been paid under subsection 98(4) by another trust and this trust is not assessable. Any amounts reported at label **K** should not be included under **TB statement information** at item **58** – label **P Tax preferred amounts** or label **Q Untaxed part of share of net income**.

Show at label **K** the amount you are liable to pay tax on under [subsection 98\(4\)](#) of the ITAA 1936 because a trustee beneficiary, who is presently entitled to a share of the trust's distributable income, is the trustee of a trust for which at least one trustee was a non-resident at the end of the income year; show whole dollars only. If a trustee of another trust has already been assessed under subsection 98(4), then you will not be assessed.

The amount you are liable to pay tax on is calculated as:

- so much of the non-resident trustee beneficiary's share of the net income of the trust as is attributable to Australian sources, and
- so much of the non-resident trustee beneficiary's share of the trust's net income attributable to the trust's net capital gain whether or not the source of those gains was attributable to Australian sources.

For more information, see:

- Taxation Determination [TD 2022/12](#) *Income tax: is the source concept in Division 6 of Part III of the Income Tax Assessment Act*

*1936 relevant in determining whether a non-resident beneficiary of a resident trust, or trustee for that trust, is assessed on an amount of trust capital gain arising under Subdivision 115-C of the Income Tax Assessment Act 1997?*

- Taxation Determination [TD 2022/13](#) *Income tax: does Subdivision 855-A (or subsection 768-915(1)) of the Income Tax Assessment Act 1997 disregard a capital gain that a foreign-resident (or temporary-resident) beneficiary of a resident non-fixed trust has because of subsection 115-215(3)?*

Don't include income subject to withholding tax (unfranked dividends, interest and royalties), fully franked dividends or amounts on which managed investment trust withholding tax is payable. Don't include any capital gains for which the trustee is not liable to pay tax under [subsection 855-40\(3\)](#) of the ITAA 1997.

If the non-resident trustee beneficiary's share of net income of the trust includes an amount that is attributable to a discounted capital gain made by the trust, work out the amount the trustee is liable to pay tax on under subsection 98(4) as if the part attributable to the capital gain was double the amount it actually is; see [section 115-220](#) of the ITAA 1997. This ensures that a trustee assessed on behalf of a non-resident trustee beneficiary does not get the benefit of the CGT discount that a trustee beneficiary would not be entitled to if it were assessed.

Show the non-resident trustee beneficiary's share of the trust's net capital gain amount at item **58** – label **F Capital gains**.

Show the non-resident trustee beneficiary's share of the trust's net income attributable to the trust's net capital gain grossed-up to the extent that the trust applied a CGT discount when calculating its net capital gain at label **K**.

If the beneficiary is a non-resident at the end of the year and has not been a non-resident for the entire year, show clearly in a separate schedule full details of its share of the net income. It is important to provide the information set out at [Non-resident beneficiaries](#) so that the appropriate tax rates can be applied.

## **Trustee beneficiary (TB) statement information**

There are reporting obligations that apply to certain distributions to trustee beneficiaries of a closely held trust (that is not an excluded trust) within the meaning of section 102UC of the ITAA 1936 (the trustee beneficiary reporting rules).

Failure to meet these reporting obligations may result in a liability for trustee beneficiary non-disclosure tax, currently imposed at a rate of 47%.

This section is to be completed by all closely held trusts that have an obligation under the trustee beneficiary reporting rules. You don't need to complete this section if you are not the trustee of a closely held trust or if you are the trustee of an **excluded trust** for the purposes of the trustee beneficiary reporting rules. Appendix 11 contains information about what constitutes a closely held trust and an **excluded trust** for these purposes. If you are making a distribution to another trust, read [Appendix 11](#) before completing this section.

If you are not making a TB statement for the trustee beneficiary, print **X** in the **No** box. A TB statement is not required where the trustee beneficiary was not presently entitled to tax-preferred amounts and its share of the trust's net income does not include an untaxed part.

If you are making a TB statement, print **X** in the **Yes** box for this trustee beneficiary, and then:

- for resident beneficiaries, ensure the name and TFN of the trustee beneficiary is recorded in the beneficiary details section
- for non-resident beneficiaries, ensure the name and address of the trustee beneficiary is recorded in the beneficiary details section
- at item **58** – label **P Tax preferred amounts** show any tax-preferred amounts to which the trustee beneficiary is presently entitled; if there are no tax-preferred amounts, print **0** (zero) at label **P**
- at item **58** – label **Q Untaxed part of share of net income** show any untaxed part of a share of net income of the trustee beneficiary; if there is no untaxed part of a share of net income, print **0** (zero) at label **Q**.

## Information that non-residents must provide on the TB statement

A non-resident beneficiary who received income from Australian government allowances and payments or Australian government



pensions and allowances must report them to the trustee. The amounts are reported at item **14 Other Australian income** and distributed to the beneficiary at item **58 Share of income** – label **B Non-primary production**. The trustee must provide this information on the TB statement.

A non-resident beneficiary who received an Australian government pension or allowance will be taxed at resident tax rates. The non-resident beneficiary remains ineligible for resident tax offsets and benefits, and is exempt from the Medicare levy and the Medicare levy surcharge. On the TB statement, record:

- non-residency status
- the total amount received by the beneficiary of any Australian Government allowances and payments like JobSeeker payment, Youth Allowance and the Austudy payment; see [Question 5](#) on the *Tax return for individuals 2024*
- the total amount received by the beneficiary of any Australian Government pensions and allowances; see [Question 6](#) on the *Tax return for individuals 2024*.

For more information on the definitions of tax-preferred amounts and untaxed part of a share of net income, see [Appendix 11](#).

## Annual Trustee Payment report information

This section is to be completed by all closely held trusts (including family trusts) which are subject to the TFN withholding rules for closely held trusts that have:

- made payments during the income year, or
- withheld amounts from payments made to beneficiaries.

The definition of an **excluded trust** for the purposes of the TFN withholding rules differs from the definition of an **excluded trust** for the purposes of the trustee beneficiary reporting rules. For more information, see [Appendix 11](#).

Show at item **58** – label **S Distribution from ordinary or statutory income during income year** an amount where you have made one or more distributions during the income year (not as a result of determining present entitlement at year end) that are wholly or partly

from the ordinary or statutory income of the trust for that year **and** the total of those distributions exceeds the beneficiary's share of the net income of the trust shown at item **58**. Only include at label **S** the amount by which these distributions made during the income year exceed the beneficiary's share of the net income.

If the only distributions of ordinary or statutory income made by the trust are as a result of determining present entitlement at year end, show nothing at label **S**. In these cases, an amount will generally be shown at item **58** – label **W Share of income of the trust estate**.

Show at item **58** – label **T Total TFN amounts withheld from payments** the amounts withheld from all payments or distributions to the beneficiary where the beneficiary's TFN was not provided to you. This includes amounts withheld from payments during the year or as a result of determining present entitlement at the end of the year. Don't show at label **T** the beneficiary's share of amounts that were reported at item **8 Partnerships and trusts** – label **O Credit for TFN amounts withheld from payments from closely held trusts**, these are included at item **58** – label **O Share of credit for TFN amounts withheld from payments from closely held trusts**.

For more information on the TFN withholding rules for closely held trusts, see [Appendix 11](#).

Continue to: [Trustee choice, beneficiaries and non-resident trust – items 59 to 61](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Trustee choice, beneficiaries and non-resident trust – items 59 to 61

Instructions to complete items 59 to 61 in the tax return for the trust.

## 59 Choice for resident trustee to be assessed to capital gains on behalf of beneficiaries

The trustee of a resident trust may choose (if permitted by the trust deed), to be assessed on a capital gain of the trust. This is allowed provided no beneficiary has received any amount referable to the gain during the income year or within 2 months of the end of the income year. The choice must be made in respect of the whole capital gain. For example, the trustee will be able to make the choice if under the terms of the trust the income beneficiary can't benefit from the capital gains. It is only the trustee that can make this choice.

If the trustee makes a choice in respect of a capital gain, then:

- the trustee will be assessed on the capital gain under section 99 or 99A of the ITAA 1936, as appropriate
- the capital gain is not taken into account in working out any beneficiary's net capital gain for an income year.

You should include the amount of the capital gain for which the trustee is making this choice at label **Y Amount of capital gains on which the trustee has chosen to be assessed on behalf of beneficiaries**. Where the trustee is making the choice in respect of more than one capital gain, you should show the total of all capital gains at label **Y**.

Capital gains under which this choice has been made should only be shown at label **Y** and should not be shown at item **58** – label **F Capital gains** for the relevant beneficiary.

You will need to insert an assessment calculation code from [Appendix 12](#) at label **X Assessment calculation code** as appropriate for your trust.

The relevant codes are:

- for inter-vivos trusts
  - **36** where the trustee is assessed under section 99A ITAA 1936
  - **37** where the trustee is assessed under section 99 ITAA 1936

- for deceased estates
  - **15** where the trustee is assessed under section 99 ITAA 1936
  - **16** where the trustee is assessed under section 99 ITAA 1936 without the tax-free threshold.

## **60 Beneficiary under legal disability who is presently entitled to income from another trust**

Was any beneficiary in this trust, who was under a legal disability on 30 June 2024, also presently entitled to a share of the income of another trust?

- Yes – print **X** in the **Yes** box.
- No – print **X** in the **No** box.

The trustee is liable to be assessed on the share of net income of the trust if a beneficiary is presently entitled to a share of the income of the trust but under a legal disability. Where the beneficiary is presently entitled to a share of the income from more than one trust, the beneficiary's share of the net income from each of the trusts is taken into account in working out the tax rate to apply in the trustee's assessment on behalf of the beneficiary. For more information on the tax rates and relieving provisions, see [Appendix 10](#).

Where the beneficiary is presently entitled to income from one or more other trusts, give the following information for each of those trusts:

- name of the trust
- trust TFN
- income to which the beneficiary is presently entitled.

If a trustee is unable to provide any part of this information, they must provide all the available details together with the name and address of the parent or guardian of the beneficiary.

Attach the information to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## 61 Non-resident trust

A trust is a non-resident of Australia if:

- no trustee of the trust was a resident of Australia, at any time during the income year, or
- the central management and control of the trust was not in Australia at any time during the income year.

If the trust is a non-resident trust, print **X** in the **Yes** box.

If not, print **X** in the **No** box.

If the trust is a non-resident trust, print in the box marked **\$** at this item the amount of income derived outside Australia to which no beneficiary is presently entitled.

Print **NIL** in the last 3 boxes at this item if applicable.

Continue to: [Declarations](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Declarations

Instructions for how to complete the declarations on the trust tax return.

**Published** 30 May 2024

### Trustee or public officer's declaration

For a trust, the trustee or public officer must sign and date the declaration.

Before making this declaration check to ensure that all income has been disclosed. Check the tax return, all attached schedules and any additional documents are true and correct.

### Hours taken to prepare and complete this tax return

We are committed to reducing the costs involved in complying with your taxation obligations. By completing this item you will help us to monitor these costs as closely as possible. Your response to this item is voluntary.

When completing this item, consider the time, rounded up to the nearest hour, that your business spent:

- reading the instructions
- collecting the necessary information to complete this tax return
- making any necessary calculations
- actually completing this tax return or putting the tax affairs of your business in order so that the information could be handed to your tax agent.

The answer should relate to the time the trustee and tax agent spent in preparing and completing the tax return, this includes the time spent by any other person whose assistance was obtained in doing this, such as an employee.

## Tax agent's declaration

If you are preparing this tax return on behalf of your client, sign and date the declaration.

Include your time and a reliable estimate of their time at **Hours taken to prepare and complete this tax return.**

Continue to: [How to lodge the trust tax return 2024](#)

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## How to lodge and pay the trust tax return

How to lodge the trust tax return and when the trustee needs to pay any tax payable.

**Published** 8 May 2024

## Lodgment address

The postal address for lodgment of the trust tax return is below.

**Australian Taxation Office**

**GPO Box 9845**

**(insert the name and postcode of your nearest capital city)**

The address must appear as shown above.

**Don't post payments to this address.** For more information, see [How to pay tax payable by the trustee](#).

For a list of the schedules that you can lodge with your *Trust tax return 2024*, see [Schedules for trusts](#).

## How to pay tax payable by the trustee

We offer a range of convenient payment options.

Your payment needs to reach us on or before its due date. Payments may take up to 4 business days, from the date you make the payment, to appear on your ATO account.

If the trust tax return is lodged on time, any tax payable by the trustee is due on the later of either:

- 21 days after the due date for lodgment of the tax return
- 21 days after receipt of the notice of assessment.

If the trust tax return is lodged late or not at all, any tax payable by the trustee is due 21 days after the due date for lodgment.

The [general interest charge](#) (GIC) accrues on outstanding amounts from the due date for payment.

If you're unable to pay on time, you may be able to [set up a payment plan](#) to pay by instalments.

Continue to: [Schedules for trusts](#)

## Schedules for trusts

Get the information and schedules that you may need to complete and attach to your trust tax return.

**Last updated** 2 July 2024

### About the trust schedules

Complete only one copy of the appropriate schedule.

Attach all completed schedules to the *Trust tax return 2024* unless specified otherwise.

Lodge your return and all the required schedules by the due date.

If you lodge your tax return without all the required schedules, we may not consider it to have been lodged in the approved form.

If you don't lodge your tax return and required schedules by the due date, you may be charged a [failure to lodge on time penalty](#).

### Attribution managed investment trust (AMIT) tax schedule

If your trust ceases to be an AMIT, you may need to lodge a tax return and AMIT tax schedule for the later income year to work out the unders or overs that relate to a year that the trust was an AMIT. If that trust:

- was an AMIT in an earlier income year, and
- is not eligible to be an AMIT for a later income year.

Only one AMIT tax schedule is required, including where the trustee had made a multi-class election during the time the trust was an AMIT.

If you had made a multi-class election, don't complete separate class fields of the AMIT tax schedule.

### Effect of unders or overs for ex-AMIT



If there is an under or over of a particular character in a later income year that relates to a year that the trust was an AMIT, you are required to determine the under or over and its effect on trust components as if the trust were an AMIT.

The AMIT tax schedule must be completed on an aggregated basis to report unders and overs of certain characters.

Characters are grouped by their relationship to:

- assessable income (excluding capital gain amounts)
- a tax offset.

For more information on the definition of these terms, see [section 995-1](#) of the ITAA 1997.

## **Completing the AMIT tax schedule when you cease to be an AMIT**

Complete items on the AMIT schedule with the information as detailed below:

- Income (other than capital gains) – report amounts relating to income. Don't include at this item amounts relating to your net capital gain for the income year. You report amounts relating to your net capital gain (if any) separately.
- Trust components – you don't need to enter an amount for this item.
- Total unders – enter the total amount of unders discovered in the income year for the non-CGT assessable income characters that relate to a year that the trust was an AMIT.  
This should reflect the total of all relevant unders discovered in the income year worked out under [section 276-345](#) of the ITAA 1997.
- Total overs – enter the total amount of overs discovered in the income year for the non-CGT assessable income characters that relate to a year that the trust was an AMIT. This should reflect the total of all relevant overs discovered in the income year worked out under [section 276-345](#) of the ITAA 1997.
- Determined trust components – you don't need to enter an amount for this item.
- Carry-forward trust component deficits – you don't need to enter an amount for this item.

- Income (capital gains) – include at this item only under or over amounts in respect of assessable income characters that relate to your net capital gain (CGT assessable income characters).
- Net capital gain – you don't need to enter an amount for this item.
- Deductions – you don't need to enter an amount for this item.
- Trust components – you don't need to enter an amount for this item.
- Total unders – enter the total amount of unders discovered in the income year relating to your net capital gain that relates to a year that the trust was an AMIT.  
This should reflect the total of all relevant unders discovered in the income year worked out under [section 276-345](#) of the ITAA 1997.
- Total overs – enter the total amount of overs discovered in the income year relating to your net capital gain that relates to a year that the trust was an AMIT.  
This should reflect the total of all relevant overs discovered in the income year worked out under [section 276-345](#) of the ITAA 1997.
- Determined trust components – you don't need to enter an amount for this item.
- Carry-forward trust component deficits – you don't need to enter an amount for this item.
- Capital gains tax (CGT) schedule – the AMIT tax schedule is not intended to collect CGT information. To work out whether you need to provide CGT information see [Capital gains tax \(CGT\) schedule](#).
- Exempt income – you don't need to enter an amount for this item.
- Non-assessable non-exempt income (NANE income) – you don't need to enter an amount for this item.
- Tax offsets – you must work out whether you have an under or over for this character of trust component.  
To the extent you have an under or an over in the discovery year that relates to a year that the trust was an AMIT, you must take into account the trust component increase or decrease resulting from the under or over in determining the trust's tax position for the income year.
- Trust components – you don't need to enter an amount for this item.

- Total unders – enter the total amount of unders discovered in the income year for all characters relating to tax offsets that relate to a year that the trust was an AMIT.  
This should reflect the total of all relevant unders discovered in the income year worked out under [section 276-345](#) of the ITAA 1997.
- Total overs – Enter the total amount of overs discovered in the income year for your characters relating to tax offsets that relate to a year that the trust was an AMIT.  
This should reflect the total of all relevant overs discovered in the income year worked out under [section 276-345](#) of the ITAA 1997.
- Determined trust components – you don't need to enter an amount for this item.
- Trust component deficits – you don't need to enter an amount for this item.

## Tax losses on the AMIT schedule

Don't complete the tax loss items on the AMIT tax schedule.

You may need to lodge a separate *Losses schedule 2024* if your circumstances require you to do so.

To determine whether you need to provide additional losses information, see [Losses schedule](#).

## Capital gains tax (CGT) schedule

If the trust's total 2023–24 capital gains or capital losses are greater than \$10,000, you must complete a *Capital gains tax (CGT) schedule 2024* and attach it to the trust tax return.

For help completing the schedule and a copy of the schedule, see [Capital gains tax schedule and instructions 2024](#).

You may also need the:

- [Capital gain or capital loss worksheet 2024](#) – for calculating a capital gain or capital loss for each CGT event.
- [CGT summary worksheet 2024](#) – for calculating a net capital gain or net capital loss for the income year.

You don't need to complete a CGT schedule if the trust was a subsidiary member of a consolidated group or MEC group for the whole of the income year.

Subsidiary members of a consolidated group or MEC group with any non-membership periods during 2023-24 may also need to lodge a *Capital gains tax (CGT) schedule 2024* for the non-membership periods.

For more information on reporting multiple non-membership periods during the year, see *Consolidation reference manual*, sheet [C9-5-110](#).

For more information on capital gains tax, see [Guide to capital gains tax 2024](#).

## Losses schedule

You must complete a *Losses schedule 2024* and attach it to the trust tax return, if one of the following applies to the trust:

- has a total of tax losses and net capital losses carried forward to later income years greater than \$100,000
- is a life insurance entity and has a total of complying superannuation class tax losses and net capital losses carried forward to later income years greater than \$100,000
- is a listed widely-held trust that is required to satisfy the business continuity test to be able to claim a deduction for a tax loss in 2023-24 or to apply a tax loss in a later income year or, having passed the 50% stake test, has claimed a deduction for tax losses greater than \$100,000
- has an interest in a controlled foreign company (CFC) that has current year losses greater than \$100,000
- has an interest in a CFC that has deducted or carried forward a loss to later income years greater than \$100,000.

For help completing the schedule and a copy of the schedule, see [Losses schedule and instructions 2024](#).

If you complete a losses schedule, transfer the totals of the amounts at part **A** of the losses schedule to the trust tax return at:

- item **27 Losses information** – label **U Tax losses carried forward to later income years** and

- item **27 Losses information** – label **V Net capital losses carried forward to later income years**.

However, if you don't need to complete a losses schedule but the trust has tax losses or net capital losses available to be carried forward to later income years, complete the information required at item **27** – label **U** and label **V** in the trust tax return as appropriate.

A subsidiary member of a consolidated group or MEC group must lodge a trust tax return for a non-membership period that includes the last day of the income year. The trust may also need to lodge a *Losses schedule 2024* for the non-membership period.

If you need to complete a losses schedule for the reasons above, you may also need to complete a CGT schedule.

For more information, see [Losses](#) and [Guide to capital gains tax 2024](#).

## Trust income schedule

Complete a *Trust income schedule 2024* if you received one or more distributions from trusts and attach it to your trust tax return. These are amounts you show at:

- item **8** – Partnerships and trusts
- item **21** – Capital gains
- item **22** – Foreign income
- item **23** – Other assessable foreign source income.

A trust income schedule is not required for CCIV sub-fund trusts or managed investment trusts.

For help completing the trust income schedule, who must complete it and a copy the schedule, see [Trust income schedule and instructions 2024](#).

## Non-individual PAYG payment summary schedule

Complete a *Non-individual PAYG payment summary schedule 2024* if in the trust tax return you show amounts at:

- item **5** – label **B Gross payments subject to foreign resident withholding (excluding capital gains)**
- item **5** – label **C Primary production: gross payments where ABN not quoted**
- item **5** – label **D Non-primary production: gross payments where ABN not quoted**
- item **6** – label **T Tax withheld where ABN not quoted**
- item **6** – label **U Credit for tax withheld - foreign resident withholding (excluding capital gains).**

For a copy of the schedule, see [Non-individual PAYG payment summary schedule](#).

Don't include in the Non-individual PAYG payment summary schedule income subject to foreign resident withholding that has been included in a distribution received from other trusts or partnerships. Show this income at item **8 Partnerships and trusts**. These distributions are not included because they don't have an associated payment summary.

## When PAYG withholding applies

Pay as you go (PAYG) withholding applies to several payments including:

- payments for a supply where no ABN is quoted and no exemptions for quoting applied to the supplier
- payments arising from investments where no TFN or ABN is quoted, and
- certain payments to foreign residents prescribed in the regulations.

If the payer withheld an amount from a payment to the trust because the trust did not quote an ABN, the payer should have sent a [PAYG payment summary – withholding where ABN not quoted](#) to the trust.

If the payer withheld an amount from a payment to the trust because of the operation of foreign resident withholding, the payer should have sent a [PAYG payment summary – foreign employment](#) to the trust.

A payer may issue a receipt, remittance advice or similar document in place of the [PAYG payment summary – withholding where ABN not quoted](#). If the trust did not receive or has lost its copy of a payment

summary, contact the payer responsible and request a signed photocopy of the payer's copy.

## Completing the non-individual PAYG payment summary schedule

Show the trust's TFN and name in the appropriate boxes at the top of the schedule.

Record on the schedule from each *PAYG payment summary – withholding where ABN not quoted* or *PAYG payment summary – foreign employment* issued the:

- payer's ABN (or withholding payer number)
- total tax withheld
- gross payment
- payer's name.

**Don't** attach copies of any payment summary to the tax return. Keep them with the trust's copy of the tax return.

Keep a copy of the schedule with the trust's tax records.

Where the trust is a member of a consolidated group or MEC group for the whole income year and amounts have been withheld from payments or distributions, the responsibility for preparing the schedule will rest on the head company of the group.

Where a return is required because the trust had a period in the income year when it was not a member of a consolidated group or MEC group (a non-membership period) the trust must complete a *Non-individual PAYG payment summary schedule 2024* where amounts have been withheld from payments or distributions to the trust during the non-membership period.

## International dealings schedule

You must complete an *International dealings schedule 2024* if you:

- answered **Yes** in item **22 Attributed foreign income** – label **S**
- answered **Yes** in item **29 Overseas transactions** at label **W** or **O**, or completed label **D Interest expenses overseas** or label **E Royalty expenses overseas**.

For help completing the schedule and a copy of the schedule, see [International dealings schedule and instructions 2024](#).

You don't need to complete an *International dealings schedule 2024* if the trust was a subsidiary member of a consolidated group or MEC group for the entire income year.

Where the trust is a member of a consolidated group or MEC group for the whole income year and the thin capitalisation rules apply, the responsibility for preparing the schedule will rest on the head company of the group.

Where a return is required because the trust has a period in the income year when it was not a member of a consolidated group or MEC group (a non-membership period), and the thin capitalisation rules apply to the trust during the non-membership period, the trust must complete an *International dealings schedule 2024*.

For more information on reporting multiple non-membership periods during the year, see the *Consolidation reference manual*, [C9-5-110](#).

For more information on the thin capitalisation rules, see [Appendix 3](#).

Continue to: [Trust worksheets](#)

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## Trust worksheets

Use the trust worksheets to help you work out amounts to include in the Trust tax return 2024.

**Published** 30 May 2024

You should keep a copy of these worksheets for your records.

- Worksheet 1: [Reconciliation statement \(PDF 207KB\)](#) 
- Worksheet 1A: [Net small business income \(PDF 97KB\)](#) 
- Worksheet 2: [Distribution of income from partnerships and share of net income from other trusts \(PDF 334KB\)](#) 



- Worksheet 3: [Interest \(PDF 255KB\)](#) 
- Worksheet 4: [Dividends \(PDF 98KB\)](#) 
- Worksheet 5: [Capital gains \(PDF 208KB\)](#) 
- Worksheet 6: [Foreign income \(PDF 128KB\)](#) 

Continue to: [Appendixes for the trust tax return](#)

Return to: [Instructions to complete the Trust tax return 2024](#)

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## Appendixes for the trust tax return

Additional information to help you understand and complete certain sections of your Trust tax return 2024.

**Published** 8 May 2024

### Appendix 1: Dividends



Use Appendix 1 to help you report dividends and for information about franking credits and franking entities.

## **Appendix 2: Royalties**



Use Appendix 2 for information about how to report any royalties paid or credited.

## **Appendix 3: Thin capitalisation**



Use Appendix 3 to help you work out if the thin capitalisation rules apply and what to do if they affect you.

## **Appendix 4: Commercial debt forgiveness**



Use Appendix 4 to help you apply the net forgiven amount of commercial debt.

## **Appendix 5: Capital works deduction**



Use Appendix 5 to help you work out your deduction for capital works.

## **Appendix 6: Uniform capital allowances**



Use Appendix 6 to help you with uniform capital allowances.

## **Appendix 7: Personal services income (PSI)**



Use Appendix 7 to work out if you're a personal services business, the PSI rules apply and you need to limit deductions.

## **Appendix 8: Instructions to trustees of deceased estates**



Use Appendix 8 to help you complete the trust tax return for a

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## **Appendix 9: Instructions to trustees where a beneficiary is under 18 years of age**



Use Appendix 9 if you are distributing trust income to a beneficiary under 18 years old – other than deceased estates.

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## **Appendix 10: Rates of tax payable by trustees on behalf of beneficiaries under 18 years old**



Use Appendix 10 for the rate of tax payable on trust income for beneficiaries presently entitled and under 18 years old.

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## **Appendix 11: Closely held trust reporting**



Use Appendix 11 for information and rules about reporting for closely held trusts.

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## **Appendix 12: Trust assessment codes**



Use Appendix 12 to access the trust assessment codes.

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## **Appendix 13: Small business entity concessions**



Use Appendix 13 to work out if you are a small business entity and eligible for the small business entity concessions.

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## **Appendix 14: Small business bonus deductions**



Use Appendix 14 to help you work out if and when you can claim the small business bonus deductions.

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## Appendix 15: Depreciating deductions for small business entities



Use Appendix 15 to work out depreciation deductions as a small business entity.

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## Appendix 1: Dividends

Use Appendix 1 to help you report dividends and for information about franking credits and franking entities.

**Published** 30 May 2024

### About dividends

An imputation system applies for taxing dividends paid by franking entities. Certain dividends (including non-share dividends) paid by franking entities, which have paid Australian tax, may have a franking credit attached. These dividends are known as franked dividends.

If the shares or interests are not held at risk as required under the holding period and related payments rules, or there is other manipulation of the imputation system, don't include the Australian franking credit in assessable income and there is no entitlement to a franking tax offset.

### Trans-Tasman imputation

The Australian Government has rules, administered by the Australian Taxation Office, to allow New Zealand companies to join the Australian imputation system. The New Zealand Government has similar rules, administered by the New Zealand Inland Revenue Department, to allow Australian companies to join the New Zealand imputation system. Subject to full compliance with the Australian imputation rules, a New Zealand company that has chosen to join the Australian imputation system is able to maintain an Australian franking account and may pay dividends franked with Australian franking credits.

For dividends paid by Australian franking companies, the total amount of dividends received or credited and the franking credit is included in the assessable income of the trust to determine the relevant net income or loss.

For dividends paid by New Zealand franking companies, the amount of the dividend received or credited and the franking credit included in the assessable income of the trust can vary depending on whether or not the dividend is assessable. To work out whether the dividend is assessable income, see the [Foreign income return form guide](#).

If the dividend from the New Zealand company is assessable, you must declare it (including any supplementary dividend) as assessable foreign income even if dividend withholding tax was deducted in New Zealand. You can claim a foreign income tax offset for any New Zealand withholding tax paid on the dividend.

If the franked dividend from the New Zealand company is included in assessable income, the amount of the Australian franking credit on that dividend is also assessable income and you can claim a tax offset equal to that amount (subject to the exceptions described below).

If the recipient is entitled to a tax offset under [section 207-45](#) of the ITAA 1997, the Australian franking credit is included in the assessable income of the recipient. The tax offset is reduced by the relevant amount of a supplementary dividend paid by the New Zealand company if:

- the supplementary dividend is paid in connection with the franked dividend
- the franked dividend and the supplementary dividend flow indirectly to the recipient because the recipient is a beneficiary or a trustee of a trust
- the recipient is entitled to foreign income tax offsets because of the distribution.

Australian resident shareholders are not entitled to a tax offset for New Zealand imputation credits which are attached to dividends paid by a New Zealand company. Australian resident shareholders are only entitled to a tax offset for Australian franking credits which are attached to those dividends.

## Franking credit trading

For the franking credits to flow through to the beneficiaries both they and the trust must be qualified persons in relation to the dividend.

## Qualified person

To be a qualified person in relation to a dividend a taxpayer must, during the relevant **qualification period** (see below), hold the shares, or an interest in the shares, at risk for 45 days (90 days for certain preference shares) not counting the days on which the shares or interests were acquired or disposed of. This is sometimes referred to as the **holding period rule**.

To hold the shares, or an interest in shares, at risk, the taxpayer must carry at least 30% of the risks of loss and opportunities for gain associated with the shares, or interest in the shares.

If the taxpayer does not have an obligation to make a payment in relation to a dividend (generally one passing the benefit of the dividend to another), the relevant **qualification period** for that dividend is the period beginning the day after the relevant shares or interests are acquired, and ending 45 days (90 days for certain preference shares) after the shares go ex-dividend. Otherwise, if the taxpayer is obliged to make, has made or is likely to make a related payment, the relevant **qualification period** is the period beginning 45 days (90 days for certain preference shares) before the shares go ex-dividend and ending 45 days (90 days for certain preference shares) after the shares go ex-dividend. This is sometimes referred to as the **related payments rule**.

Beneficiaries of trusts, other than family trusts and deceased estate trusts, will not pass these tests unless they hold a sufficient fixed interest in the shares to expose them to at least 30% of the risks and opportunities of owning the shares. They may, however, be eligible for the small shareholder exemption.

As an alternative to complying with the 45-day holding period rule, there are 2 other methods of attaining **qualified person** status.

The first exempts individual shareholders with total franking credit entitlements of less than \$5,000.

The second allows certain taxpayers to elect to have a ceiling applied to franking credit entitlements. These taxpayers include:

- the trustees of listed widely held unit trusts

- unlisted very widely held unit trusts
- trustees of complying superannuation funds
- complying approved deposit funds
- pooled superannuation trusts
- life insurance companies.

The ceiling is based on a benchmark portfolio of shares. Certain investment vehicles primarily held by such taxpayers are also included.

## Dividend washing integrity rule

The dividend washing integrity rule prevents you from claiming franking credits where you have received a dividend as a result of dividend washing.

Dividend washing occurs where you, or an entity connected to you, claim 2 sets of franking credits by:

- selling shares while retaining the right to receive a franked dividend
- repurchasing some substantially identical shares, that also have a franked dividend attached, using a special ASX trading market.

When the dividend washing integrity rule applies, you are not entitled to claim the franking credits for the second dividend. However, if your interest in the second parcel of shares exceeds the interest in the first parcel, you may be entitled to claim a portion of the franking credits for the additional shares. For more information, see [Dividend washing rule](#).

## General anti-avoidance rule

[Section 177EA](#) of the ITAA 1936 is a general anti-avoidance rule against franking credit trading and streaming. The rule applies where a more than incidental purpose of certain arrangements is to obtain a tax advantage in relation to franking credits.

For more information, see [You and your shares 2024](#).

## Franking credit

The franking credit from franking entities is shown at:

- item **12 Dividends** – label **M Franking credit** if received directly from a paying company
- item **8 Partnerships and trusts** – label **D Share of franking credits from franked distributions** if received indirectly through a partnership or other trust.

Don't show the franking credit if the trustee was not a [qualified person](#) for the dividend.

## Australian franking credits from a New Zealand franking company

The Australian franking credits attached to franked dividends received directly or indirectly from a New Zealand franking company are shown at item **23 Other assessable foreign source income** – label **D Australian franking credits from a New Zealand franking company**.

For credits received indirectly through a partnership or other trust, don't show the franking credit if the trustee was not a qualified person or was otherwise unable to claim a franking credit.

Show expenses that are directly related to franked distributions from a New Zealand franking company at item **16 Deductions relating to** – label **R Franked distributions**. Expenses related to an unfranked distribution are shown at item **16 Deductions relating to** – label **P Australian investment income**.

Where a franked dividend is received by the trustee and included in the net income of the trust a share of which is assessable to a resident beneficiary, that beneficiary may be entitled to tax offset equal to their share of franking credits attached to the franked distributions, undiminished by the expenses of the trust.

A beneficiary's share of the franking credit on a franked dividend will depend on their entitlement to the dividend, having regard to the trust deed and any relevant trustee resolution.

For the franking credits to flow to a beneficiary, both the beneficiary and the trustee must be [qualified person](#) (satisfying the holding period and related payments rules).

If the trustee is assessable under section 98 of the ITAA 1936 on behalf of a beneficiary, the trustee may be entitled to a tax offset



equal to the beneficiary's share of the franking credits.

Where the trustee is assessed on a share of the net income under section 99 or 99A of the ITAA 1936 (providing the trustee is a qualified person in relation to the franked dividend) the trustee is also entitled to a share of the franking credit. The trustee's entitlement to the franking credit is proportional to the share of the franked dividend to which no beneficiary is presently entitled.

Where the amount of the franking credit to which the trustee is entitled exceeds the trustee's basic income tax liability, the excess will only be refundable if the net income is assessed under section 99.

## Non-resident beneficiaries

Non-resident presently or specifically entitled beneficiaries are not liable to pay any Australian tax on the franked amount of dividends. Unfranked dividends and the unfranked part of franked dividends, if any, are subject to withholding tax.

## Share traders

Traders of shares (including non-share equity interests) who operated as a trust and received dividends during the income year must show them at item **12 Dividends**.

## Exempt dividends

Keep supporting records if the trust claims the whole or part of any dividend, bonus share issue or other distribution is exempt from tax, for example, because FTDT has been paid on the amount.

## Foreign source dividends

Foreign source dividends (other than dividends from a New Zealand franking company) are not subject to the imputation rules. However, they are usually included in the assessable income of the trust. If the trust receives foreign source dividends, other than dividends that qualify as non-assessable non-exempt income under [sections 23AI](#) and [23AK](#) of the ITAA 1936, include these amounts at item **23 Other assessable foreign source income**.

## Unfranked dividends

An unfranked dividend may include the unfranked part of a partly franked dividend for reporting purposes.

### Unfranked dividends and the TOFA rules

The TOFA rules may apply to some or all of the unfranked dividends that a trust receives. Where this is the case, such amounts are still shown at item **12 Dividends** and must also be shown at item **31 Taxation of financial arrangements (TOFA)**.

Return to:

- [Appendixes for the trust tax return](#)

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## Appendix 2: Royalties

Use Appendix 2 for information about how to report any royalties paid or credited.

**Last updated** 2 July 2024

### About royalties

Royalties include consideration of any kind paid or credited for:

- the use of, or right to use
  - any copyright, patent, design or model, plan, secret formula or process, trademark or other like property or right
  - industrial, commercial or scientific equipment
  - motion picture films
  - films or video tapes for use with television
  - tapes for use with radio broadcasting
  - visual images and or sounds transmitted by satellite, cable, optic fibre or other similar technology, in connection with television or

radio broadcasting

- capacity covered by a spectrum licence under the *Radio Communications Act 1992*
- the supply of scientific, technical, industrial or commercial knowledge or information
- the supply of any assistance that is ancillary and subsidiary to, and is furnished as a means of enabling the application or enjoyment of any property, right, equipment, knowledge or information mentioned in 1a, 1b or 2
- the reception of, or the right to receive, visual images or sounds transmitted to the public by satellite, cable, optic fibre or similar technology
- the total or partial forbearance in respect of the previously listed activities.

Show royalties derived by an Australian resident as income in the normal manner.

Royalties paid by a resident to a non-resident may be subject to withholding tax. The rate for royalties is 30% however if there is a double tax agreement, the rate may be reduced.

For more information, see [IT 2660](#) *Income tax: definition of royalties*.

## Record keeping

If the trust claims a deduction for royalties paid or credited, keep a record of the name and address, the nature of the benefit derived and the amounts paid or due to each person.

If payment was made to a non-resident, keep details on whether or not tax has been paid or an amount withheld to provide for tax payable by the non-resident.

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

## Appendix 3: Thin capitalisation

Use Appendix 3 to help you work out if the thin capitalisation rules apply and what to do if they affect you.

**Published** 30 May 2024

### What is thin capitalisation?

The thin capitalisation provisions limit the debt deductions that certain entities can claim for tax purposes based on the tests set out in Division 820 of the ITAA 1997. These rules ensure that taxpayers fund their Australian operations with an appropriate amount of equity.

### What are the debt deduction creation rules?

The debt deduction creation rules disallow debt deductions paid or payable, directly or indirectly, to associate entities and created in connection with certain acquisitions from associates or funding certain payments or distributions to associate entities. These rules don't apply to ADIs or securitisation vehicles, or entities that are exempted from their application under the \$2 million dollar threshold exemption or the exemption for certain special purpose entities.

The debt deduction creation rules will apply to all debt deductions for income years starting on or after 1 July 2024.

### What if the thin capitalisation rules affect you?

If the thin capitalisation rules affect you, the trust must complete **section D** of the [International dealings schedule 2024](#), unless the trust was a subsidiary member of a consolidated group or MEC group for the entire income year.

Where the trust is a member of a consolidated group or MEC group for the whole income year and the thin capitalisation apply, the responsibility for preparing the schedule will rest on the head company of the group.

Where a return is required because the trust had a period in the income year when it was not a member of a consolidated group or MEC group (a non-membership period) the trust should complete an [International dealings schedule 2024](#) where the thin capitalisation rules apply to the trust during the non-membership period.

For more information on reporting multiple non-membership periods during the year, see the *Consolidation reference manual*, sheet [C9-5-110](#).

The International dealings schedule is available through the PLS or complete and lodge the paper schedule.

## What happens if the thin capitalisation tests are breached?

If the thin capitalisation tests are breached, some of the trust's debt deductions may be denied. The amount denied for business income is shown in item **5** – label **B Expense reconciliation adjustments**. If the trust incurred debt deductions for other types of income (for example, rental income, dividend income or foreign income) the amount of deductions shown at the relevant entries must exclude the debt deductions amount denied.

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## Appendix 4: Commercial debt forgiveness

Use Appendix 4 to help you apply the net forgiven amount of commercial debt.

**Last updated** 2 July 2024

## About commercial debt forgiveness

If a commercial debt owed by the trust is forgiven during the income year, apply the 'net forgiven amount' of that debt to reduce the trust's tax losses, net capital losses, certain undeducted revenue or capital expenditure and the cost base of CGT assets, in that order.

A debt is a commercial debt if any part of the interest payable on the debt is or would be an allowable deduction, or could have been deducted but for a specific exception provision in the ITAA 1997 (other than the exceptions in subsection 8-1(2) for outgoings of a capital nature, private or domestic outgoings and for outgoings relating to exempt income or non-assessable income non-exempt income).

Where interest is not payable, a debt is still a commercial debt if interest would have been deductible if interest had been charged.

A debt is forgiven if the trust's obligation to pay the debt is released, waived, or otherwise extinguished, other than by repaying the debt in full.

A debt is also forgiven if:

- the right to recover it ceases because of the expiry of a limitation period
- a creditor assigns it to an associate of the debtor
- the debtor is a trust and the creditor is issued units in the trust in exchange for the debt
- an agreement is entered into under which the obligation to pay some or all of the debt will end without the debtor incurring any obligation (other than an insignificant obligation).

## Calculation of net forgiven amount

Calculate the net forgiven amount as follows:

- Determine the value of the debt. This is usually the lesser of

- the market value of the debt at the time of forgiveness (assuming the trust was solvent at the time the debt was incurred and the trust's capacity to pay the debt has not changed from the time the debt was incurred), and
  - the total of the market value of the debt at the time the debt was forgiven (based on the above assumptions and assuming that interest rates and currency exchange rates that affect the market value of the debt remain constant from the time the debt was incurred until the forgiveness time) plus any amounts allowable as deductions because of the forgiveness of the debt that are attributable to changes in those interest rates and currency exchange rates. This might occur because of a decrease in the value of the debt due to market movements. Special rules apply in calculating the value of non-recourse debt and previously assigned debt; see [sections 245-60](#) and [245-61](#) of the ITAA 1997.
- Calculate the gross forgiven amount of the debt by subtracting from the value of the debt certain amounts paid or given in respect of the forgiveness; see [section 245-65](#) of the ITAA 1997.
  - Work out the net forgiven amount, by subtracting from the gross forgiven amount, any amount
    - which has been, or will be, included in the trust's assessable income for any income year as a result of the forgiveness of the debt
    - by which a deduction otherwise allowable to the trust has been, or will be, reduced as a result of the forgiveness of the debt, except for a reduction under [Division 727](#) of the ITAA 1997 (which is about indirect value shifting) and
    - by which the cost base of any CGT assets of the trust has been, or will be, reduced as a result of the forgiveness of the debt under the CGT provisions of the ITAA 1997.

The balance amount (if any) remaining is the net forgiven amount of that the debt.

Total the net forgiven amount of each debt forgiven during the income year to arrive at the total net forgiven amount for the income year.

# Application of total net forgiven amount

Apply this total net forgiven amount to reduce the amounts the trust has in the following categories, in the order listed:

- [Tax losses](#)
- [Net capital losses](#)
- [Expenditures](#)
- [Cost bases of certain CGT assets.](#)

Within each category, the trust may choose the item against which the total net forgiven amount is applied, provided it is applied to the maximum extent possible within that category. Once the total net forgiven amount is applied against all the amounts in a category, apply any excess against the next category. If there is any excess remaining amount after application against all categories, disregard this excess.

## Tax losses

These are tax losses from an earlier income year that are undeducted at the beginning of the forgiveness income year.

## Net capital losses

These are unapplied net capital losses that were made in income years before the forgiveness year and could be applied in working out the debtor's net capital gain in the forgiveness income year, assuming that the trust had sufficient capital gains.

## Expenditures

Expenditures against which the total net forgiven amount can be applied are limited to those incurred by the trust before the forgiveness income year which remain undeducted but which, on conditions prevailing at the beginning of the forgiveness income year, would be deductible in that year or future income years. Expenditures mean:

- expenditure deductible under Division 40 of the ITAA 1997 (capital allowances)
- expenditure incurred in borrowing money to produce assessable income under section 25-25 of the ITAA 1997



- expenditure on scientific research
- R&D expenditure deductible under Division 355 of the ITAA 1997
- advance revenue expenditure
- expenditure on acquiring a unit of industrial property to produce assessable income
- expenditure on assessable income-producing buildings and other capital works.

There are 2 principal methods for reducing expenditures:

- If the deduction is calculated as a percentage of a base amount (for example, deductions for the decline in value of depreciating assets calculated under the prime cost method), make the reduction to the base amount
  - The effect is that deductions allowable in the forgiveness income year and later income years are reduced.
  - The total amount of deductions allowable is limited to the reduced base amount.
  - The amount of the reduction is treated as if it had been a deduction when calculating any required balancing adjustment amount.
- If the deduction for a particular expenditure is a percentage, fraction or proportion of an amount worked out after taking into account any deductions for the deductible expenditure previously allowed to the trust (for example, deductions for the decline in value of depreciating assets calculated under the diminishing value method), the forgiven amount is taken to have been allowed as a deduction before the forgiveness income year.

If any deductions are disallowed under the ITAA 1936 or the ITAA 1997 as a result of recouping an amount of expenditure, the recouped expenditure against which the total net forgiven amount was previously reduced is included in the assessable income of the trust in the income year in which it is recouped.

## **Cost bases of certain CGT assets**

The cost bases and reduced cost bases of certain CGT assets owned by the trust at the beginning of the forgiveness income year are

reduced by the trust's total net forgiven amount remaining after reducing the expenditures (see [Expenditures](#)).

Assets with cost bases not subject to reduction include those for which a capital gain or capital loss will not arise or is unlikely to arise if a CGT event happens to them, for example, CGT assets acquired before 20 September 1985, trading stock or a personal use asset within the meaning of [section 108-20](#) of the ITAA 1997. Also excluded are CGT assets the cost of which is deductible, such as depreciating assets.

The trust may choose the CGT assets for which the cost bases and reduced cost bases are to be reduced to the extent of the net forgiven amount. However, the cost bases of assets that constitute investments in associates of the trust must be reduced last.

If a trust chooses to apply an amount to reduce the cost base or the reduced cost base of a CGT asset, then at any time on or after the beginning of the forgiveness income year, the cost base and reduced cost base of each relevant CGT asset is taken to be reduced by that amount.

Ordinarily, the reduction of a CGT asset's cost base and reduced cost base can't exceed the amount that would have been the reduced cost base of the asset, calculated as if the asset was disposed of at market value on the first day of the forgiveness income year.

However, a special rule applies (see [subsection 245-190\(3\)](#) of the ITAA 1997) if an event occurred after the beginning of the forgiveness income year that would cause the reduced cost base of the asset to be reduced. In this case, the net forgiven amount is applied to the reduced cost base of the asset after the event occurred that reduced the asset cost base, not at the first day of the forgiveness year.

The reduction of the cost base and reduced cost base of a CGT asset affects the calculation of the amount of the capital gain or capital loss on a CGT event happening to the relevant CGT asset. This is because the cost base or reduced cost base that is taken into account in determining the capital gain or capital loss must reflect that reduction.

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

## Appendix 5: Capital works deduction

Use Appendix 5 to help you work out your deduction for capital works.

**Last updated** 2 July 2024

### Capital works

[Division 43](#) of the ITAA 1997 provides for a system of deducting capital expenditure incurred in the construction of capital works used to produce assessable income.

You can deduct construction costs for the following capital works:

- buildings or extensions, alterations or improvements to a building, leasehold improvements such as shop fitouts
- structural improvements (such as bridges, retaining walls and sealed roads) or extensions, alterations or improvements to structural improvements
- environmental protection earthworks; see also [Appendix 6](#).

You must base your deductions for construction costs on actual costs incurred. If it is not possible to genuinely determine the actual costs, provide an estimate by a quantity surveyor or other independent qualified person. The costs incurred by the trust for providing this estimate are deductible as a tax-related expense, not as an expense in gaining or producing assessable income.

For more information, see:

- [Capital works deductions](#)
- Taxation Ruling [TR 2007/9](#) *Income tax: circumstances when an item used to create a particular atmosphere or ambience for premises used in a cafe, restaurant, licensed club, hotel, motel or retail shopping business constitutes an item of plant.*

## Who can claim?

The trust can only claim a deduction under Division 43 for an income year if the trust:

- owns, leases or holds part of a construction expenditure area of capital works ('your area')
- incurred the construction expense, or is an assignee of the lease or holder who incurred the expense
- uses 'your area' to produce assessable income.

In calculating the trust's deduction, identify 'your area' for each construction expenditure area of the capital works. 'Your area' may comprise the whole or part of the construction area.

## Lessee or holder of capital works

A lessee or holder can claim a deduction for an area of capital works they leased or held under a quasi-ownership right. To claim a deduction, the lessee or holder must have:

- incurred the construction expenditure or be an assignee of the lessee or holder who incurred the expenditure
- continuously leased or held the capital works area itself, or leased or held the area that had been so held by previous lessees, holders or assignees since completion of construction
- used the area to produce assessable income.

If there is a lapse in the lease, the entitlement to the deduction reverts to the building owner.

## Requirement for deductibility

A trust can deduct an amount for capital works in an income year if:

- the capital works have a **construction expenditure area**
- there is a **pool of construction expenditure** for that area
- it uses the area in the income year to produce assessable income in the way set out in [section 43-140](#) of the ITAA 1997.

## No deduction until construction is complete

You can't claim a deduction for any period before the construction of capital works is complete even though the trust used them, or part of them, before completion. Additionally, the deduction can't exceed the undeducted construction expenditure for 'your area'.

Capital works are taken to have started when the first step in the construction phase starts, for example, the pouring of foundations or sinking of pilings for a building.

## Establishing the deduction base

Expenditure for the construction of capital works is deductible if there is a construction expenditure area for the capital works. Whether there is such an area and how it is identified depends on:

- the type of expenditure incurred (only [construction expenditure](#) is deductible under [Division 43](#) of the ITAA 1997)
- the time the capital works started
- the area of the capital works to be owned, leased or held by the entity that incurred the expenditure
- for capital works begun before 1 July 1997, the area of the capital works that was at the time of completion intended to be used in a particular manner; see [section 43–90](#) of the ITAA 1997.

## Construction expenditure

Construction expenditure includes:

- preliminary expenses, such as architect's fees, engineering fees, foundation excavation expenses and costs of building permits
- costs of structural features that are an integral part of the income-producing building or income producing structural improvements, such as lift wells and atriums
- some portion of indirect costs.

For an owner/builder entitled to a deduction under Division 43 of the ITAA 1997, the value of their contributions to the work (labour or

expertise and any notional profit element) don't form part of construction expenditure, see Taxation Ruling [TR 97/25](#) *Income tax: property development: deduction for capital expenditure on construction of income producing capital works, including buildings and structural improvements* and addendum.

Construction expenditure does not include expenditure on:

- acquiring land
- demolishing existing structures
- clearing, levelling, filling, draining or otherwise preparing the construction site before carrying out excavation work
- landscaping
- plant
- property or expenditure for which a deduction is allowable or would be allowable if the property were to be used for producing assessable income under another specified provision of the ITAA 1936 or the ITAA 1997.

## Construction expenditure area

The construction of the capital works must be complete before the construction expenditure area is determined. A separate construction expenditure area is created each time an entity undertakes the construction of capital works.

For construction expenditure before 1 July 1997, the capital works must have been constructed for a specified use at the time of completion, depending upon the time when the capital works started.

The first specified use construction time was 22 August 1979; see [section 43-90](#) and [subsection 43-75\(2\)](#) of the ITAA 1997. No deduction is available under Division 43 of the ITAA 1997 for capital works which were begun on 21 August 1979 or earlier; see [subsection 43-20\(1\)](#) of the ITAA 1997.

## Pool of construction expenditure

The pool of construction expenditure is the portion of the construction expenditure incurred by an entity on capital works which is attributable to the construction expenditure area.

## Deductible use

The trust can only claim a deduction under this Division if it uses 'your area' in a way described in [table 43-140](#) or [43-145](#) of Subdivision 43-D of the ITAA 1997.

## Special rules about uses

'Your area' is taken to be used for a particular purpose or in a particular manner if:

- it is maintained ready for that use, is not used for another purpose or in any other manner, and its use has not been abandoned
- its use has temporarily ceased, for example, because of construction or repairs, or seasonal or climatic conditions.

'Your area' is not accepted as being used to produce assessable income:

- if it is a building (other than a hotel or apartment building) used for exhibition or display in connection with the sale of all or part of any building, where construction began after 17 July 1985 but before 1 July 1997. If construction started after 30 June 1997, buildings that are used for display are eligible
- if it is a building where the construction began after 19 July 1982 and before 18 July 1985 and which is used or available for use wholly or mainly
  - for, or in association with, residential accommodation, and it is not a hotel or apartment building
  - for exhibition or display in connection with the sale of all or part of any building, or the lease of all or any part of any building for use wholly or mainly for, or in association with, residential accommodation and is not a hotel or apartment building or an extension, alteration or improvement to such a building
- to the extent that the trust or an associate uses part of it for residential accommodation and it is not a hotel or apartment building; for exceptions to this rule, see [subsection 43-170\(2\)](#) of the ITAA 1997.

'Your area' is taken to be used wholly or mainly as, or in association with residential accommodation, if it is:

- part of an individual's home (other than a hotel or apartment building)
- a building (other than a hotel or apartment building) where construction began after 19 July 1982 and before 18 July 1985, and used as a hotel, motel or guest house. Thus a hotel, motel or guest house, for which construction began during the specified time, and which does not qualify as a hotel or apartment building (for example, because it has fewer than 10 bedrooms or apartments) does not qualify for a deduction under Division 43.

Special rules for hotels and apartments are contained in [section 43-180](#) of the ITAA 1997.

## Calculation and rate of deduction

The entitlement to a deduction begins on the date 'your area' is first used to produce assessable income after construction is completed. The first and last years of use may be apportioned. The entitlement to a deduction runs for either 25 or 40 years (the limitation period) depending upon the rate of deduction applicable.

The legislation contains 2 calculation provisions:

- [section 43-210](#) of the ITAA 1997 deals with the deduction for capital works which began after 26 February 1992
- [section 43-215](#) of the ITAA 1997 deals with deductions for capital works which began before 27 February 1992.

## Capital works begun before 27 February 1992 and used as described in table 43-140 of the ITAA 1997

Calculate the deduction separately for each part of capital works that meets the description of 'your area'.

The applicable rate is either 4% if the capital works began after 21 August 1984 and before 16 September 1987, or 2.5% in any other case.

The amount of the deduction may be reduced in certain circumstances. This includes where your area was used only partly for



the purpose of producing assessable income. The amount claimed can't exceed the undeducted construction expenditure.

## Capital works begun after 26 February 1992

Calculate the deduction separately for each part of capital works that meets the description of 'your area'.

There is a basic entitlement to a rate of 2.5% for parts used as described in [table 43-140](#): Current year use. The rate increases to 4% for parts used as described in [table 43-145](#): Use in the 4% manner.

The amount of the deduction may be reduced in certain circumstances. This includes where your area was used only partly for the purpose of producing assessable income.

The amount the company claims can't exceed the undeducted construction expenditure.

## Undeducted construction expenditure

The undeducted construction expenditure for 'your area' is the part of the construction expenditure the trust has left to write off. Use it to work out the:

- number of years in which the trust can deduct amounts for its construction expenditure, and
- amount that the trust can deduct under [section 43-40](#) of the ITAA 1997 if 'your area' or a part of it is destroyed.

## Balancing deduction on destruction

If a building is destroyed or damaged during an income year, you can claim the remaining amount of undeducted construction expenditure that has not yet been deducted, less any compensation received. This applies even if the destruction or demolition is voluntary.

You can claim the deduction in the income year in which the destruction occurs.

The deduction is reduced where the capital works are used in an income year only partly for the purpose of producing assessable income.

For guidelines on these measures, see Taxation Ruling [TR 97/25](#) *Income tax: property development: deduction for capital expenditure on construction of income producing capital works, including buildings and structural improvements* .

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## Appendix 6: Uniform capital allowances

Use Appendix 6 to help you with uniform capital allowances.

**Last updated** 2 July 2024

For more information, see:

- [Guide to depreciating assets 2024](#)
- [Record keeping for capital expenses.](#)

## Small business entities

Eligible small business entities that choose to use the simplified depreciation rules calculate deductions for most of their depreciating assets under the specific small business entity depreciation rules.

## Passenger vehicles

A car limit applies to any sized business that purchases a motor vehicle (except a motorcycle or similar vehicle) designed to carry a load of less than one tonne and fewer than 9 passengers. You must

reduce the cost of the vehicle to the car limit before calculating your depreciation. You can't claim the excess cost of the vehicle above the [car limit](#) under any other depreciation rules.

The car limit for 2023–24 is \$68,108.

## Balancing adjustment amounts

If the trust ceases to hold or to use a depreciating asset, a balancing adjustment event may occur. For assets subject to the small business entity depreciation rules, see [Calculation 4: Ceasing to hold depreciating assets](#). For assets not subject to these rules, trust will need to calculate a balancing adjustment amount to include in its assessable income or to claim as a deduction.

Show an assessable balancing adjustment amount as an income add-back at item **5** – label **A Income reconciliation adjustments**. Show a deductible balancing adjustment amount as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

If the asset was used for both taxable and non-taxable purposes, reduce the balancing adjustment amount by the amount attributable to the non-taxable use. A capital gain or capital loss may arise which is attributable to that non-taxable use.

Show any profit on the sale of a depreciating asset that has been included in the accounts of the trust as an income subtraction at item **5** – label **A Income reconciliation adjustments**.

Show any loss on the sale of a depreciating asset that has been included in the accounts of the trust as an expense add back at item **5** – label **B Expense reconciliation adjustments**.

For more information, see [Profit on the sale of a depreciating asset](#) and [Loss on the sale of a depreciating asset](#).

If you have elected to use the hedging tax-timing method provided for in the TOFA rules and you have a gain or loss from a hedging financial arrangement used to hedge risks in relation to a depreciating asset, work out the gain or loss allocated under the TOFA rules and show the amount at item **5** – label **A Income reconciliation adjustments** or item **5** – label **B Expense reconciliation adjustments** when calculating the depreciating asset's balancing adjustment amount.

Also include the gain or loss on the hedging financial arrangement at item **31 Taxation of financial arrangements (TOFA)**.

For more information, see [Guide to the taxation of financial arrangements \(TOFA\)](#) and [Guide to depreciating assets 2024](#).

If a balancing adjustment event occurred to a depreciating asset of the trust during the income year, you may need to include an amount at item **50 Capital allowances** – label:

- **H Termination value of intangible depreciating assets**, or
- **I Termination value of other depreciating assets**.

## Deduction for decline in value of depreciating assets

For assets subject to the small business entity depreciation rules, see [Small business entities applying the simplified depreciation rules](#).

For assets not subject to the small business entity depreciation rules, the decline in value is generally worked out using either the prime cost or diminishing value method. Both methods are based on the effective life of the asset. For most depreciating assets, the trust can choose whether to self-assess the effective life or to adopt the Commissioner's determination of effective life outlined in Taxation Ruling [TR 2022/1](#) *Income tax: effective life of depreciating assets (applicable from 1 July 2022)*.

The trust can deduct an amount equal to the decline in value of a depreciating asset for the period that it holds the asset during the income year. However, the deduction is reduced to the extent the asset is used or installed ready for use for other than a taxable purpose.

If you have elected to use the hedging tax-timing method provided for in the TOFA rules and you have a gain or loss from a hedging financial arrangement used to hedge risks in relation to a depreciating asset, then the amounts shown at item **5** – label **A Income reconciliation adjustments** and item **5** – label **B Expense reconciliation adjustments** will also need to take into account the effect of that gain or loss from the hedging financial arrangement.

Also include the gain or loss on the hedging financial arrangement at item **31 Taxation of financial arrangements (TOFA)**.

An immediate deduction is available for a depreciating asset costing \$300 or less (but only to the extent the asset is used for a taxable purpose) if the asset satisfies **all** of the following requirements:

- it is used predominantly for the purpose of producing assessable income that is not income from carrying on a business
- it is not part of a set of assets acquired in the same income year that costs more than \$300
- it is not one of any number of substantially identical items acquired in the same income year that together cost more than \$300.

You can allocate certain assets that cost less than \$1,000 or that have an opening adjustable value of less than \$1,000 to a low-value pool to calculate the decline in value. You can't allocate assets eligible for the immediate deduction to a low-value pool.

If the trust is not using the small business entity depreciation rules, show the deduction for decline in value of depreciating assets used in carrying on a business as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

This amount is often different from the amount of depreciation calculated for accounting purposes shown at item **5** – label **K Depreciation expenses**, so you will need to include the amount at label **K** as an expense add back at item **5** – label **B Expense reconciliation adjustments**.

Show deductions for the decline in value of depreciating assets used to earn rental income, earn interest or dividends, or used by the trust in the management of its tax affairs respectively at:

- item **9 Rent** – label **H Other rental deductions**
- item **16 Deductions relating to:** – label **P Australian investment income**, or
- item **18 Other deductions**.

For more information on where to show deductions for depreciating assets in a low-value pool, see [Low-value pools](#).

## Foreign currency gains and losses

If you purchased a depreciating asset in foreign currency, the first element of the asset's cost is converted to Australian currency. From 1 July 2003, if the foreign currency amount became due for payment

within the 24-month period that began 12 months before the time when you began to hold the depreciating asset, any realised foreign currency gain or loss (referred to as a forex realisation gain or a forex realisation loss) can modify the asset's cost, opening adjustable value, or the opening balance of your low-value pool, as the case may be.

However, if the foreign currency amount relates to the second element of the cost of a depreciating asset, the translation to Australian currency is made at the exchange rate applicable at the time you incurred the relevant expenditure and a 12-month rule instead of a 24-month rule applies. The 12-month rule requires that the foreign currency became due for payment within 12 months after the time you incurred the relevant expenditure. In some circumstances, you may be able to elect that forex gains and losses don't modify the asset's cost, opening adjustable value or the opening balance of your low-value pool.

For more information, see [Forex elections: election out of the 12-month rule](#).

## **Water facility, fencing asset, fodder storage asset, grapevine or horticultural plant**

If a trust can claim a deduction for the decline in value of a water facility, fencing asset, fodder storage asset, grapevine or a horticultural plant, the amount is part of the deduction for the decline in value of depreciating assets included either at item **5** – label **K Depreciation expenses** for small business entities using the simplified depreciation rules, or as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**. You will also need to include the amount of a deduction for the decline in value of a water facility, fencing asset or fodder storage asset at item **50 Capital allowances** – label **L Landcare operations and deduction for decline in value of water facility, fencing asset and fodder storage asset**.

For more information, see [Landcare operations](#) and [Grapevines and horticultural plants](#).

To calculate the deduction for the decline in value of most depreciating assets, use **worksheet 1** and **worksheet 2** in [Guide to depreciating assets 2024](#).

## Deduction for environmental protection expenses

The trust can deduct expenditure incurred for the sole or dominant purpose of carrying on environmental protection activities (EPA). EPA are activities undertaken to prevent, fight or remedy pollution or to treat, clean up, remove or store waste from the trust's earning activity. The earning activity is one the trust's carried on, carries on, or proposes to carry on for the purpose of:

- producing assessable income (other than a net capital gain)
- exploration or prospecting
- mining site rehabilitation.

The trust may claim a deduction for cleaning up a site on which a predecessor carried on substantially the same business activity.

The deduction is not available for:

- EPA bonds and security deposits
- expenditure for acquiring land
- expenditure for constructing or altering buildings, structures or structural improvements
- expenditure to the extent that the trust can deduct an amount for it under another provision.

Expenditure which forms part of the cost of a depreciating asset is not expenditure on EPA.

You can write off expenditure incurred on or after 19 August 1992 on certain earthworks constructed as a result of carrying out EPA at the rate of 2.5% per annum under the provisions for capital works expenditure.

You can't claim a deduction for expenditure on an environmental assessment of a project of the trust as expenditure on EPA. If it is capital expenditure directly connected with a project, it could be a project amount for which a deduction would be available over the project life; see [Deduction for project pool](#).

If the deduction arises from a non-arm's length transaction and the expenditure is more than the market value of what it was for, the amount of the expenditure is instead taken to be that market value.

Include any recoupment of the expenditure as assessable income in item **5** at label **G** or **H Other business income**, or as an income add back at item **5** – label **A Income reconciliation adjustments**.

Include the deduction for environmental protection expenses at item **5** – label **N All other expenses** or as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

## Deduction for project pool

You can allocate certain capital expenditure incurred after 30 June 2001 to a project pool and write it off over the project life. The capital expenditure must be directly connected with a project that is carried on, or proposed to be carried on, for a taxable purpose. . Each project has a separate project pool.

A project is carried on if it involves a continuity of activity and active participation. However, merely holding a passive investment, such as a rental property, would not be regarded as carrying on a project. For more information, see Taxation Ruling [TR 2005/4](#) *Income tax: capital allowances – project pools – core issues*.

The capital expenditure, known as a project amount, must be expenditure incurred:

- to create or upgrade community infrastructure for a community associated with the project, this expenditure must be paid, not just incurred, to be a project amount
- for site preparation for depreciating assets (other than in draining swamp or low-lying land or in clearing land for horticultural plants including grapevines)
- for feasibility studies for the project
- for environmental assessments for the project
- to obtain information associated with the project
- in seeking to obtain a right to intellectual property
- for ornamental trees or shrubs.

Project amounts include mining capital expenditure and transport capital expenditure.



The expenditure must not otherwise be deductible or form part of the cost of a depreciating asset.

If the expenditure incurred arises from a non-arm's length dealing and is more than the market value of what it was for, the amount of the expenditure is taken to be that market value.

The deduction for project amounts allocated to a project pool commences when the project starts to operate.

If your project pool contains only project amounts incurred on or after 10 May 2006, and the project starts to operate on or after that date, your deduction is calculated as follows:

Pool value **multiplied by** 200% **divided by** DV project pool life

Certain projects may be taken to have started to operate before 10 May 2006, for example, if a project is abandoned and then restarted on or after 10 May 2006 just so deductions can be calculated using the above formula.

For other project pools, the deduction is calculated using the following formula:

Pool value **multiplied by** 150% **divided by** DV project pool life

The **DV project pool life** is the project life or, if that life has been recalculated, the most recently recalculated project life. Determine the project life by estimating how long (in years and fractions of years) it will be from when the project starts to operate until it stops operating. Generally, a project starts to operate when the activities that will produce assessable income start. The project life is estimated from the perspective of the trust, but the event used to determine when the project will stop operating must be something outside its control.

The **pool value** for an income year is broadly the sum of the project amounts allocated to the pool up to the end of that year, less the sum of the deductions claimed for the project pool in previous years, or that could have been claimed had the project operated wholly for a taxable purpose.

The pool value can be subject to adjustments.

If there is an entitlement to a GST input tax credit for expenditure allocated to a project pool, reduce the pool value by the amount of the credit. You will need to adjust the pool value for certain increasing or decreasing adjustments for expenditure allocated to a project pool.

The pool value can be subject to adjustment under the forex provisions. A relevant foreign exchange (forex) gain or loss may arise if, during an income year beginning on or after 1 July 2003, the trust ceased to have an obligation to pay foreign currency where the obligation was incurred as a project amount allocated to a project pool. If the amount was incurred after 30 June 2003 (or earlier, if so elected) and became due for payment within 12 months after it was incurred, then the pool value for the income year in which the amount was incurred is increased by any forex loss, and decreased by any forex gain. If the forex gain exceeds the pool value, reduce the pool value to zero and the excess gain is assessable, this is known as **the 12-month rule**. In limited circumstances, a trust may elect out of the 12-month rule.

For more information, see [Forex elections: election out of the 12-month rule](#).

If it has been elected that the 12 month rule should not apply, any forex gain will be assessable and any forex realisation loss will be deductible in accordance with the forex measures.

For more information, see [Foreign exchange gains and losses](#).

The deduction for project amounts allocated to a project pool can't be more than the amount of the pool value for that income year.

There is no need to apportion the deductions if the project starts to operate during the income year, or for project amounts incurred during the year. However, the deduction is reduced for the extent to which the project is operated for other than a taxable purpose during the income year.

If the project is abandoned, sold or otherwise disposed of, you can claim a deduction for the sum of the closing pool value of the prior income year (if any), plus any project amounts allocated to the pool during the income year, after allowing for any necessary pool value adjustments. A project is abandoned if it stops operating and will not operate again.

Any amount received for the abandonment, sale or other disposal of a project is assessable income.

If an amount of capital expenditure allocated to a project pool is recouped, or if a capital amount is derived in relation to a project amount or something on which a project amount was expended, include the amount in assessable income.

If any receipt arises from a non-arm's length dealing and the amount is less than the market value of what it was for, the amount received is taken to be that market value.

Include any deduction for a project pool as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**. You must show the deduction at item **50 Capital allowances** – label **J Deduction for project pool**.

The trust must add back any capital expenditure allocated to the pool that has been included as an expense at item **5**. Show the amount as an expense add back at item **5** – label **B Expense reconciliation adjustments**.

Include assessable income in item **5** at label **G** or **H Other business income** or as an income add back at item **5** – label **A Income reconciliation adjustments**.

## Electricity connections and phone lines

A trust can claim a deduction over 10 years for capital expenditure incurred in connecting:

- mains electricity to land on which a business is carried on, or in upgrading an existing connection to that land
- a phone line to land being used to carry on a primary production business.

Show the deduction as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

The trust must add back any capital expenditure on electricity connections and phone lines included as an expense at item **5**. Show the amount as an expense add-back at item **5** – label **B Expense reconciliation adjustments**.

Include any recoupment of the expenditure as assessable income in item **5** at label **G** or **H Other business income**, or as an income add back at item **5** – label **A Income reconciliation adjustments**.

## Grapevines and horticultural plants

Any grapevines planted and used in a primary production business prior to 1 October 2004 are deductible using an annual rate of 25%.

For grapevines planted on or after 1 October 2004:

- Deductions for the decline in value of a grapevine can only be claimed from the income year in which the grapevine's first commercial season starts, not when it is first used in a primary production business.
- The decline in value of a grapevine will not be worked out at an annual rate of 25%, but will be based on the effective life of the grapevine.

The Commissioner has determined the effective life for grapevines.

**Table 6.1: Effective life of horticultural plants**

| Horticultural plants     | Effective life (years) |
|--------------------------|------------------------|
| Grapevines, dried grapes | 15                     |
| Grapevines, table grapes | 15                     |
| Grapevines, wine grapes  | 20                     |

The income tax law provides an annual write-off rate of 13% for a horticultural plant with an effective life of 13 to fewer than 30 years.

Alternatively, an entity can estimate their own effective life for grapevines.

The deduction for the decline in value of grapevines and horticultural plants is part of the deduction for decline in value of depreciating assets which is included either at item **5** – label **K Depreciation expenses** if the trust is using the small business entity depreciation rules, or as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

If the trust has included any expenditure on establishing grapevines or horticultural plants as an expense at item **5**, include that amount as an expense add back at item **5** – label **B Expense reconciliation adjustments**.

## Hire-purchase agreements

Hire-purchase and instalment-sale agreements of goods are treated as a sale of the property by the financier (or hire-purchase company) to the hirer (or instalment purchaser).

The sale is treated as being financed by a loan from the financier to the hirer at a sale price of either their agreed cost or the arm's length value of the property. The periodic hire-purchase (or instalment) payments are treated as payments of principal and interest under the notional loan. The hirer can claim a deduction for the interest component, subject to any reduction required under the thin capitalisation rules.

In relation to the notional sale, the hirer of a depreciating asset may be entitled to claim a deduction for the decline in value. The cost of the asset for this purpose is taken to be the agreed cost or value, or the arm's length value if the dealing is not at arm's length. For assets subject to the small business entity depreciation rules, see [Small business entities applying the simplified depreciation rules](#) . For assets not subject to the small business entity depreciation rules, see [Deduction for decline in value of depreciating assets](#).

If the trust has included any hire-purchase charges for the goods at item **5**, include the amount at item **5** – label **B Expense reconciliation adjustments** as an expense add back. Include the deduction for the interest component of the hire-purchase payments as an expense subtraction at label **B**.

## Landcare operations and decline in value of water facility, fencing asset and fodder storage asset

A trust can claim deductions for landcare operation expenditure and expenditure for water facilities, fencing assets and fodder storage assets.

For more information, see:

- [Landcare operations](#)
- [Water facilities](#)
- [Fencing assets](#)
- [Fodder storage assets](#).

Include the deduction for landcare operations either at item **5** – label **N All other expenses** or as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

The deduction for decline in value of a water facility, fencing asset and fodder storage asset is part of the trust's deduction for decline in value of depreciating assets which is included either at item **5** – label **K Depreciation expenses** for small business entities using the simplified depreciation rules, or as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

Also show the amount of deductions for landcare operations and the decline in value of a water facility, fencing asset and fodder storage asset at item **50 Capital allowances** – label **L Landcare operations and deduction for decline in value of water facility, fencing asset and fodder storage asset**.

If any capital expenditure on water facilities, fencing assets and fodder storage assets is included as an expense at item **5**, you will need to include that amount as an expense add back at item **5** – label **B Expense reconciliation adjustments**.

Include any recoupment of expenditure on landcare operations, water facilities, fencing assets or fodder storage assets as assessable income in item **5** at label **G** or **H Other business income**, or as an income add back at item **5** – label **A Income reconciliation adjustments**.

## Landcare operations

Landcare operations cover what were previously known as land degradation measures. The trust can claim a deduction in the year it incurs capital expenditure on a landcare operation for land in Australia.

Unless the trust is a rural land irrigation water provider, the deduction is available to the extent the trust uses the land for either:

- a primary production business
- in the case of rural land, a business for the purpose of producing assessable income from the use of that land, except a business of mining or quarrying.

The trust may claim the deduction even if it is only a lessee of the land.

The deduction for landcare operations has been extended to rural land irrigation water providers for certain expenditure they incur on or after

1 July 2004. A rural land irrigation water provider is an entity whose business is primarily and principally supplying water to entities for use in primary production businesses on land in Australia or businesses (except mining or quarrying businesses) using rural land in Australia. The supply of water by using a motor vehicle is excluded.

If the trust is a rural land irrigation water provider, it can claim a deduction for capital expenditure on a landcare operation for:

- land in Australia that other entities use at the time for carrying on primary production businesses
- rural land in Australia that other entities use at the time for carrying on businesses for a taxable purpose from the use of that land (except a business of mining or quarrying), being entities supplied with water by the trust.

A rural land irrigation water provider's deduction is reduced by a reasonable amount to reflect an entity's use of the land for other than a taxable purpose after the water provider incurred the expenditure.

A landcare operation is one of the following:

- erecting fences to separate different land classes in accordance with an approved land management plan
- erecting fences primarily and principally to keep out animals from areas affected by land degradation to prevent or limit further damage and assist in reclaiming the areas
- constructing a levee or similar improvement
- constructing drainage works (other than the draining of swamps or low-lying land) primarily and principally to control salinity or assist in drainage control
- an operation primarily and principally for eradicating or exterminating animal pests from the land
- an operation primarily and principally for eradicating, exterminating or destroying plant growth detrimental to the land
- an operation primarily and principally for preventing or combating land degradation other than by the use of fences
- an extension, alteration or addition to any of the assets described in the first 4 dot points or an extension of an operation described in the fifth to seventh dot points.

The meaning of landcare operation has been extended to apply to expenditure incurred on or after 1 July 2004 on:

- a repair of a capital nature to an asset which is deductible under a landcare operation
- constructing a structural improvement that is reasonably incidental to levees or drainage works deductible under a landcare operation
- a repair of a capital nature, or an alteration, addition or extension to a structural improvement that is reasonably incidental to levees (or similar improvements) or drainage works deductible under a landcare operation.

An example of a structural improvement that may be reasonably incidental to drainage works is a fence constructed to prevent livestock entering a drain that was constructed to control salinity.

The trust can't claim a deduction if the capital expenditure is on plant, unless it is on certain fences, dams or other structural improvements.

## **Water facilities**

The trust can claim a deduction for the decline in value of a water facility. A water facility is plant or a structural improvement, or an alteration, addition or extension to plant or a structural improvement, that is primarily or principally for the purpose of conserving or conveying water, examples of water facilities are dams, tanks, tank stands, bores, wells, irrigation channels, pipes, pumps, water towers and windmills. The meaning of water facility has been extended to include certain other expenditure incurred on or after 1 July 2004:

- a repair of a capital nature to plant or a structural improvement that is primarily or principally for the purpose of conserving or conveying water, for example, if the trust purchases a pump that needs substantial work done to it before it can be used in the business, the cost of repairing the pump may be treated as a water facility
- a structural improvement, or an alteration, addition, extension, to a structural improvement, that is reasonably incidental to conserving or conveying water
- a repair of a capital nature to a structural improvement that is reasonably incidental to conserving or conveying water.

Examples of structural improvements that are reasonably incidental to conserving or conveying water include a bridge over an irrigation



channel, a culvert (a length of pipe or multiple pipes that are laid under a road to allow the flow of water in a channel to pass under the road), or a fence preventing livestock from entering an irrigation channel.

If the trust incurred the expenditure from 7:30 pm (AEST), 12 May 2015 it claims the full amount in the year it was incurred. If the trust incurred the expenditure before this time, it deducts one-third of the amount in the income year in which it was incurred, and one-third in each of the following 2 years.

Unless the trust is an irrigation water provider, the expenditure must be incurred primarily and principally for conserving or conveying water for use in a primary production business the trust conducts on land in Australia. The trust may claim the deduction even if it is merely a lessee of the land.

The deduction is reduced where the facility is not wholly used for either:

- carrying on a primary production business on land in Australia
- a taxable purpose – for example, producing assessable income.

The deduction for water facilities has been extended to irrigation water providers for expenditure incurred on or after 1 July 2004. An irrigation water provider is an entity whose business is primarily and principally the supply of water to entities for use in primary production businesses on land in Australia. The supply of water by using a motor vehicle is excluded.

If the trust is an irrigation water provider, it must incur the expenditure primarily and principally for the purpose of conserving or conveying water for use in primary production businesses conducted by other entities on land in Australia, being entities supplied with water by the trust. The deduction is reduced if the facility is not used wholly for a taxable purpose.

## **Fencing assets**

The trust can claim a deduction for the decline in value of a fencing asset. A fencing asset includes a structural improvement, a repair of a capital nature, or an alteration, addition or extension, to a fence.

If the trust incurred the expenditure from 7:30 pm (AEST) 12 May 2015 it claims the full amount in the year it incurred the expenditure. If the trust incurred the expenditure before this time, or if the expenditure

relates to a stockyard, pen or portable fence, the trust can claim for the decline in value of the fencing asset based on its effective life.

The expenditure must be incurred by the trust on the construction, manufacture, installation or acquisition of a fencing asset that is used primarily and principally in a primary production business it conducts on land in Australia. The trust may claim the deduction even if it is merely a lessee of the land. The deduction is reduced where the fencing asset is not wholly used for either:

- carrying on a primary production business on land in Australia
- a taxable purpose, for example, producing assessable income.

## **Fodder storage assets**

The trust can claim a deduction for the decline in value of a fodder storage asset. A fodder storage asset is an asset that is primarily and principally for the purpose of storing fodder. It includes a structural improvement, a repair of a capital nature, or an alteration, addition or extension, to an asset or structural improvement, that is primarily and principally for the purpose of storing fodder.

**Fodder** refers to food for livestock, usually but not exclusively dried, such as grain, hay or silage. Fodder can include liquid feed and supplements. Examples of typical fodder storage assets include:

- silos
- liquid feed supplement storage tanks
- bins for storing dried grain
- hay sheds
- grain storage sheds
- above-ground bunkers.

If the trust incurred the expenditure from 19 August 2018, it deducts the full amount in the income year in which the trust incurred it. If the trust incurred the expenditure between 7:30 pm (AEST), 12 May 2015 and 18 August 2018, it deducts one-third of the amount in the income year in which it was incurred and one-third in each of the following 2 years, except if the trust first used the asset or installed it ready for use on or after 19 August 2018. In that case, it deducts the full amount in the income year in which the trust incurred it. This may require an amendment to a prior year tax return.

If the trust incurred the expenditure before 7:30 pm (AEST), 12 May 2015, the trust can claim for the decline in value of the fodder storage asset based on its effective life.

The expenditure must be incurred by the trust on the construction, manufacture, installation or acquisition of a fodder storage asset that is used primarily and principally in a primary production business it conducts on land in Australia. The trust may claim the deduction even if it is merely a lessee of the land. The deduction is reduced where the fodder storage asset is not wholly used for either:

- carrying on a primary production business on land in Australia, or
- a taxable purpose, for example, producing assessable income.

## Limited recourse debt

Under [Division 243](#) of the ITAA 1997 (the limited recourse debt rules) you must include excessive deductions for capital allowances as assessable income if expenditure on property has been financed or refinanced wholly or partly by limited recourse debt. This will generally occur if:

- the limited recourse debt is terminated after 27 February 1998, but has not been paid in full by the debtor, and
- because the debt has not been paid in full, the capital allowance deductions allowed for the expenditure exceed the deductions that would be allowable if the unpaid amount of the debt was not counted as capital expenditure of the debtor. Special rules apply in working out whether the debt has been fully paid.

A limited recourse debt is a debt where the rights of the creditor against the debtor in the event of default in payment of the debt or of interest are limited wholly or predominantly to the property that has been financed by the debt, or is security for the debt, or rights in relation to such property. A debt is a limited recourse debt if, notwithstanding that there may be no specific conditions to that effect, it is reasonable to conclude that the creditor's rights against the debtor are capable of being limited in that way.

A limited recourse debt includes a notional loan under a hire-purchase or instalment-sale agreement of goods to which [Division 240](#) of the ITAA 1997 applies (see [section 243-20](#) of the ITAA 1997).

The rules in [section 243-75](#) apply where [Divisions 243](#) and [245](#) (commercial debt forgiveness, see [Appendix 4](#) of the ITAA 1997) both apply to the same debt.

## Loss on the sale of a depreciating asset

Any such loss included in the accounts will differ from the balancing adjustment amount taken into account for taxation purposes.

If the accounts show a loss on the sale of a depreciating asset under item **5** – label **N All other expenses** show that amount as an expense add back at item **5** – label **B Expense reconciliation adjustments**; see [Balancing adjustment amounts](#).

## Low-value pools

If the trust has allocated depreciating assets used for different income-producing purposes to its low-value pool (for example, some assets that are used for producing rental income and others that are used in carrying on a business) show the low-value pool deduction at item **18 Other deductions**. However, if all the depreciating assets in the low-value pool are used for the same income-producing purpose, show the deduction for decline in value of the assets in the pool as follows:

- depreciating assets used in carrying on a business – show the deduction as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**
- depreciating assets used to produce rental income – show the deduction at item **9 Rent** – label **H Other rental deductions**
- depreciating assets used to produce Australian investment income – show the deduction at item **16 Deductions relating to:** – label **P Australian investment income**.

To calculate the deduction for decline in value of depreciating assets in a low-value pool, use **worksheet 2** in [Guide to depreciating assets 2024](#).

## Luxury car leases

Luxury car leasing arrangements (other than genuine short-term hire arrangements) are treated as a notional sale and loan transaction.

A leased car, either new or second-hand, is a luxury car whose market value exceeds the car limit at the start of the lease.

For the notional loan, divide the actual lease payments into notional principal and finance charge components. Depending on how much the car is used for a deductible purpose, the lessee can claim a deduction for that part of the finance charge component for the notional loan applicable for the particular period (the accrual amount), subject to any reduction required under the thin capitalisation rules.

For the notional sale, the lessee is treated as the holder of the luxury car and may be entitled to claim a deduction for the decline in value of the car.

For the purpose of calculating the deduction, the cost of the car is limited to the car limit for the income year in which the lease is granted. The car limit for 2023–24 is \$68,108. For more information on where to show the deduction for decline in value, see [Deduction for decline in value of depreciating assets](#).

Alternatively, if the lessee is using the small business entity depreciation rules for the income year in which the lease is entered into, the lessee allocates the car to its general small business pool. For the purpose of calculating the deduction under the small business entity depreciation rules, the cost of the car is limited to the car limit for the income year in which the lease is granted.

In summary, the lessee is entitled to deductions equal to:

- the accrual amount, and
- the decline in value of the luxury car, based on the applicable car limit.

Both deductions are reduced to reflect any use of the car for other than a taxable purpose.

If the car is allocated to the general small business pool with the cost based on the applicable car limit, calculate the deduction under the small business entity depreciation rules.

If the lease terminates or is not extended or renewed and the lessee does not actually acquire the car from the lessor, the lessee is treated under the rules as disposing of the car by way of sale to the lessor, this constitutes a balancing adjustment event. If the car is not subject to the small business entity depreciation rules, you must determine any assessable or deductible balancing adjustment amount for the

lessee. If the car has been allocated to the lessee's general small business pool, see [Calculation 4: Ceasing to hold depreciating assets](#).

If you included luxury car lease payments at item **5** – label **G Lease expenses**, include the amount at item **5** – label **B Expense reconciliation adjustments** as an expense add-back. Include the deduction for the accrual amount as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**.

## Profit on the sale of a depreciating asset

Any such profit included in the accounts will differ from the balancing adjustment amount taken into account for taxation purposes.

If the accounts show a profit on the sale of a depreciating asset in item **5** – label **G** or **H Other business income**, include that amount as an income subtraction at item **5** – label **A Income reconciliation adjustments**. For more information, see [Balancing adjustment amounts](#).

## Section 40-880 deduction

A 5-year write-off for certain business-related capital expenditure incurred by the trust is available in relation to a past, present or proposed business.

As part of the tax treatment for black hole expenditure, rules apply to business-related capital expenditure incurred after 30 June 2005. Section 40-880 deductions are no longer limited to 7 specific types of business-related capital expenditure. The trust may now be able to claim a deduction for capital expenditure it incurs after 30 June 2005:

- in relation to its business
- in relation to a business that it used to carry on, such as capital expenses incurred in order to cease the business
- in relation to a business it proposes to carry on, such as the costs of feasibility studies, market research or setting up the business entity
- as a shareholder, beneficiary or partner to liquidate or deregister a company or to wind up a trust or partnership, provided that the company, trust or partnership carried on a business.

If the trust incurs the relevant capital expenditure in relation to its existing business, a former business or a proposed business, the expenditure is only deductible to the extent the business is, was, or is proposed to be carried on for a taxable purpose.

The trust can't deduct expenditure in relation to an existing business that is carried on by another entity or a proposed business unless it is proposed to commence within a reasonable time. However, it can deduct expenditure it incurs in relation to a business that used to, or is proposed to be, carried on by another entity. Such expenditure is only deductible to the extent that the:

- business was, or is proposed to be, carried on for a taxable purpose, and
- the expenditure is in connection with
  - business that was or is proposed to be carried on, and
  - assessable income being derived from that business by the trust.

A section 40-880 deduction can't be claimed for capital expenditure to the extent that it:

- can be deducted under another provision of the income tax laws
- forms part of the cost of a depreciating asset the trust holds, used to hold or will hold
- forms part of the cost of land
- relates to a lease or other legal or equitable right
- would be taken into account in working out an assessable profit or deductible loss
- could be taken into account in working out a capital gain or a capital loss from a CGT event
- would be specifically not deductible under the income tax laws if the expenditure was not capital expenditure
- is specifically not deductible under the income tax laws for a reason other than that the expenditure is capital expenditure
- is of a private or domestic nature
- is incurred in relation to gaining or producing exempt income or non-assessable non-exempt income

- is excluded from the cost or cost base of an asset because, under special rules in the UCA or capital gains tax regimes respectively, the cost or cost base of the asset was taken to be the market value
- is a return of or on capital (for example, distributions by trustees) or a return of a non-assessable amount (for example, repayments of loan principal).

The trust deducts 20% of the qualifying capital expenditure in the year it is incurred and in each of the following 4 years.

Show the section 40-880 deduction as an expense subtraction at item **5** – label **B Expense reconciliation adjustments**. Also show the amount at item **50 Capital allowances** – label **K Section 40-880 deduction**.

If you have included any of the expenditure incurred for the income year as an expense at item **5**, show this amount as an expense add back at item **5** – label **B Expense reconciliation adjustments**.

## Immediate deductibility for start-up costs

[Section 40-880](#) allows certain trusts to immediately deduct certain start-up expenses. Expenditure is fully deductible in the income year incurred if:

- it is incurred by a trust that
  - is a small business entity
  - would be a small business entity if the aggregated turnover threshold was \$50 million, or
  - is not in business and is not connected with or an affiliate of another entity that is carrying on a business and that entity
    - is not a small business entity, and
    - would not be a small business entity if the aggregated turnover threshold was \$50 million, and
- it relates to a business that is proposed to be carried on, and
- it is either
  - incurred in obtaining advice or services relating to the proposed structure or the proposed operation of the business, or



- a payment to an Australian government agency of a fee, tax or charge incurred in relation to setting up the business or establishing its operating structure.

For more information, see [Tax deductions for depreciating assets and other capital expenses](#).

## TOFA rules and UCA

The TOFA rules contain interaction provisions which may modify the cost and termination value of a depreciating asset acquired by a trust to which the TOFA rules apply. This will be the case where the consideration (or a substantial proportion of it) is deferred for greater than 12 months after delivery.

For more information, see [Guide to the taxation of financial arrangements \(TOFA\)](#) and [Guide to depreciating assets 2024](#).

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

QC 101684

## Appendix 7: Personal services income (PSI)

Use Appendix 7 to work out if you're a personal services business, the PSI rules apply and you need to limit deductions.

**Last updated** 2 July 2024

## What is personal services income?

Personal services income (PSI) is income that is mainly a reward for an individual's personal efforts or skills. If PSI is received by an entity (a

personal services entity) it is still the individual's PSI for income tax purposes.

The [PSI rules](#) don't affect PSI received by employees, except when the individual is an employee of a personal services entity who is providing services to a service acquirer and none of the personal service business tests are met in respect of that individual's PSI. The rules also don't apply to PSI that is earned in the course of conducting a personal services business.

## **What is a personal services business?**

You qualify as a personal services business if:

- you meet the results test
- less than 80% of the individual's PSI in an income year comes from each client (and their associates) and you meet either the unrelated clients test, the employment test or the business premises test, or
- you obtain a determination from the Commissioner of Taxation confirming that you are a personal services business.

## **What if I do not qualify as a personal services business and the PSI rules apply?**

Generally, if the rules apply to you there are 3 main effects:

- The PSI, reduced by certain deductions to which the personal services entity is entitled, is treated as the income of the individual who generated the PSI and must be included in their income tax return.
- The personal services entity must either
  - pay the PSI promptly, as salary or wages, to the individual who generated the PSI, or
  - attribute the net PSI to the individual who generated the PSI and withhold and remit tax on that income.
- The deductions that may be claimed are limited.

If the personal services entity has made a net PSI loss:

- the individual is entitled to a deduction for the loss

- the total amount of the deductions to which the entity is entitled is reduced by the amount of the individual's deduction for the loss.

## Deductions

Deductions that may be limited include:

- [Certain car expenses](#)
- [Superannuation contributions](#)
- [Entity maintenance deductions](#)
- [Mortgage interest, rates and land tax](#)
- [Payments to associates.](#)

### Certain car expenses

You may deduct:

- a car expense for each car used solely for business purposes
- a car expense or an amount of fringe benefits tax payable for a car fringe benefit where a car is used partly for private purposes.

However, there can't be, at the same time, more than one car for which such deductions can arise in relation to gaining or producing the same individual's PSI. If there is more than one car used privately at the same time for the same individual, you must choose one car only for which to claim deductions. The choice remains in effect until you cease to hold that car.

### Superannuation contributions

You may be able to claim a deduction for a portion of the contributions you make to a complying superannuation fund or retirement savings account (RSA) for the purpose of making provision for superannuation benefits for an individual whose PSI you derive.

However, if the individual performs less than 20% of your principal work, and is an associate of another individual whose PSI you derive then your deduction can't exceed the amount you would have to contribute for the associate to ensure that you didn't have an individual superannuation guarantee shortfall for that associate.

If the associate only performs non-principal work, you can't claim any deduction relating to PSI for contributions you make to a complying

superannuation fund or RSA for the associate.

## **Entity maintenance deductions**

These are:

- fees or charges associated with an account with an authorised deposit-taking institution (but not including interest or interest-like amounts)
- tax-related expenses
- any expense incurred in relation to the preparation or lodgment of a document under Corporations Law, except if the payment is made to an associate, and
- certain statutory fees.

Entity maintenance deductions must first be offset against your other income. If the entity maintenance deductions exceed your other income, the excess of the entity maintenance deductions may reduce PSI attributable to the individuals.

If your income includes the PSI of more than one individual, apportion the excess entity maintenance deductions between the individuals using the following formula:

$$\text{Excess entity maintenance deductions} \times (\text{individual's PSI} \div \text{total PSI})$$

## **Mortgage interest, rates and land tax**

You can't deduct amounts that are incurred in gaining or producing an individual's PSI if such amounts represent rent, mortgage interest, rates and land tax for the residence of the individual or the residence of an associate of yours.

## **Payments to associates**

You can't deduct payments to associates or any amount you incur from an obligation you have to your associate to the extent the payment or obligation relates to the associate performing non-principal work.

## **Additional PAYG withholding obligations**

When the PSI rules apply, you will have additional PAYG obligations for the amount attributed (treated as belonging) to each individual who

generated the PSI.

The additional PAYG withholding obligation ensures:

- an amount of withholding has been reported and paid to us for the attributed income (the income treated as belonging to the individual who generated the PSI)
- each individual who generated the PSI receives a PAYG withholding credit for their individual return.

Normal PAYG withholding applies to the PSI you received that is promptly paid out to the individual as salary or wages.

An individual receiving such salary or wages must complete question **1 Salary or wages** in the individual tax return.

If you have a net PSI loss for an income year, there are no additional PAYG withholding obligations as no income has been attributed.

Include adjustments for PSI at item **5 Reconciliation items**.

For more information, see item [30 Personal services income](#).

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## Appendix 8: Instructions to trustees of deceased estates

Use Appendix 8 to help you complete the trust tax return for a deceased estate.

**Last updated** 2 July 2024

### Deceased estates

For tax purposes, income received by a [deceased estate](#) after the person's death is treated separately to the income of the deceased

person. In addition to any final tax return for the deceased person for the income year in which they died, called a 'date of death' tax return, it may be necessary that a trust tax return be completed for the deceased estate.

For more information on what to do when someone dies, see:

- a step-by-step [checklist – what to do when someone dies](#)
- [when and how to lodge a trust tax return for a deceased estate](#), noting that
  - not every deceased estate needs to lodge a trust tax return
  - if you do need to lodge a trust tax return, you will need a trust TFN.

A deceased estate is not the same as a [testamentary trust](#). A testamentary trust is a trust that is established under the terms of a will, codicil, court order or intestacy. Where there is both a deceased estate and testamentary trust, separate returns and TFNs may be required. This appendix is focussed on providing additional guidance to persons completing a trust tax return for a deceased estate.

## How to complete a deceased estate return

You may need to [lodge a trust tax return for a deceased estate](#) if assessable income is received after an individual taxpayer's death. This includes interest, rent, and business or employment income. This income is part of the deceased estate. The trustee is then responsible for [paying tax on the deceased estate's net income](#).

### You need a trust TFN

Before completing the tax return, you will need a [trust TFN](#) and in some cases an ABN. If the trustee is continuing the deceased person's business, a trust ABN is also required..

## Items to complete in the deceased estate return

You may need to complete the following items in the trust tax return:

- [Trust information](#)

- [Income excluding foreign income – items 5 to 15](#)
- [Deductions – items 16 to 20](#)
- [Other items – items 21 to 32](#)
- [Key financial information – items 33 to 36](#)
- [Business and professional items – items 37 to 52](#)
- [Tax offsets – items 53 to 55](#)
- [Medicare levy reduction or exemption – item 56](#)
- [Income of the trust estate – item 57](#)
- [Statement of distribution – item 58](#)
- [Choice for resident trustee to be assessed to capital gains on behalf of beneficiaries – item 59](#)

## Trust information

Complete all the relevant [Trust information](#) on the trust tax return form.

Name of trust – show the name of the trust in this format or similar:

**THE ESTATE OF JOHN CITIZEN DECEASED.**

Type of trust – print code **D** at **Print the code representing the type of trust** and complete the date of death box.

## Income excluding foreign income – items 5 to 15

Complete the appropriate income items listed below.

### Item 5 Business income and expenses

Include at item [5 Business income and expenses](#) only business income amounts derived, and expense amounts incurred directly by the trust where the trustee is continuing the deceased person's business.

Income and expenses are divided into 3 columns:

- primary production, showing relevant amounts of income and expenses from primary production
- non-primary production, showing relevant amounts of income and expenses from non-primary production

- totals, showing the total of the previous 2 columns.

## Item 6 Tax withheld

Show at item [6 Tax withheld](#):

- label **T Tax withheld where ABN not quoted** – the total of amounts withheld from income subject to withholding where an ABN was not quoted
- label **U Credit for tax withheld – foreign resident withholding (excluding capital gains)** – the total amount of tax withheld from payments subject to foreign resident withholding.

## Item 8 Partnerships and trusts

Show at item [8 Partnerships and trusts](#), **Primary production** at:

- label **A Distribution from partnerships** – any amount of primary production partnership income
- label **Z Share of net income from trusts** – the trust's share of primary production income which has been included in the net income (for tax purposes) of other trusts after the date of death
- label **S Deductions relating to amounts shown at A and Z** – any deductions for the deceased estate's own expenses in relation to distributions of primary production income.

Show at item **8 Partnerships and trusts**, **Non-primary production** at:

- label **B Distributions from partnerships, less foreign income** – any amount of non-primary production partnership income
- label **R Share of net income from trusts, less capital gains, foreign income and franked distributions** – the trust's share of non-primary production income which was included in the net income (for tax purposes) of other trusts after the date of death
- label **T Deductions relating to amounts shown at B and R** – any deductions for the deceased estate's own expenses in relation to distributions of non-primary production income
- label **F Franked distributions from trusts** – the trust's share of franked distributions which has been included in the net income (for tax purposes) of other trusts after the date of death



- label **G Deductions relating to franked distributions from trusts in label F** – any deductions for the deceased estate's own expenses in relation to distributions of franked distributions from other trusts.

Show at item **8 Partnerships and trusts, Share of credits from income** at:

- label **C** – any share of credit for tax withheld where an ABN was not quoted
- label **D** – any share of franking credit from franked distributions
- label **E** – any share of credit for TFN amounts withheld from interest, dividends and unit trust distributions
- label **O** – any credit for TFN amounts withheld from payments from closely held trusts.

## Item 9 Rent

Show at item [9 Rent](#) at:

- label **F Gross rent** – the gross amount of rent including any booking or letting fees
- label **G Interest deductions** – the total interest expenses incurred in earning rental income
- label **X Capital works deductions** – the total capital works deduction for rental buildings and structural improvements
- label **H Other rental deductions** – the expenses that relate to this rental income
- label **Net rent** – the net amount of any rent.

## Item 11 Gross interest

Before you complete this section, copy the details from all interest statements to [Worksheet 3](#). Keep the worksheet with the trust's tax records.

Show at item [11 Gross interest](#) – label **J** the total gross amount of interest received or credited from:

- banks and credit unions
- building societies

- debentures
- notes and deposits
- discounted or deferred interest securities
- government securities
- Australian Government loans issued before 1 November 1968
- interest paid by us.

Show at label **J** the appropriate amount of discount, interest or other gain which accrued this income year on a discounted, deferred interest or capital-indexed security:

- that was issued after 16 December 1984
- that had a maturity date of over 12 months from the issue date, and
- where the total of all payments under the security (except periodic interest, for example, a coupon rate) exceeds its issue price by greater than 1.5%.

### **TFN amounts withheld from gross interest**

Show at item **11 Gross interest** – label **I TFN amounts withheld from gross interest** the TFN amounts withheld from gross interest.

We may check the amounts shown at item **11 Gross interest** with our own records to determine accuracy.

For more information, see [Data matching](#).

### **Item 12 Dividends**

Dividends are usually assessable when they are credited to a person.

Show at item [12 Dividends](#) at:

- label **K Unfranked amount** – the total amount of
  - unfranked dividends
  - unfranked amount of partially franked dividends received
- label **L Franked amount** – the franked amount of franked dividends received
- label **M Franking credit** – the amount of franking credits received directly from a paying company

- label **N TFN amounts withheld from dividends** – the total of TFN amounts withheld from dividends received.

We may check the amounts shown at item **12 Dividends** with our own records to determine accuracy, see [Data matching](#).

## Item 13 Superannuation lump sums and employment termination payments

Show at item [13 Superannuation lump sums and employment termination payments](#) at:

- label **V Taxed element** – the taxed element of the death benefit superannuation lump sum where the beneficiary is a non-dependant
- label **W Untaxed element** – the untaxed element of the death benefit superannuation lump sum where the beneficiary is a non-dependant
- label **X Taxable component** – the taxable component of the death benefit employment termination payment where the beneficiary is a dependant
- label **Y Taxable component** – the taxable component of the death benefit employment termination payment where the beneficiary is a non-dependant.

A **superannuation death benefit** paid to a trustee is taxed in the hands of the trustee in the same way that it would be taxed if paid directly to a beneficiary. That is, the portions of the payment are subject to tax to the extent the beneficiary is a dependant or a non-dependant of the deceased. There is no tax payable to the extent that the payment is a lump sum benefit made to dependants or eligible non-dependants of the deceased.

Eligible non-dependants of Australian Defence Force and Australian police force (including Australian Protective Services) members who have died in the line of duty are treated as dependants for the purpose of taxing a death benefit lump sum.

**Employment termination payments** (ETPs) paid to a trustee is taxed in the hands of the trustee in the same way as it would be taxed if paid directly to a beneficiary. That is, the portions of the payment are subject to tax to the extent that the beneficiary is a [dependant](#) (or a non-dependant of the deceased).

## Item 14 Other Australian income

Show at item [14 Other Australian income](#) any other income received by the estate after the date of death, including:

- salary and wages
- assessable amounts of benefits under friendly society funeral policies taken out after 31 December 2002.

Amounts of recreation leave and long service leave, ordinarily assessable under [sections 83-10](#) and [83-80](#) of the ITAA 1997, are exempt from tax when paid directly to the trustee of a deceased estate.

Friendly society funeral policies are a type of life insurance policy issued by a friendly society for the sole purpose of providing benefits to pay for the funeral of an insured person. In some instances, the policy holder pays a funeral director upfront for a set funeral service and this payment is managed by a friendly society in a funeral policy.

Benefits received by the deceased estate under a friendly society funeral policy that was taken out before 1 January 2003 are exempt from tax.

If the deceased person was insured under a friendly society funeral policy taken out after 31 December 2002, the investment income from the funeral policy is included in the assessable income of the estate, if the estate's trustee:

- instructs the friendly society to pay a funeral director or other party for the insured person's funeral expenses, or
- is reimbursed for the funeral expenses.

In these circumstances, the statement of distribution issued by the friendly society will advise the amount of income to be included on the trust tax return.

If the policy proceeds are paid to a funeral director, either under a policy assignment or as the nominated beneficiary, they are included in the funeral director's assessable income and no amount needs to be included in the estate's assessable income.

## Item 15 Total of items 5 to 14

Show at item [15 Total of items 5 to 14](#) the total of the income amounts reported at items **5** to **14**.

## Deductions – items 16 to 20

Complete the appropriate deductions items listed below.

### Item 16 Deductions relating to Australian investment income and franked distributions

Show at item [16 Deductions relating to Australian investment income and franked distributions](#) at:

- label **P Australian investment income** the expenses incurred in earning Australian investment income other than franked distributions
- label **R Franked distributions** the expenses incurred in earning franked distributions.

### Item 18 Other deductions

Show at item [18 Other deductions](#) – label **Q** the total amount of any other allowable deductions for expenses incurred and not already claimed at other items, for example tax-related expenses.

**Don't** include capital expenses incurred in administering the estate.

### Item 19 Total of items 16 to 18

Show at item [19 Total of items 16 to 18](#) the total deduction amounts reported at items **16** to **18**.

### Item 20 Net Australian income or loss

Show at item [20 Net Australian income or loss – other than capital gains](#), the net income or loss relating to Australian income. That is, the amount shown at item **15 Total of items 5 to 14**, minus the amount shown at item **19 Total of items 16 to 18**. If this amount is a loss, print **L** in the box at the right of the amount.

## Other items – items 21 to 32

Complete the appropriate items listed below.

### Item 21 Capital gains

Show at item [21 Capital gains](#) – label **A Net capital gain** the net capital gain made by the trustee of the estate.

Capital losses incurred by the deceased before their death can't be carried forward to their estate.

Before you complete this section, you may first need to complete a [Capital gains tax \(CGT\) schedule](#).

For more information, see [Guide to capital gains tax 2024](#).

## Item 22 Attributed foreign income

Show at item [22 Attributed foreign income](#) at:

- label **M Listed country** – the amount of gross attributed foreign income from controlled foreign entities and transferor trusts of listed countries
- label **X Unlisted country** – the amount of attributed foreign income from controlled foreign entities in unlisted countries.

## Item 23 Other assessable foreign source income

Show at item [23 Other assessable foreign source income](#) at:

- label **B Other assessable foreign source income: Gross** – the gross amount of assessable income derived from foreign sources, including
  - amounts distributed from partnerships and other trusts
  - New Zealand franking company dividends and supplementary dividends
  - any foreign tax withheld and/or paid at source on that income
- label **V Other assessable foreign source income: Net** – the net income derived from foreign sources
- label **Z Foreign income tax offset** – the amount of any foreign income tax paid by the trust on foreign source income it derives
- label **D Australian franking credits from a New Zealand franking company** – the amount of Australian franking credits that are included in the net income of the trust because of franked dividends received from a New Zealand franking company directly or indirectly through a partnership or other trust; see [Appendix 1](#).

## Item 24 Total of items 20 to 23

Show at item [24 Total of items 20 to 23](#) the total amount of net income or loss, plus any net capital gain amount and the amounts at item **22** – labels **M** and **X** and item **23** – labels **V** and **D**.

### Item 25 Tax losses deducted

Show at item [25 Tax losses deducted](#) – label **C** tax losses from earlier income years, that are deductible in 2023–24 under [section 36-15](#) of the ITAA 1997.

### Item 26 Total net income or loss

The amount at item [26 Total net income or loss](#) equals the amount at item **24 Total of items 20 to 23** if no amount is disclosed at item **25 Tax losses deducted**.

### Item 27 Losses information

Show at item [27 Losses information](#) at:

- label **U Tax losses carried forward to later income years** – the undeducted amount of tax losses incurred by the trust that can be carried forward to a later income year under [section 36-15](#) of the ITAA 1997
- label **V Net capital losses carried forward to later income years** – the total of any unapplied net capital losses made from the date of death from collectables and all other CGT assets and CGT events.

### Items 28 to 32

Complete the following items relevant to the deceased estate:

- [Landcare and water facility tax offset – item 28](#)
- [Overseas transactions – item 29](#)
- [Personal services income – item 30](#)
- [Taxation of financial arrangements – item 31](#)
- [Non-concessional MIT income – item 32](#).

### Key financial information – items 33 to 36

Complete the relevant [Key financial information at items 33 to 36](#).

### Business and professional items – items 37 to 52

Complete the relevant [Business and professional items](#) information at items **37** to **52** where the trustee is continuing the deceased person's business during the administration of the estate.

## Tax offsets – items 53 to 55

Complete the relevant [Tax offsets](#) at items **53** to **55**.

## Medicare levy reduction or exemption – item 56

Complete the relevant [Medicare levy reduction or exemption](#) entries at item **56**.

## Income of the trust estate – item 57

Show at [57 Income of the trust estate](#) – label **A** the **income of the trust estate** for trust law purposes.

If the income of the trust estate is a loss amount, then print **0** (zero) at label **A**.

## Statement of distribution – item 58

Generally, beneficiaries of a deceased estates will not be presently entitled to the income of a deceased estate until it has been fully administered, see [Reporting income and paying tax in the stages of administration](#).

However, if you pay any income to a beneficiary before the estate is fully administered, they are considered to be presently entitled to it, see [Is a beneficiary presently entitled to a share of the income of the trust estate?](#)

If there has been no distribution of income from the deceased estate, include at the end of item **58 Income to which no beneficiary is presently entitled** the net (taxable) income of the trust as shown at item **26 Total net income or loss**, see [Is there income of the trust estate to which no beneficiary is presently entitled?](#)

Show at label **V Assessment calculation code** an assessment calculation code. For a list of trust assessment calculation codes, see [Appendix 12](#).

For further instructions on how to complete item [58 Statement of distribution](#), see:



- [Completing item 58](#)
- [Beneficiary details](#).

### **Trustee beneficiaries**

If the deceased estate has distributed amounts to trustee beneficiaries, the trustee needs to consider whether they are required to lodge a TB statement.

For more information on these reporting requirements, see:

- [Do you need to make a TB statement?](#)
- [Appendix 11](#).

### **Choice for resident trustee to be assessed to capital gains on behalf of beneficiaries – item 59**

Eligible trustees of all resident trust estates in respect of capital gains that meet certain criteria can choose to be assessed on part or all of an amount of a net capital gain that is included in the net income of a trust. For more information, see item [59 Choice for resident trustee to be assessed to capital gains on behalf of beneficiaries](#).

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## **Appendix 9: Instructions to trustees where a beneficiary is under 18 years of age**

Use Appendix 9 if you are distributing trust income to a beneficiary under 18 years old – other than deceased estates.

**Published** 30 May 2024

## Who this appendix applies to

This appendix outlines the application of the special taxation provisions relating to trust income to which beneficiaries under 18 years old (minors) are, or are deemed to be, presently entitled.

It will help you complete:

- item **14 Other Australian income – Excepted net income**
- item **14** – label **O**
- item **58** – label **C1 Div 6AA Eligible income**.

## Basis of the minor beneficiaries' system

Special taxation provisions apply to certain trust income, including capital gains, derived during the income year to which specified beneficiaries under 18 years of age at the end of the income year are presently entitled.

This includes income of a trust estate to which a beneficiary is deemed to be presently entitled.

Unless the minor beneficiary is an [excepted person](#) or the distribution is [excepted income](#), income of the trust estate to which a minor is presently entitled generally is taxed at the highest marginal tax rate, plus the Medicare levy. The tax rates that apply are in [Appendix 10](#).

In some cases, it is unreasonable for the full amount of the additional tax under the system to be payable on income, for example, in cases of serious hardship. For more information on details of special measures under which release from the obligation to pay some or all of the additional tax may be granted, see [Appendix 10](#).

If the trustee considers that the system and the consequential higher tax rates are not applicable for any reason to the whole or part of the trust income to which any minor beneficiary is presently entitled, keep the information set out in the questions with the trust's tax records. Some circumstances in which a trustee can ignore these details are set out in [Completing the questions](#). If the trustee fails to consider and keep the information in the questions, where this is necessary, together with any additional information, the income to the trustee

could be assessed at the highest marginal tax rate provided under the system.

## Effect of the minor beneficiaries' system on trust income

The system has no effect on ascertaining the trust's net income.

The system can affect an assessment issued to the trustee where a minor beneficiary is presently entitled to a share of the income of the trust estate, but only if the minor is a [prescribed person](#) and to the extent that income of the trust estate to which that beneficiary is presently entitled is [eligible income](#).

## Who the minor beneficiaries' system applies to

### Prescribed person

A prescribed person is a beneficiary under 18 years old at the end of the income year and is not an excepted person.

### Excepted person

A person is an **excepted person** if, on the last day of the income year, any of the following circumstances applied to them:

- they were engaged in a [full-time occupation](#)
- they were entitled to a disability support pension, or someone was entitled to a carer allowance to care for them
- they had a medical certificate (or a previous medical certificate for a disability they had that existed on the last day of the income year) that certified that
  - they were disabled and were likely to suffer from that disability permanently or for an extended period
  - they had a physical or mental disability that prevents them from working in the next 2 years and either the disability prevents them from undertaking educational, vocational or on-the-job training in the next 2 years or they are able to undertake

educational, vocational or on-the-job training, but it is unlikely the training will enable them to work within the next 2 years, or

- they were permanently blind
- they were not wholly or substantially dependant for support on relatives and were
  - entitled to a double orphan's pension, or
  - unable to engage in a full-time occupation because of a permanent mental or physical disability
- they are the principal beneficiary of a special disability trust.

A person is regarded as dependent for support on a relative if they live with the relative, unless it can be established that they were not dependent on that relative for financial support.

## **Meaning of full-time occupation**

Occupation includes an office, employment, trade, business, profession, vocation or calling, but does not include a course of education at a school, college, university or similar institution. A beneficiary is accepted as being engaged in a full-time occupation on the last day of the income year if they were engaged in full-time employment or business:

- on the last day of the income year, or
- for 3 months or more during the income year (ignoring any period of full-time employment or business that was followed by full-time study) and on the last day of the income year
  - they had the intention of continuing in that, or engaging in another, full-time occupation during the whole or most of the following income year, and
  - they had no intention of returning to full-time education at any time during the following income year.

A period during which a person receives youth allowance does not constitute a period of engagement in full-time occupation.

## **Income the minor beneficiaries' system applies to**

If the minor beneficiary is a prescribed person, part of the income of the trust estate might be:

- subject to the system, this is referred to as **eligible income**
- excluded, this part is referred to as **excepted income**.

## Eligible income

Income of the trust estate to which a minor beneficiary, who is a prescribed person, is presently entitled, is eligible income except to the extent that the income can be classified as excepted income for the beneficiary.

Eligible income is subject to higher tax rates, plus the Medicare levy in the hands of both the trustee and the beneficiary, if the beneficiary also has another source of income, including being a beneficiary of more than one trust. The beneficiary receives a credit for the tax paid by the trustee.

## Excepted income

An amount included in the assessable income of a trust is excepted income only to the extent that the assessable trust income would, if derived by the minor beneficiary, be excepted income.

The amount of excepted income is based on the facts of each individual case.

Income derived by the trust is excepted income to the extent that it is:

- [employment income](#)
- income from the estate of a deceased person, either as a result of a will or an intestacy, or a court order modifying a will or the distribution of an intestate estate. This does not include income derived by a testamentary trust from assets unrelated to the deceased estate.
- income derived from the investment of any property transferred to the trustee for the benefit of the beneficiary
  - to satisfy a claim for damages to the beneficiary for loss of parental support, for personal injury, for disease or for a physical or mental condition, or as a settlement made otherwise than by a court order, to the extent that the income is considered to be at a fair and reasonable level

- as workers compensation or compensation for criminal injury
- directly as a result of another person's death and being, under the terms of a life assurance policy, out of a superannuation, provident, benefit or retirement fund, or from an employer of the deceased person
- out of a public fund established and maintained exclusively for the relief of persons in necessitous circumstances
- as the result of a family breakdown, as defined in [section 102AGA](#) of the ITAA 1936
- as a verifiable prize beneficially owned by the minor in a legally authorised and conducted lottery
- as an entitlement from a deceased estate
- by transfer from another person, out of property that devolved upon that other person from a deceased estate, and that person transferred it to the trustee within 3 years of the date of death of the deceased, subject to limitations based on what would have passed to the beneficiary under laws of intestacy
- representing accumulations of income not subject to the system, being from sources indicated above (including where those accumulations were made from income of a prior year) or being savings from exempt income which, if it had not been exempt, would similarly have been excepted income.

Income from an investment made from sources as described above is excepted income and is taxed at normal individual rates. If such an investment is sold or otherwise realised, and the proceeds invested in a different form that represents that earlier property, income from the new investment keeps the character of excepted income.

Exceptions are not available if an arrangement is entered into so that the income is not subject to the system.

In addition, if an arrangement is entered into between persons who are not dealing with each other at arm's length, and this results in an amount of excepted income greater than the amount which would have resulted had the parties been dealing at arm's length, only an amount equal to that arm's length amount is excepted from the higher rates of tax.

Business income derived by a trust can't be excepted income as such, but it may constitute excepted income on some other basis, for example, business income of a deceased estate.

If any part of the trust income is considered to be excepted income, see [Completing the questions](#) and consider **Part B**. Irrespective of these questions, you must include the income on the trust tax return so that the tax return discloses the total trust income from all sources in the normal way.

Each beneficiary's excepted income component must bear the same percentage to the total trust income as that beneficiary's share of net income bears to the total trust net income. If the trustee considers, for any reason, that there are circumstances that warrant a different determination, provide a statement on a separate sheet of paper setting out the facts and the reasons why.

Attach the statement to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## Employment income

Normally, employment income is derived directly by a minor is excepted income. However, occasionally, superannuation pensions and similar payments, which are employment income, are paid to a trustee on behalf of a minor. Payments of this kind are excepted income in the hands of the trustee.

## Allocation of deductions between eligible and excepted income

In determining the trust income on which a minor has to pay tax, deductions are applied against eligible assessable income of the trust as follows:

- any deductions that relate exclusively to that eligible assessable income, these are indicated on the trust tax return
- so much of any other deductions (other than apportionable deductions) as may appropriately be related to that eligible assessable income
- a proportionate share of any apportionable deductions, most commonly gifts.

The formula for calculating this amount is  $E \times A \div N$ , where

- **E** is net eligible income, before apportionable deductions
- **A** is apportionable deductions
- **N** is net income, before apportionable deductions.

## Low income tax offset for minors

Minors can't use the low income tax offset to reduce the tax payable on their eligible income (unearned income), such as trust distributions, dividends, interest and rent.

The low income tax offset can still be used to reduce the tax payable on excepted income, such as employment income or income from a deceased person's estate.

Minors who are excepted persons can use the low income tax offset.

You don't have to make a claim for this tax offset. We will work it out for you when you lodge your tax return.

Note the low and middle income tax offset ended on 30 June 2022.

## Completing the questions

Read this **appendix** to find out whether you need to answer the questions. Don't include the questions with the trust tax return, keep them with the trust's tax records.

The questions are divided into:

- **Part A** relating to the eligibility of the minor beneficiary to be treated as an excepted person, and
- **Part B** relating to the nature of the trust income.

Some of the questions need to be answered if the trustee claims that all or any part of the share of the trust income to which a beneficiary is presently entitled is excepted income, that is, income not subject to tax at the higher rate applicable to a minor.

The questions don't need to be answered by a trustee if:

- no beneficiary is under 18 years old on the last day of the income year



- the trust is the estate of a deceased person, or
- all of the following apply
  - the share of trust income to which each resident beneficiary under 18 years of age is presently entitled does not exceed \$416
  - there is no non-resident beneficiary under 18 years old on the last day of the income year
  - no beneficiary is also a beneficiary in another estate that derives income
  - the trustee is able to certify for each beneficiary that the beneficiary does not need to furnish an individual tax return, or if the beneficiary is required to furnish an individual tax return, the only income on that tax return, other than the share of trust income, is from salary, wages or payment for services rendered.

If the trust does not fall within the exceptions above, then:

- read and answer **Part A** for
  - any resident beneficiary who is an excepted person unless the trust income to which the beneficiary is presently entitled is less than \$416
  - any non-resident beneficiary who is an excepted person
- don't answer **Part B** if all the beneficiaries of the trust are excepted persons and you answered **Part A**
- answer **Part B** where
  - any resident minor beneficiary (being a prescribed person) is presently entitled to trust income in excess of \$416
  - the share of net trust income of any resident minor beneficiary, being a prescribed person, is \$416 or less and the beneficiary is also the beneficiary in another trust, or
  - any non-resident minor beneficiary, being a prescribed person, is presently entitled to \$1 or more of trust income.

The minor beneficiary may be entitled to a release from some or all of the tax charged at the higher rate if they face serious hardship; see [Appendix 10](#).

If one or more minor beneficiaries of the trust are excepted persons or a distribution includes excepted income, attach a statement to the tax return with the information requested at [Excepted net income](#) under item **14 Other Australian income**. Show the amount of excepted income at both:

- label **O**
- label **Excepted net income**.

## Part A

Read and answer these questions if it is claimed that the beneficiary was an excepted person on the last day of the income year (30 June).

If the answer to any question in Part A is yes, there is no need to answer any more questions in Part A or Part B.

### **Is it claimed that the beneficiary was an excepted person on any of the following grounds?**

- The beneficiary was in a full-time job on 30 June 2024, or had been in a full-time occupation for at least 3 months in the period leading up to 30 June 2024. (If the beneficiary goes back to full-time studies before 1 July 2024, it can't be claimed that the beneficiary is an excepted person by being in a full-time job).
- The beneficiary was entitled to a disability support pension or someone for the beneficiary was entitled to a carer allowance on 30 June 2024.
- The beneficiary was disabled and was likely to suffer from that disability permanently or for an extended period, or permanently blind. A medical certificate will be needed for the beneficiary to qualify as an excepted person on this basis, but don't attach it to the trust tax return.
- The beneficiary, or someone for the beneficiary, was entitled to a double orphan's pension on or for a period of time that included 30 June 2024 and the beneficiary didn't rely on support from a relative in that time.
- The beneficiary was unlikely to have a full-time job owing to a permanent mental or physical disability and the beneficiary didn't rely on support from a relative in that time.

- The beneficiary is the principal beneficiary of a special disability trust.

## Part B

Read these questions if it is claimed that all or part of the trust income during the income year was excepted unless all beneficiaries are excepted persons.

### **Is it claimed that any part of the trust income is excepted income because of any of the following?**

- It is in the nature of employment income (not including employment income paid to beneficiaries for services rendered).
- It is income derived from any property transferred to the trustee for the benefit of the beneficiary in any of the special circumstances in [Excepted income](#).
- It is income derived from the investment of property representing accumulations of income not subject to the system. For more information, see [Excepted income](#).

If any excepted income includes a capital gain subject to CGT, show the amount of the capital gain at this section.

Net excepted income here means the sum of the gross amounts of excepted income of all prescribed beneficiaries, less deductions applicable to those amounts.

Unless adjustments are made, the assessable eligible income of the prescribed beneficiaries is the difference between the total net excepted income of the trust, as calculated above, and the amount of the net income of the trust, as shown at item **26 Total net income or loss**, less any share of the income in respect of which non-prescribed person beneficiaries are presently entitled and any income to which no beneficiary is presently entitled.

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

## **Appendix 10: Rates of tax payable by trustees on behalf of beneficiaries under 18 years old**

Use Appendix 10 for the rate of tax payable on trust income for beneficiaries presently entitled and under 18 years old.

**Published** 30 May 2024

### **Tax payable**

If a beneficiary is presently entitled to a share of the trust income and is under 18 years old, the trustee is assessed and is liable to pay tax on that income as if it were the income of an individual. A beneficiary deriving income from other sources in addition to the trust income is assessed on the total income in their personal tax return. A credit is allowed in the individual's return for the amount of tax paid or payable by the trustee on the trust income.

Beneficiaries who are under 18 years old are excluded from the TFN withholding rules for closely held trusts. You don't have to withhold amounts from payments to beneficiaries under 18 years old who have not provided a TFN.

For more information on the TFN withholding rules for closely held trusts, see [TFN withholding for closely held trusts](#).

If a beneficiary is under 18 years old at 30 June in the income year (a minor beneficiary), special taxation provisions apply to their income (eligible income) unless the beneficiary is an excepted person or the income is excepted income.

To work out whether a minor beneficiary is an excepted person or whether their trust income is excepted income or eligible income, see [Appendix 9](#).

If a minor beneficiary is an excepted person, the trustee pays tax on the beneficiary's share of the net income of the trust at the normal

individual rates if the beneficiary is a resident or at non-resident rates if they are a non-resident.

If a minor beneficiary is a prescribed person, the trustee pays tax on the beneficiary's share of the net income of the trust as follows:

- For a resident beneficiary, the trustee pays tax on the excepted income at the normal individual rates and pays tax on the eligible income at higher rates applicable to a resident.
- For a non-resident beneficiary, the trustee pays tax on the excepted income at the non-resident rates and pays tax on the eligible income at higher rates applicable to a non-resident.

The following notes assume that a trustee is entitled, on behalf of a resident beneficiary, to the full tax-free threshold of \$18,200. Where a beneficiary becomes or ceases to be an Australian resident, a reduced tax-free threshold may apply.

## Rates for excepted income

If a minor resident beneficiary's share of the net income of the trust consists wholly of excepted income, or includes an amount of eligible income not exceeding \$416 and the beneficiary is not entitled to a share of the net income of any other trust, the trustee pays tax at normal individual rates. If a non-resident minor beneficiary's share of the net income of the trust consists wholly of excepted income, the trustee pays tax at the rates normally applying to non-residents.

## Rates for eligible income

**Table 10.1** sets out the higher tax rates that apply to the eligible income of a minor who was a resident for the full income year.

**Table 10.1**

| Eligible income | Tax rate if beneficiary is a resident             |
|-----------------|---------------------------------------------------|
| \$0–\$416       | Nil                                               |
| \$417–\$1,307   | Nil + 66 c for every dollar over \$416 (see note) |

|                   |                                                    |
|-------------------|----------------------------------------------------|
| \$1,308 and above | 45 c in the dollar of the entire amount (see note) |
|-------------------|----------------------------------------------------|

**Note:** The first \$416 of eligible income is taxed at the normal individual rates. If the beneficiary has no other income, no tax is payable on the first \$416.

**Table 10.2** sets out the higher tax rates that apply to the eligible income of a minor who was a **non-resident** for the full income year.

**Table 10.2**

| Eligible income | Tax rate if beneficiary is a foreign resident |
|-----------------|-----------------------------------------------|
| \$0–\$416       | 32.5 c in each dollar up to \$416             |
| \$417–\$663     | \$135.20 + 66 c for every dollar over \$416   |
| \$664 and above | 45 c in the dollar of the entire amount       |

If a beneficiary receives distributions of eligible income from more than one trust, the sum of the eligible income from those distributions is taken into account in working out the tax rate to apply.

If a minor beneficiary's share of the net income of the trust includes eligible income subject to higher tax rates as well as excepted income, the tax on the excepted income (and up to \$416 of the eligible income if the beneficiary is a resident) is first calculated at normal individual rates as if that income were the taxable income. In this way beneficiaries who are resident for the full income year apply the zero rate of tax on the first \$18,200 and the 19% rate from \$18,201 to \$45,000 on the taxable income which is excepted income.

Eligible income is then taxed at the higher rates set out in the relevant table above.

The trustee pays tax in respect of the beneficiary on excepted income at normal individual rates, plus the tax on the eligible income at the higher rate, less allowable tax offsets and other credits.

The low income tax offset does not reduce tax payable on eligible income of minors. The low income tax offset is available to be applied against excepted income.

In a limited number of cases, where eligible income of a resident is within a range with a tax rate less than 45 c in the dollar as set out in tables [10.1](#) and [10.2](#), tax calculated on the beneficiary's share of the net income of the trust at normal individual rates would exceed the tax calculated separately on the excepted income and eligible income components. In such cases, the trustee pays tax on the beneficiary's share of the net income of the trust at normal individual rates. If the beneficiary is a non-resident, similar calculations are made using the rates that normally apply to non-residents.

## Relieving provisions

Under [Part 4-50](#) of Schedule 1 to TAA, release from an individual's obligation to pay certain tax liabilities may be granted where the Commissioner is satisfied that payment of those liabilities would cause serious hardship. The release provisions also relate to the minor beneficiary's obligation to pay additional tax, pursuant to these provisions.

## Beneficiaries who are owners of farm management deposits (FMDs)

If a beneficiary is under a legal disability and is the owner of an FMD made during the year of income, the trustee is not taxed on the share of net income to which the beneficiary is presently entitled. The beneficiary is treated as if no legal disability exists and will be assessed in their individual return, in respect of their share of net income of the trust estate and their claim for the FMD deduction.

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## Appendix 11: Closely held trust reporting

Use Appendix 11 for information and rules about reporting for closely held trusts.

**Last updated** 2 July 2024

## Reporting rules

If you are the trustee of a closely held trust (that is not an excluded trust) you may need to provide annual reports to the Commissioner under the Trustee beneficiary (TB) reporting rules and the TFN withholding rules.

You can provide both of these reports by completing in full the statement of distribution at item **58** on the trust tax return.

For more information, see [Rules for closely held trusts](#).

## What is a closely held trust?

Except where the trust is an **excluded trust**, a **closely held trust** is:

- a trust where 20 or fewer individuals have between them, directly or indirectly, and for their own benefit, fixed entitlements to 75% or more of the income or capital of the trust, or
- a discretionary trust.

For more information, see [subsection 102UC\(1\)](#) of the ITAA 1936.

The types of trusts that qualify as excluded trusts will vary depending on which of the reporting rules for closely held trusts apply.

## What is a discretionary trust?

A **discretionary trust** is a trust that is not a fixed trust within the meaning of [section 272-65](#) of Schedule 2F to the ITAA 1936.

## TFN withholding rules for closely held trusts

If you are the trustee of a resident closely held trust (that is not an excluded trust) you will need to complete an *Annual trustee payment*



*report* under the TFN withholding rules. However, certain trusts and beneficiaries are excluded from the TFN withholding rules.

## What is an excluded trust for the TFN withholding rules?

The TFN withholding rules don't apply to an **excluded trust**.

An **excluded trust** is:

- a complying superannuation fund, a complying approved deposit fund, or a pooled superannuation trust
- the trust of a deceased estate (but only until the end of the income year in which the fifth anniversary of the individual's death occurred)
- a fixed trust that is a unit trust where exempt entities have fixed entitlements (directly or indirectly) to all of the income and capital of the trust
- a unit trust whose units are listed on the Australian Stock Exchange (ASX).

See [subsections 102UC\(1\) and \(4\)](#) of the ITAA 1936 and [section 272-100](#) of Schedule 2F to the ITAA 1936.

The Regulations also exclude the following types of trusts from the TFN withholding rules:

- a trust that is a discretionary mutual fund
- an employee share trust
- a law practice trust.

## What is an excluded beneficiary for the TFN withholding rules?

The TFN withholding rules apply to most beneficiaries, but there are some exclusions from the rules.

The TFN withholding rules don't apply to beneficiaries:

- that are non-residents for tax purposes
- that are exempt entities as defined in the tax laws, such as tax concession charities, deductible gift recipients and other entities that self-assess their status as income tax-exempt

- under a legal disability, for example, minors
- who are in the capacity of a trustee of another trust estate, and the trustee of the first trust is subject to the trustee beneficiary reporting rules.

For more information, see [TFN withholding for closely held trusts](#).

## Annual trustee payment report

You must complete an *Annual trustee payment report* under the TFN withholding rules, except where the TFN withholding rules don't apply.

### What is an Annual trustee payment report?

An *Annual trustee payment report* is a report of all payments made to a beneficiary during an income year from the trust's income, whether or not withholding has occurred.

A payment is a:

- distribution during the year from the ordinary or statutory income of the trust
- beneficiary's share of the net income of a trust where they are presently entitled to a share of trust income.

### How do I make an Annual trustee payment report?

You make an *Annual trustee payment report* by completing in full the information on the statement of distribution for each beneficiary, including the beneficiary identity details.

### Annual trustee payment report information

- You will need to complete item **58** – label **S Distribution from ordinary or statutory income during income year** where you have made one or more distributions during the income year (not as a result of present entitlement created at year end) that are wholly or partly from the ordinary or statutory income of the trust for the year, and the total of those distributions exceed the beneficiary's share of the net income of the trust.
- Only include the excess of the distributions made during the income year over the beneficiary's share of the net income of the trust at label **S**.

- If the only amount distributed is as a result of a present entitlement created at year end, you don't show anything at label **S**.
- You will need to complete item **58** – label **T Total TFN amounts withheld from payment** where you have withheld from any payments (including distribution) you have made to beneficiaries.

### Example 10.1: completing Annual Trustee Payment report information

The trustee of a closely held trust derives interest income of \$12,000 and rental income of \$10,000. The section 95 net income of the trust is \$20,000, comprising the interest and rental income, less allowable deductions of \$2,000. The allowable deductions comprise \$1,000 of capital allowance deductions and \$1,000 of rental property expenses.

Under the trust deed, the capital allowance deductions are chargeable against capital. As a result, the distributable income of the trust is \$21,000.

The trust deed allows the trustee to distribute particular classes of income to specific beneficiaries. During the income year, \$12,000, being the interest derived by the trust, is distributed to Beneficiary 1.

At the end of the income year, Beneficiary 2 and Beneficiary 3 are made presently entitled in equal shares to the income of the trust that has not previously been distributed.

- Beneficiary 1 quoted their TFN to the trustee. Beneficiary 1's share of net income is \$11,428, that is  

$$(\$12,000 \div \$21,000) \times \$20,000 = \$11,428.$$
- Beneficiary 2 quoted their TFN to the trustee. Beneficiary 2's share of net income is \$4,286, that is  

$$(\$4,500 \div \$21,000) \times \$20,000 = \$4,286.$$
- Beneficiary 3 did not quote their TFN to the trustee. Beneficiary 3's share of net income is \$4,286, that is,  

$$(\$4,500 \div \$21,000) \times \$20,000 = \$4,286.$$

To correctly complete an *Annual trustee payment report*, you need to provide the required identity details for each beneficiary in full and for:

- Beneficiary 1, include \$11,428 at item **58** – label **B Non-primary production** on the distribution statement and include \$572 at label **S** (being the excess of the amount distributed during the income year \$12,000 and the share of net income of \$11,428)
- Beneficiary 2, include \$4,286 at label **B** on the distribution statement and don't include an amount at label **S** (because the only amount paid or payable to Beneficiary 2 relates to a present entitlement created at year end)
- Beneficiary 3, include \$4,286 at label **B** on the distribution statement, don't include an amount at label **S** (because the only amount paid or payable to Beneficiary 3 relates to a present entitlement created at year end), and complete label **T** for the amount withheld \$2,014 ( $\$4,286 \times 47\%$ ).

### Example 10.2: completing Annual Trustee Payment report information

Assume the same facts as in example 10.1, except that at the end of the income year, Beneficiary 1 and Beneficiary 3, and not Beneficiary 2 and Beneficiary 3, are made presently entitled in equal shares to the income of the trust that has not previously been distributed.

- Beneficiary 1 quoted their TFN to the trustee. Beneficiary 1's share of net income is \$15,714, that is,  $(4,500 + 12,000) \div 21,000 \times 20,000 = \$15,714$ .
- Beneficiary 2 quoted their TFN to the trustee. Beneficiary 2's share of net income is \$0.00.
- Beneficiary 3 didn't quote their TFN to the trustee. Beneficiary 3's share of net income is \$4,286, that is,  $4,500 \div 21,000 \times 20,000 = \$4,286$ .

To correctly complete an *Annual trustee payment report*, you need to provide the required identity details for each beneficiary in full and for:

- Beneficiary 1, include \$15,714 at label **B** on the distribution statement and don't include an amount at label **S**; there is no disclosure required at label **S** as the distribution (\$12,000) does not exceed the share of net income (\$15,714)
- Beneficiary 2, there is no disclosure requirements on the statement of distribution
- Beneficiary 3, include \$4,286 at label **B** on the distribution statement, don't include an amount at label **S**, and complete label **T** for the amount withheld \$2,014 ( $\$4,286 \times 47\%$ ).

## Annual TFN withholding report

Where you have been required to withhold amounts from beneficiaries, you must lodge a separate [Annual TFN withholding report](#) with us. Don't lodge an *Annual TFN withholding report* if you did not have to withhold amounts from beneficiaries. If a report is required, you must lodge it within 3 months after the end of the income year unless you have been given more time to lodge. If you have a 30 June balancing date, the report will be due on 30 September.

## Trustee beneficiary (TB) reporting rules

If you are a trustee of a closely held trust (that is not an excluded trust), you must complete and lodge a TB statement for an income year if either:

- a share of the net income of the trust is included in the assessable income of a trustee beneficiary under section 97 of the ITAA 1936, and the share includes an untaxed part
- a trustee beneficiary is presently entitled to a share of a tax-preferred amount of the closely held trust.

A trustee beneficiary is a beneficiary of the trust in their capacity as trustee of another trust.

## What is an excluded trust for the TB reporting rules?

The TB reporting rules don't apply to an **excluded trust**.

An **excluded trust** is:

- a complying superannuation fund, a complying approved deposit fund, or a pooled superannuation trust
- the trust of a deceased estate, but only until the end of the income year in which the fifth anniversary of the individuals death occurs
- a fixed trust that is a unit trust where exempt entities (entities whose ordinary and statutory income are exempt from tax) have fixed entitlements (directly or indirectly) and for their own benefit, to all of the income and capital of the trust
- a unit trust whose units are listed on the ASX.

For more information, see [subsection 102UC\(4\)](#) of the ITAA 1936 and [section 272-100](#) of Schedule 2F to the ITAA 1936.

As a trustee of a closely held trust, you are not required to make a TB statement if:

- the closely held trust is
  - a family trust
  - a trust that has made an interposed entity election under [section 272-85](#) of Schedule 2F to the ITAA 1936, or
  - wholly owned by the family (see [subsection 272-90\(5\)](#) of Schedule 2F to the ITAA 1936)
- you are within a class of trustees that we've determined by legislative instrument is not required to do so.

For more information, see paragraph [102UK\(1\)\(ca\)](#), subsection [102UK\(1A\)](#) and paragraph [102UT\(1\)\(c\)](#) of the ITAA 1936.

## How do you make a TB statement?

You make a TB statement by completing the statement of distribution in full for each trustee beneficiary including the beneficiary details and the TB statement information.

## What is a tax-preferred amount?

A **tax-preferred amount** is an amount of trust income of the trust that is not included in the assessable income of the trust in working out its net income or an amount of trust capital.

## What is an untaxed part of a share of net income?

An **untaxed part of a share of net income** is the trustee beneficiary's share of the net income of a closely held trust less any part that has been taxed under:

- [subsection 98\(4\)](#) of the ITAA 1936
- [Subdivision 12-H](#) in Schedule 1 to the TAA
- [Division 6D](#) of the ITAA 1936 (trustee beneficiary non-disclosure tax) in respect of which the trustee of another trust estate is liable to pay the non-disclosure tax.

An untaxed part of a share of net income includes interest, dividends or royalties that have been subjected to a withholding tax if these amounts are included in the assessable income of a non-resident trustee beneficiary.

### Example 10.3: completing TB statement information

The trustee of Trust A (a closely held trust) has net income of \$10,000. The trust's distributable income is also \$10,000. The trust has 3 trustee beneficiaries:

- The trustee of Trust B is a resident and was presently entitled to a 60% share of the trust's distributable income. As a result, it is assessable on the same percentage share of Trust A's net income, that is, \$6,000.
- The trustee of Trust C is a resident and received a distribution of \$2,000 during the income year. The \$2,000 represented an amount of trust capital that was not included in Trust A's assessable income and was not part of the trust's distributable income. As a result, the trustee of Trust C is presently entitled to a tax-preferred amount of \$2,000.
- The trustee of Trust D is a non-resident and was presently entitled to 40% share of the trust's distributable income. Their share of Trust A's net income is \$4,000 (all attributable to Australian sources).

To make correct TB statements for the trustee beneficiaries, the trustee of Trust A would report:

- the name and TFN of the trustee of Trust B, '0' at item **58** – label **P Tax preferred amounts** and '6,000' at item **58** – label **Q Untaxed part of share of net income**
- the name and TFN of the trustee of Trust C, '2,000' at label **P** and '0' at label **Q**
- no TB statement is required for Trust D. The trustee of Trust A is liable to pay tax on Trust D's share of the net income under [subsection 98\(4\)](#) of the ITAA 1936. That amount does not then form part of the untaxed part of a share of net income and does not need to be reported at label **Q**.

The reporting obligations under Division 6D apply to both Australian and foreign source income. However, Australian source income which is taxed under [subsection 98\(4\)](#) of the ITAA 1936 is not included as an untaxed part of a share of net income. If the assessable income of a non-resident trustee beneficiary includes a share of the net income of the trust that includes income from a foreign source, then that foreign source income is an untaxed part of a share of net income and must be reported in a TB statement.

For more information on what amounts comprise an untaxed part of a share of net income or a tax-preferred amount, see [Trustee beneficiary reporting rules](#).

## Trustee beneficiary non-disclosure tax

If you don't correctly complete the TB statement on the statement of distribution, you may be liable for TBNT.

The trustee of a closely held trust (including a family trust) may also be liable for TBNT where a share of the closely held trust's net income is included in the assessable income of a trustee beneficiary under [section 97](#) of the ITAA 1936 and the trustee of the closely held trust becomes presently entitled to an amount that is reasonably attributable to the whole or a part of the untaxed part of the share, referred to as a **round robin** or **circular trust distribution**.

TBNT is currently imposed at the rate of 47%.

For more information, see [sections 102UC](#) and [102UM](#) of the ITAA 1936 and [section 272-100](#) of Schedule 2F to the ITAA 1936.

For more information, see [Trustee beneficiary reporting rules](#).



Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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# Appendix 12: Trust assessment codes

Use Appendix 12 to access the trust assessment codes.

Last updated 2 July 2024

**Table 12.1: Inter-vivos trusts, including discretionary trusts and testamentary trusts – Part 1**

| <b>The beneficiary is presently entitled to a share of the income of the trust and is:</b> | <b>Resident beneficiary assessment code</b> | <b>Non-resident beneficiary assessment code</b> |
|--------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------|
| over 18 years of age and under a legal disability or an excepted person                    | 25 (see <a href="#">Note 1</a> )            | 125 (see <a href="#">Note 1</a> )               |
| a prescribed person receiving excepted income only                                         | 26 (see <a href="#">Note 1</a> )            | 126 (see <a href="#">Note 1</a> )               |
| a prescribed person receiving eligible income only                                         | 27 (see <a href="#">Note 1</a> )            | 127 (see <a href="#">Note 1</a> )               |
| a prescribed person receiving excepted and eligible income only                            | 28 (see <a href="#">Note 1</a> )            | 128 (see <a href="#">Note 1</a> )               |

|                                                                                                                                                                                                     |                                  |                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------------------|
| a prescribed person receiving eligible income (or eligible and excepted income) from more than one trust                                                                                            | 29 (see <a href="#">Note 1</a> ) | 129 (see <a href="#">Note 1</a> )           |
| not under any legal disability<br>note a minor is not under a legal disability where the trustee has deposited an amount in an FMD in the beneficiary's name out of the eligible trust distribution | 30                               | 138 (see <a href="#">Note 1</a> )           |
| a company (that is a base rate entity)                                                                                                                                                              | 34                               | 134 (see <a href="#">Note 1</a> and Note 4) |
| a company (that is not a base rate entity)                                                                                                                                                          | 34                               | 139 (see <a href="#">Note 1</a> )           |
| a trustee                                                                                                                                                                                           | 35                               | 140 (see <a href="#">Note 2</a> )           |
| the principal beneficiary of a special disability trust                                                                                                                                             | 45 (see <a href="#">Note 1</a> ) | 145 (see <a href="#">Note 1</a> )           |

**Table 12.2: Inter-vivos trusts, including discretionary trusts, and testamentary trust – Part 2**

| <b>No beneficiary is presently entitled to a share of the income of the trust and is:</b> | <b>Resident beneficiary assessment code</b>                 | <b>Non-resident beneficiary assessment code</b> |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------|
| a resident or non-resident trust where no beneficiary is presently entitled to income     | 36 (see <a href="#">Note 1</a> and <a href="#">Note 3</a> ) | -                                               |
| a bankrupt estate                                                                         | 37 (see <a href="#">Note 1</a> )                            | -                                               |

|                                                                                                                                                                                          |                                                             |   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---|
| a resident or non-resident trust where no beneficiary is presently entitled to income and to which discretion under <a href="#">subsection 99A(2)</a> of the ITAA 1936 has been received | 37 (see <a href="#">Note 1</a> and <a href="#">Note 3</a> ) | - |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---|

**Table 12.3: Deceased estate – Part 1**

| <b>The beneficiary is presently entitled to a share of the income of the trust and is:</b> | <b>Resident beneficiary assessment codes</b> | <b>Non-resident beneficiary assessment codes</b> |
|--------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------|
| under a legal disability                                                                   | 11 (see <a href="#">Note 1</a> )             | 111 (see <a href="#">Note 1</a> )                |
| not under a legal disability                                                               | 12                                           | 118 (see <a href="#">Note 1</a> )                |
| a company (that is not a base rate entity)                                                 | 13                                           | 119 (see <a href="#">Note 1</a> )                |
| a company (that is a base rate entity)                                                     | 13                                           | 134 (see <a href="#">Note 1</a> and Note 4)      |
| a trustee                                                                                  | 14                                           | 120 (see <a href="#">Note 2</a> )                |

**Table 12.4: Deceased estate – Part 2**

| <b>No beneficiary is presently entitled to a share of the income of the trust and:</b> | <b>Resident beneficiary assessment codes</b>                | <b>Non-resident beneficiary assessment codes</b> |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------|
| the deceased person died less than 3                                                   | 15 (see <a href="#">Note 1</a> and <a href="#">Note 3</a> ) | -                                                |

|                                                                              |                                                             |   |
|------------------------------------------------------------------------------|-------------------------------------------------------------|---|
| years before the end of the income year                                      |                                                             |   |
| the deceased person died more than 3 years before the end of the income year | 16 (see <a href="#">Note 1</a> and <a href="#">Note 3</a> ) | - |
| it is a non-resident trust                                                   | 17 (see <a href="#">Note 1</a> )                            | - |

**Note 1:** Tax assessable to the trustee.

**Note 2:** Codes 120 and 140 apply if the beneficiary of the trust is a non-resident trustee.

**Note 3:** Use these codes, as appropriate, where the resident trustee is making a choice to be assessed to a capital gain or gains on behalf of a beneficiary or beneficiaries at item **59 Choice for resident trustee to be assessed to capital gains on behalf of beneficiaries**.

**Note 4:** A lower company tax rate may apply in respect of beneficiary companies that are a base rate entity. For more information, see [Changes to company tax rates](#).

If you have used codes 35 or 140 (inter-vivos trusts) or 14 or 120 (deceased estates) you may be required to complete a TB statement, see [Appendix 11](#).

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## Appendix 13: Small business entity concessions

Use Appendix 13 to work out if you are a small business entity and eligible for the small business entity concessions.

## Small business entities thresholds

Small businesses with an aggregated turnover of less than \$10 million are called small business entities and may qualify for a range of tax concessions. Prior to 1 July 2016 the aggregated turnover threshold was \$2 million.

The \$10 million aggregated turnover threshold applies to most concessions, except for:

- the small business income tax offset, which is available to businesses with an aggregated turnover of less than \$5 million from 1 July 2016 (claimed by individual beneficiaries)
- the capital gains tax (CGT) concessions, where the aggregated turnover threshold of \$2 million continues to apply.

Eligible businesses can choose to use the concessions that best suit their needs. However, eligibility must be reviewed each year.

Businesses that would be small business entities if the aggregated turnover threshold was \$50 million may also be eligible for some concessions.

Depending on its aggregated turnover for an income year, the small business entity may be eligible for the following concessions:

- CGT 15-year asset exemption
- CGT 50% active asset reduction
- CGT retirement exemption
- CGT rollover provisions
- simplified depreciation rules
- immediate deduction for certain prepaid business expenses
- immediate deduction for a range of business start-up expenses
- simplified trading stock rules
- choice to account for GST on a cash basis

- annual apportionment of GST input tax credits in certain circumstances
- paying GST by instalments
- FBT car parking exemption
- FBT work-related devices exemption
- PAYG instalments based on GDP-adjusted notional tax
- Bonus deductions for expenditure on skills and training and energy incentive – see [Appendix 14](#).

A beneficiary who is an individual may be entitled to a tax offset on the tax payable on their share of net small business income earned by a trust that is a small business entity with an aggregated turnover of less than \$5 million. For more information, see item [5 Business income and expenses](#).

For more information, see [Concessions for eligible businesses](#).

In 2015–16 and 2016–17, a beneficiary that was a company that was a small business entity may have been entitled to a reduced company tax rate. From 2017–18, a beneficiary that is a base rate entity may be entitled to a reduced company tax rate. For more information, see [Changes to company tax rates](#).

## Eligibility

A trust may be eligible for the small business entity concessions if it is a small business entity. A trust will be a small business entity if it is carrying on a business and has an aggregated turnover of less than \$10 million. This is known as the small business entity test.

Trusts that would be small business entities if the aggregated turnover threshold was \$50 million are also eligible for certain concessions such as an immediate deduction for certain prepaid business expenses and certain start-up expenses.

**Business** is defined broadly to include ‘any profession, trade, employment, vocation or calling, but does not include occupation as an employee’. **Carrying on a business** is not defined in the tax law, and takes its ordinary meaning. An entity is taken to be carrying on a business for the purposes of the small business entity test in an income year if:

- the entity is winding up a business it formerly carried on
- it was a small business entity in the income year that it stopped carrying on the business.

Aggregated turnover is the annual turnover of the trust, plus the annual turnovers of any entities that are **connected with** it or that are its **affiliate**.

For more information on calculating aggregated turnover including the meaning of **connected with** or **affiliated with** the trust, see [Small business CGT concessions](#).

Eligibility must be reviewed each year.

## Calculating turnover

Turnover includes all ordinary income the trust earned in the ordinary course of business for the income year. The following are some examples of amounts included and not included in ordinary income.

Include these amounts:

- sales of trading stock
- fees for services provided
- interest from business bank accounts
- amounts received to replace something that would have had the character of business income, for example, a payment for loss of earnings.

Don't include these amounts:

- GST the trust has charged on a transaction
- amounts borrowed for the business
- proceeds from the sale of business capital assets
- insurance proceeds for the loss or destruction of a business asset
- amounts received from repayments of farm management deposits
- JobKeeper payments (although they are ordinary income, they are not earned in the ordinary course of business).

There are special rules for calculating the annual turnover if the trust has retail fuel sales or business dealings with associates that are not at

market value.

For more information, see [CGT small business entity eligibility](#).

## Aggregation rules

Special rules, called the aggregation rules, will determine who the trust is connected or affiliated with.

These rules prevent larger businesses from structuring or restructuring their affairs to take advantage of the small business entity concessions.

An entity that is connected with the trust or that is its affiliate is referred to as a relevant entity.

When calculating the aggregated turnover of the trust, don't include income from:

- dealings between the trust and a relevant entity
- dealings between any relevant entities of the trust
- a relevant entity when it was not a relevant entity of the trust.

For more information on the aggregation rules, including the meaning of **connected with** or **affiliated with** the trust, see [Small business CGT concessions](#).

If the trust carries on a business during the current income year and has an aggregated turnover of less than \$10 million under the aggregation rules discussed above, then the trust is a small business entity.

## Business operated for only part of the income year

If the trust, or a relevant entity, carries on a business for only part of the income year, annual turnover must be worked out using a reasonable estimate of what the turnover would have been if the trust, or a relevant entity, had carried on a business for the whole of the income year.

## Satisfying the aggregated turnover threshold

There are 3 ways to satisfy the \$10 million aggregated turnover threshold or the \$50 million aggregated turnover threshold. These are:

- the 2022–23 turnover



- an estimate of the 2023–24 turnover
- the actual 2023–24 turnover.

Most businesses will only need to consider the first method.

## **2022–23 turnover**

If the aggregated turnover of the trust for 2022–23 was less than \$10 million, the trust was a small business entity for 2023–24, regardless of its estimated or actual aggregated turnover for 2023–24.

If the aggregated turnover of the trust for 2022–23 was less than \$50 million, the trust can access the small business entity concessions that have an aggregated turnover threshold of \$50 million.

## **Estimate of 2023–24 turnover**

If the estimated aggregated turnover of the trust for 2023–24 is less than \$10 million, it is a small business entity for 2023–24.

If the estimated aggregated turnover of the trust for 2023–24 is less than \$50 million, the trust can access the small business entity concessions that have an aggregated turnover threshold of \$50 million.

If you are estimating your turnover, you need to:

- estimate your turnover based on the conditions you are aware of at the relevant date
- assess whether the aggregated turnover is more likely than not to be less than \$10 million or \$50 million at the relevant date.

The relevant date is either:

- the first day of 2023–24, or
- the time the business started, if the trust started a business part way through 2023–24.

Trusts that commenced carrying on a business in 2023–24 need to make a reasonable estimate of what their turnover would have been had the business been carried on for the entire year.

This method can't be used if the aggregated turnover of the trust in 2020–21 and 2021–22 was equal to or more than the aggregated turnover threshold.

## Actual 2023–24 turnover

This method is only needed if the first 2 tests can't be met.

If the actual aggregated turnover of the trust was less than \$10 million at the end of 2023–24, the trust is a small business entity for that year.

If the actual aggregated turnover of the trust was less than \$50 million at the end of 2023–24, the trust can access the small business entity concessions that have an aggregated turnover threshold of \$50 million.

If the trust is a small business entity by means of this method only, it can't use the GST and PAYG concessions for 2023–24, as those particular concessions must have been chosen earlier in 2023–24.

## Former STS taxpayers

There is a transitional rule for former STS taxpayers that deals with the continued use of the STS accounting method.

There is also a special rule that applies if the trust is winding up a business this year that it previously carried on and it was an STS taxpayer in the income year it ceased business.

For more information, see **Former STS taxpayers** in [Business and professional items 2024](#) and [Small business CGT concessions](#).

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## Appendix 14: Small business bonus deductions

Use Appendix 14 to help you work out if and when you can claim the small business bonus deductions.

**Last updated** 2 July 2024

## Small business skills and training boost

The [small business skills and training boost](#) provides a temporary bonus deduction to small businesses (with aggregated annual turnover of less than \$50 million). Small businesses will be able to deduct an additional 20% on top of their ordinary deduction for expenditure they incur in providing eligible external training courses to employees through eligible registered training providers in Australia.

### How to complete the trust tax return

You claim the bonus deduction as an expense subtraction at:

- item **5 Reconciliation items, Expense reconciliation adjustments (expense subtractions)** using [Worksheet 1](#).

Don't include the ordinary deduction for expenditure on your skills and training at item **5**.

You also write the amount that you claimed at item **5** for the skills and training bonus deduction at:

- item **52 Small business bonus deductions**.

The additional 20% bonus deduction is on top of your ordinary deduction for the cost of eligible training expenditure incurred between 7:30 pm (AEDT) on 29 March 2022 and 30 June 2024. It applies to enrolments or arrangements for the provision of training made or entered into at or after 7:30 pm (AEDT) on 29 March 2022.

If you are a small business entity, you must also meet the following criteria for the bonus deduction:

- expenditure must be for training employees, in-person in Australia or online
- expenditure must be charged, directly or indirectly, by a registered training provider and be for training within the scope of the provider's registration
- the eligible registered training provider must not be the small business or an associate of the small business, for example, a related entity or individual or a relative, spouse or partner of a related individual, and
- expenditure must already be deductible under the taxation law.

Expenditure for training persons other than employees is not eligible for the bonus deduction. For example, contractors and partner of a partnership are not eligible for the bonus deduction.

## When to claim the bonus deduction

Special rules apply in claiming the bonus deduction for the eligible expenditure. It also depends on the balancing date if the small business has a substituted accounting period.

- **Normal balancers**

- For eligible expenditure incurred between 1 July 2023 and 30 June 2024, you claim the bonus deduction in your 2023–24 tax return.

- **Late balancers**

- For eligible expenditure incurred between the start of your 2023–24 income year and 30 June 2024, you claim the bonus deduction in your 2023–24 tax return.

- **Early balancers**

- For eligible expenditure incurred in your 2023–24 income year, you claim the bonus deduction in your 2023–24 tax return.
- For eligible expenditure incurred in your 2024–25 income year (up until 30 June 2024), you claim the bonus deduction in your 2024–25 tax return.

## Steps to work out the amount to report at items 5 and 52A

**Step 1:** Enter at the primary production column, your temporary bonus deduction amount for the small business skills and training boost in respect of your primary production business at row **x** in [Worksheet 1](#).

**Step 2:** Enter at the non-primary production column, your temporary bonus deduction amount for the small business skills and training boost in respect of your non-primary production business at row **x** in [Worksheet 1](#).

**Step 3:** Add up your amounts at primary production and non-primary production at row **x** in **worksheet 1**.

**Step 4:** Transfer the amounts at row **x** in [Worksheet 1](#) to item **5 Reconciliation items, Expense subtractions**. Don't show cents. Also record this amount at item **52** – label **A**.

## Small business energy incentive

The [small business energy incentive](#) provides businesses with an aggregated annual turnover of less than \$50 million with access to a temporary bonus deduction equal to 20% of the cost of eligible assets or improvements to existing assets that support more efficient energy use.

The bonus deduction applies to the cost of eligible assets and improvements up to a maximum amount of \$100,000, with the maximum bonus deduction being \$20,000 per income year.

The bonus deduction is separate and additional to other deductions you would ordinarily claim under taxation law.

For more information, see [Small business energy incentive](#).

You claim the bonus deductions as an expense subtraction at item **5 Reconciliation items, Expense reconciliation adjustments** using [Worksheet 1](#).

You also record the amount at item **52 Small business bonus deductions**.

Don't include here your ordinary deduction for expenditure on assets or improvements eligible for the energy incentive.

## Criteria for claiming the small business energy incentive

You must meet the following criteria for the bonus deduction:

- Your business needs to meet the [aggregated annual turnover](#) rules (with an increased 50 million threshold).
- The expenditure being claimed must be deductible to your business under other provisions in the taxation law.
- For expenditure on eligible assets, the asset must be both first used or installed ready for use for any purpose, and used or installed ready for use for a taxable purpose, between 1 July 2023 and 30 June 2024.

- For expenditure on improvements to existing assets, the expenditure must be incurred between 1 July 2023 and 30 June 2024.
- Neither the expenditure nor the asset is excluded.

You can't claim the bonus deduction for the cost of an eligible asset, or an improvement to an existing asset, if a balancing adjustment event occurs to the asset (for example, you sell it) during the income year in which you hold the asset and incur the expenditure, unless the balancing adjustment event is an involuntary disposal.

You calculate the bonus deduction as 20% of the cost of the eligible asset or improvement, irrespective of whether your ordinary deduction for the decline in value of the asset is claimed in one income year (under instant asset write off) or over its effective life.

## **Eligible assets**

A depreciating asset may be eligible for the bonus deduction if it uses electricity and when one or more of the following apply:

- there is a new reasonably comparable asset that uses a fossil fuel available in the market
- the asset is more energy efficient than the asset it is replacing
- if it is not a replacement, it is more energy efficient than a new reasonably comparable asset available in the market.

A depreciating asset may also be eligible if it is an energy storage, time-shifting or monitoring asset, or an asset that improves the energy efficiency of another asset.

## **Eligible improvements**

An improvement to a depreciating asset may be eligible for the bonus deduction if it:

- enables the asset to only use electricity, or energy that is generated from a renewable source, instead of a fossil fuel
- enables the asset to be more energy efficient, provided that asset only uses electricity, or energy generated from a renewable source
- facilitates the storage, time-shifting or usage monitoring of electricity, or energy generated from a renewable source (for example, a battery that stores electricity).

## Excluded assets and expenditure

The following types of assets and expenditure are not eligible for the bonus deduction:

- assets and expenditure on assets that can use a fossil fuel (except if that use is merely incidental such as where an asset uses an oil-based lubricant)
- assets and expenditure on assets which have the sole or predominant purpose of generating electricity (such as solar panels)
- capital works
- motor vehicles (including hybrid and electric vehicles) and expenditure on motor vehicles
- assets and expenditure on assets allocated to software development pools
- financing costs, including interest and borrowing expenses.

## When the bonus deduction is claimed

You will claim the bonus deduction in your 2023–24 tax return for eligible expenditure on depreciating assets that are both:

- first used or installed ready for use for any purpose between 1 July 2023 and 30 June 2024
- used or installed ready for use for a taxable purpose between 1 July 2023 and 30 June 2024.

For eligible expenditure on improvements to assets incurred between 1 July 2023 and 30 June 2024, you will also claim the bonus deduction for that expenditure in your 2023–24 tax return.

An entity with a [substituted accounting period](#) may claim the bonus deduction across more than one income year, provided the eligible asset was first used or installed ready for use, or the improvement cost was incurred, between 1 July 2023 and 30 June 2024.

## Steps to work out the amount to report at items 5 and 52

**Step 1** Show your bonus deduction for the small business energy incentive in respect of your primary production business at row **Y** in [Worksheet 1](#) in the primary production column.

**Step 2** Show your bonus deduction for the small business energy incentive in respect of your non-primary production business at row **Y** in [Worksheet 1](#) in the non-primary production column.

**Step 3** Add up your primary production and non-primary production at row **Y** in [Worksheet 1](#).

**Step 4** Transfer the amounts at row **Y** in [Worksheet 1](#) to item **5 – Expense reconciliation adjustments (expense subtractions)**. Also record this amount at item **52 – label C**. Don't show cents.

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

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## Appendix 15: Depreciating deductions for small business entities

Use Appendix 15 to work out depreciation deductions as a small business entity.

Last updated 2 July 2024

### Calculation 1: Deduction for certain assets and cost additions (costing less than \$20,000)

For an explanation of the terms we use in this section, see [Guide to depreciating assets 2024](#) and [Tax time definitions](#).

Under the instant asset write-off measure, an immediate deduction is available for certain depreciating assets that:



- you start to use, or have installed ready for use for a taxable purpose between 1 July 2023 and 30 June 2024
- cost less than \$20,000 at the end of the income year
- qualify for a deduction under the [simplified depreciation rules](#).

For an asset for which you have claimed an immediate deduction under the simplified depreciation rules in a prior income year, small businesses can also immediately deduct an amount included in the second element (cost addition) of that asset's cost, where the amount is:

- the first deductible amount of second element cost incurred after the end of the income year in which the asset was written off
- less than \$20,000
- incurred between 1 July 2023 and 30 June 2024.

Work out the extent that each of these eligible assets and cost additions are used for the purpose of producing assessable income (the taxable purpose proportion).

Calculate the deduction for each eligible asset as follows:

Asset's adjustable value **multiplied by** its taxable purpose proportion

The adjustable value of an asset is its cost **less** its decline in value since it was first used, or installed ready for use, for any purpose, whether business or private.

Add up all of the trust's deductions under this calculation and write the total at row **a** in the [worksheet](#).

Don't include in this calculation amounts for depreciating assets that the trust started to hold before starting to use the simplified depreciation rules; allocate these assets to a general small business pool (see [Calculation 2](#)).

## Calculation 2: General small business pool

A small business entity can also deduct the balance of the general small business pool if the balance is below \$20,000 but greater than zero at the end of the income year. For this purpose, the balance of

the pool is determined before calculating your deductions but after taking into account any additions or disposals to the pool.

Enter this deduction against general small business pool at row **b** in the [worksheet](#). For more information, see Calculation 5.

To calculate your deductions for the general small business pool, there are 3 parts:

- [Calculation 2a Opening pool balance](#)
- [Calculation 2b Additions to the opening pool balance](#)
- [Calculation 2c Subtractions from the opening pool balance](#).

## Calculation 2a Opening pool balance

Calculate your opening pool balance, where:

- [Trusts that are already using simplified depreciation rules](#)
- [Trusts that start to use the simplified depreciation rules in the 2023-24 income year](#).

### Trusts that are already using simplified depreciation rules

For trusts already using the simplified depreciation rules, the opening balance of the general small business pool is the closing pool balance for the previous income year, except where an adjustment is made to reflect the changed business use of a pooled asset. However, as the trust will have deducted the entire balance (if any) of the small business pool under temporary full expensing in the 2022–23 income year, the opening pool balance at the beginning of the 2023–24 income year is \$0.

Show \$0 at row **b** in the [Worksheet](#).

### Trusts that start to use the simplified depreciation rules in the 2023-24 income year

For trusts that start to use the simplified depreciation rules in the 2023–24 income year, the opening pool balance is the total of the taxable purpose proportions of the adjustable values of those depreciating assets that are held and used (or installed ready for use), just before the start of the 2023–24 income year, that are not excluded from the simplified depreciation rules.

To calculate the general small business pool deduction for these assets, multiply the opening pool balance by the general small business pool rate (30%).

Show the total deduction at row **b** in the [Worksheet](#).

## Calculation 2b Additions to the opening pool balance

Add to your opening pool balance the taxable purpose proportion of the following newly acquired assets and cost additions, where the amounts are equal to or exceed the instant asset write-off threshold:

- the adjustable value of assets that were first used, or installed ready for use, for a taxable purpose during 2023–24
- cost addition amounts ([second element costs](#)) for existing assets
- also add the taxable purpose proportion of cost addition amounts that are less than the instant asset write-off threshold and are not immediately deductible (see [Calculation 1](#))
- to calculate your deduction for these pool additions, add together:
  - the taxable purpose proportion of the adjustable value of each depreciating asset first used, or installed ready for use this year, multiplied by half the general small business pool rate (15%)
  - the taxable purpose proportion of cost addition amounts, multiplied by half the general small business pool rate (15%)
- show the total deduction at row **c** in the worksheet.

## Calculation 2c Subtractions from the opening pool balance

If the trust ceases to hold an asset that has been allocated to the pool in the 2023–24 income year, or an earlier income year, the taxable purpose proportion of the termination value is subtracted from the pool balance (see [Calculation 4b](#)).

## Calculation 3: Other depreciating assets

Calculate the deduction for the decline in value of all other depreciating assets that are not included in calculations 1 and 2 and

write the total at row **d** in the [Worksheet](#) . For more information, see [Appendix 6](#) and [Guide to depreciating assets 2024](#).

## Calculation 4: Ceasing to hold depreciating assets

If you used the simplified depreciation rules and you've sold or ceased to use an asset in 2023–24, you may need to reduce your pool balance by the asset's taxable purpose proportion of the termination value or include an amount in your assessable income.

Calculations for ceasing to hold depreciating assets, include:

- [Calculation 4a Certain assets for which an immediate deduction has been claimed](#)
- [Calculation 4b Assets allocated to the general small business pool](#)
- [Calculation 4c Other depreciating assets](#).

### Calculation 4a Certain assets for which an immediate deduction has been claimed

If a balancing adjustment event happens to a depreciating asset for which the trust has claimed an immediate deduction under calculation 1 this income year or in a previous year, the trust must include the taxable purpose proportion of the termination value at item **5 Reconciliation items**. For more information, see [Worksheet 1](#).

A balancing adjustment event occurs when the trust stops holding a depreciating asset; for example, when the trust sells the asset, or the asset is lost or destroyed. Termination value includes money received from the sale of an asset or insurance money received.

For example, a trust acquired an asset on 1 February 2019 for \$6,400. The trust used the asset only 60% for a taxable purpose and claimed an immediate write-off of \$3,840 under the threshold which existed at that time. The trust disposed of the asset at arm's length on 1 February 2024 for \$3,000 (excluding GST). The trust includes \$1,800 as an assessable reconciliation adjustment at item **5**.

### Calculation 4b Assets allocated to the general small business pool

If the trust ceases to hold a depreciating asset that has been allocated to the general small business pool in this income year, or in a previous income year, the taxable purpose proportion of the termination value is subtracted from the pool balance.

If expenses are incurred in disposing of, or otherwise ceasing to hold, a depreciating asset, these expenses may be taken into account in Calculation 2 by adding them to the pool balance.

## Calculation 4c Other depreciating assets

For information on how to calculate any balancing adjustment amounts on the happening of a balancing adjustment event for other depreciating assets, see [Guide to depreciating assets 2024](#). Include balancing adjustment amounts at item **5 Reconciliation items**, see [Worksheet 1](#).

## Calculation 5: Closing pool balance

Calculate your closing pool balance at the end of the year as follows:

- Step 1: Add the opening pool balance (see [Calculation 2a](#))
- Step 2: Add the taxable purpose proportion of the adjustable value of assets that were additions to the pool during the year (see [Calculation 2b](#))
- Step 3: Add the taxable purpose proportion of any cost addition amounts incurred for assets already in the pool during the year (see [Calculation 2b](#))
- Step 4: Subtract the taxable purpose proportion of the termination value of any pooled assets disposed of during the year (see [Calculation 4b](#))

If after completing Step 4 your pool balance is less than \$20,000 but greater than zero, you can claim an immediate deduction for this amount. Enter this deduction against general small business pool assets at row **b** in the [Worksheet](#). The pool's closing balance for 2023–24 will be zero after claiming the immediate deduction.

If the value of the small business pool is \$20,000 or more after completing Step 4, continue calculations as per the steps below.

- Step 5: Subtract the general small business pool deduction (see [Calculation 2a](#))
- Step 6: Subtract the deduction for assets first used, or installed ready for use this year (see [Calculation 2b](#))
- Step 7: Subtract the deduction for any cost addition amounts added for pooled assets during the year (see [Calculation 2b](#)).

If the closing pool balance is below zero, include the amount below zero in your assessable income at item **5 Reconciliation items** – label **B expense reconciliation adjustments**.

The closing pool balance for this year becomes the opening pool balance for 2024–25, after any adjustments to reflect the changed business use of a pooled asset.

Don't write the closing pool balance in the trust tax return.

## Worksheet: Depreciation deductions for small business entities using simplified depreciation

### Worksheet – Depreciation deductions (small business entities using simplified depreciation rules only)

| Row | Calculation elements                                                 | Primary production | Non-primary production | Total |
|-----|----------------------------------------------------------------------|--------------------|------------------------|-------|
| a   | Certain assets (immediately deducted under instant asset write- off) | \$                 | \$                     | \$    |
| b   | General small business pool                                          | \$                 | \$                     | \$    |

|   |                                                                                |    |    |    |
|---|--------------------------------------------------------------------------------|----|----|----|
| c | General small business pool (accelerated rate or half rate)                    | \$ | \$ | \$ |
| d | Other assets                                                                   | \$ | \$ | \$ |
| e | Total depreciation expenses (Add the amounts from rows <b>a</b> to <b>d</b> .) | \$ | \$ | \$ |

Transfer the total amount at row **a** to item **51** – label **A Deduction for certain assets**.

Transfer the amounts at row **e** to label **K Depreciation expenses**.

Transfer the total of the amounts at rows **b** and **c** to item **51** – label **B Deduction for general small business pool**.

Return to:

- [Appendixes for the trust tax return](#)
- [Instructions to complete the Trust tax return 2024](#)

Continue to: [General information for trusts](#)

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## General information for trusts

Information to support your trust tax return lodgment, administration and record-keeping requirements.

**Last updated** 2 July 2024

## Australian Business Register

We are authorised by the *A New Tax System (Australian Business Number) Act 1999* and other taxation laws to collect certain information relating to your entity. We may use business details supplied on the tax return to update the information held in the Australian Business Register (ABR) in relation to your entity. This may include cancelling the ABN if your entity is no longer entitled to be registered in the ABR.

Where authorised by law, selected information on the ABR may be made publicly available and some may be passed on to other Commonwealth, state, territory and local government agencies. These agencies may use ABR information for purposes authorised by their legislation, or for carrying out other functions of their agency. Examples of possible uses include registration, reporting, compliance, validation and updating of databases.

You can find details of agencies that regularly receive information from the ABR at [abr.gov.au](http://abr.gov.au) 

See [privacy statement](#)  for more information on:

- privacy
- the information collected
- how it may be used.

## Data-matching

We are making increasing use of data-matching technology to verify the correctness of tax returns.

Ensure all information is fully and correctly declared on your tax returns and in the statement of distribution for beneficiaries of the trust. Certain claims made may be subject to additional scrutiny by us.

For more information, see [Data-matching](#).

## Hobby or business

It is important to determine whether the trust is [carrying on a business](#), as distinct from pursuing a hobby, sport or recreational



activity that does not produce assessable income.

## Private ruling by the Commissioner of Taxation

A private ruling is binding advice that sets out how a tax law applies to you in relation to a specified scheme or circumstance.

The easiest way to apply for a private ruling is by using one of the approved forms. They will help you provide the information we need to complete a [private ruling](#).

## Treatment of crypto assets

If you are involved in the acquiring or disposing of [crypto assets](#), you need to be aware of the tax consequences. These vary depending on the nature of your circumstances. If you are acquiring or disposing of crypto assets in your business, see [Crypto assets and business](#).

## Record keeping requirements

If you are carrying on a business, you must keep records relevant for any tax purpose that record and explain all transactions and other acts you are engaged in. [subsection 262A\(2\)](#) of the ITAA 1936 prescribes the records to be kept, including:

- any documents relevant for the purpose of ascertaining the person's income or expenditure
- documents containing particulars of any election, choice, estimate, determination or calculation made by the person for tax purposes and, in the case of an estimate, determination or calculation, particulars showing the basis on which and the method by which the estimate, determination or calculation was made.

You must keep these records for your financial arrangements covered by the TOFA rules, even if you are not carrying on a business in relation to those arrangements.

Generally, the trust must keep all relevant records for 5 years after they were prepared or obtained, or 5 years after the completion of the transactions or acts to which they relate, whichever is the later. This period may be extended in certain circumstances. Keep records in

writing and in English. You can keep them electronically as long as the records are in a form that we can access and understand to ascertain your tax liability. See Taxation Ruling [TR 2018/2](#) *Income tax: record keeping and access – electronic records*.

## Trust record retention

Keep the following records:

- a copy of the trust deed
- a copy of all trustee resolutions
- detailed statement of assets and liabilities
- the names in which business contracts are made
- a record of the name and contact details of the trustee at year end
- records that show you have met your choice of superannuation fund employer obligations (see [Offer employees a choice of super fund](#)).

## Tax losses record keeping

If your trust incurs tax losses, you may need to keep records longer than 5 years from the date when the losses were incurred. To deduct a current or prior year loss a trust needs to pass certain tests in the [trust loss provisions](#).

Generally, tax losses incurred this year can be carried forward indefinitely, until they are applied by recoupment. When applied, the loss amount is used in calculating the trust's net income (and beneficiary's taxable income) in that year. It is in the trust's interest to keep records substantiating the balance of this year's losses until the amendment period for the trust's or beneficiary's assessment for the recoupment year in which the losses are fully applied has lapsed.

For more information on record keeping where losses are incurred, see Taxation Determination [TD 2007/2](#) *Income tax: should a taxpayer who has incurred a tax loss or made a net capital loss for an income year retain records relevant to the ascertainment of that loss only for the record retention period prescribed under income tax law?*

## Capital gains tax (CGT) record keeping

A trust must keep adequate records of all expenditure which will help to correctly work out the amount of capital gain or capital loss made

when a CGT event happens. A trust must keep records relating to the ownership and all the costs of acquiring and disposing of property. It will also help to make sure the trust does not pay more CGT than is necessary.

A trust must keep records of everything that affects the trust's capital gains and capital losses. Penalties can apply if the trust does not keep the records for at least 5 years after the relevant CGT event. If the trust uses the information from those records in a later tax return, the trust should generally keep records longer. If the trust has applied a net capital loss, the trust should generally keep records of the CGT event that resulted in the loss until the end of any period of review for the income year in which the capital loss is fully applied.

For more information on record keeping for CGT, see [Guide to capital gains tax 2024](#).

## **Record keeping for overseas transactions**

Keep records of any overseas transactions in which the trust is involved, or has an interest, during the income year.

The involvement can be direct or indirect, for example, through individuals, trusts, companies or other entities. The interest can be vested or contingent and includes a case where the trust has direct or indirect control of:

- any income from sources outside Australia not disclosed elsewhere on the tax return, or
- any property, including money, situated outside Australia. Where this is the case keep a record of the
  - location and nature of the property
  - name and address of any partnership, trust, business, company, or other entity in which the trust has an interest
  - nature of the interest.

If an overseas interest was created by exercising any power of appointment, or if the trust had an ability to control or achieve control of overseas income or property, keep a record of the:

- location and nature of the property
- name and address of any partnership, trust, business, company, or other entity in which the trust has an interest.

If there is no trustee who is an Australian resident, the onus is on the public officer to keep this information.

A trust with overseas transactions may be required to complete an [International dealings schedule](#).

## **Purchase or sale of a business during the income year**

Keep a record of the following:

- the name and address of the other party to the transaction
- the purchase or sale price, including details of the allocation of purchase or sale price to all items purchased or sold, including stock on hand and depreciating assets
- a copy of the contract of purchase or sale.

If there is no trustee who is an Australian resident, the onus is on the [public officer](#) to keep this information.

## **Appointment of public officer**

If a trust carries on a business in Australia or derives income from property in Australia and there is no trustee who is an Australian resident, the trustee generally appoints a public officer. The public officer must be a natural person of at least 18 years of age residing in Australia and who is capable of understanding the nature of their appointment as the public officer. The appointment of a public officer is made by giving written notice, specifying the name and address of the public officer, to the Commissioner.

The trust does not need to appoint a public officer if the Australian income of the trust consists solely of dividends, interest and/or royalties subject to withholding tax, or the Commissioner has granted an exemption in writing.

If the trustee does not appoint a public officer they may be prosecuted. A fine of up to one penalty unit may be imposed for each day that the trustee fails or neglects to meet the requirements. For the dollar amount of a penalty unit, see [Penalty units](#).

The public officer is answerable for doing everything required to be done by the trustee under the ITAA 1936, the ITAA 1997 or the

Regulations. A public officer who defaults on any of these duties is liable to the same penalties as the trustee.

## Tax offsets

A beneficiary may be entitled to claim certain tax offsets, such as those for:

- seniors and pensioners
- private health insurance.

For more information, see the [Individual tax return instructions 2024](#).

If a trustee is assessable on behalf of a beneficiary who is presently entitled but under a legal disability, the trustee may be entitled to tax offsets to which that beneficiary would be entitled.

Provide a statement on a separate sheet of paper showing the type and amounts of any claim for a tax offset. Sign the statement, attach it to the tax return and print **X** in the **Yes** box at **Have you attached any 'other attachments'?** at the top of the tax return.

## Seniors and pensioners tax offset

If you are claiming the seniors and pensioners tax offset, you must provide a statement of information for each beneficiary and their spouse (if they had one) and attach to the trust tax return.

Provide the following information on each statement:

- trust's name and TFN
- beneficiary's name and TFN
- full name of beneficiary's spouse and TFN on 30 June 2024
- beneficiary's residency status
- rebate income of the beneficiary
- total amount received by the beneficiary of any Australian Government allowances and payments like Jobseeker payment, youth allowance and Austudy payment; see question [5 Australian Government allowances and payments](#) in the *Tax return for individuals 2024*

- total amount received by the beneficiary of any Australian Government pensions and allowances; see question [6 Australian Government pensions and allowances](#) in the *Tax return for individuals 2024*
- rebate income of the beneficiary's spouse; see question [T1 Seniors and pensioners tax offset](#) in the *Individual tax return instructions 2024*
- total amount of Australian Government pensions and allowances received by the spouse; see [Spouse details – married or de facto](#) – label **P** in the *Tax return for individuals 2024*
- total amount of exempt pension income received by the spouse; see [Spouse details – married or de facto](#) –label **Q** in the *Tax return for individuals 2024*.

## Private health insurance tax offset

If you are a trustee who is assessable on behalf of a beneficiary who is presently entitled but under a legal disability (see [section 98](#) of the ITAA 1936) and the beneficiary is entitled to a tax offset under the private health insurance rebate, you can claim the tax offset for this rebate up to the value of any tax payable. To do this, provide a statement on a separate sheet of paper showing:

- trust's name and TFN
- beneficiary's name and TFN
- beneficiary's share of the net income of the trust estate
- beneficiary's spouse's [income for surcharge purposes](#) (if they had a spouse on 30 June 2024)
- all the lines of information separately as they are displayed on the private health insurance statement
  - 'Health insurer ID' at **B** on the beneficiary's health insurance statement
  - 'Membership number' at **C** on the beneficiary's health insurance statement
  - 'Your premiums eligible for Australian Government rebate' at **J** on the beneficiary's health insurance statement

- ‘Your Australian Government Rebate received’ at **K** on the beneficiary’s health insurance statement
- ‘Benefit code’ at **L** on the beneficiary’s health insurance statement
- tax claim code (see [Private health insurance policy details 2024](#))
- number of beneficiary’s dependent children who are under 21 years old or full-time students under 25 years old.

If the beneficiary has a spouse and they have agreed to allow the beneficiary to claim their own share of the rebate as well as their spouse's share of the rebate, you must provide the policy details listed above for the spouse. The beneficiary and spouse must be covered under the same policy so the policy details should be the same for the beneficiary and spouse except for the tax claim code which will be **C** for the beneficiary and **D** for the spouse. For assistance in providing the details, see [Private health insurance rebate](#).

Rebate percentages are adjusted on 1 April each year. If premiums for the policy were paid before and on or after 1 April, the private health insurance statement will contain at least 2 lines of information. All those lines should be provided separately without adding amounts reported in any column or row.

Sign the statement, attach it to the trust tax return and print **X** in the **Yes** box at **Have you attached any ‘other attachments’?** at the top of the tax return.

It is optional for registered health insurers to provide a private health insurance statement. A statement will only be provided if requested from the registered health insurer.

Contact the health insurer for the relevant statement to ensure you use the correct details as displayed on the statement.

Your trust tax return may be delayed if you don't use the relevant statement and the private health insurance details you provide are incorrect.

For more assistance in providing private health insurance policy details, see [Private health insurance policy details 2024](#).

## Special cases

Public trading trusts are taxed as companies, and so are required to lodge a [Company tax return 2024](#). They must also apply for a company TFN. For more information on a public trading trust, see [Public trading trusts](#).

The trust loss provisions of [Schedule 2F](#) to the ITAA 1936 apply to public trading trusts (even though they are taxed as companies), except where the public trading trust is participating in the consolidation regime for taxing wholly owned groups as a single income tax entity.

For more information on the trust loss provisions, see [Trust loss provisions](#). For detailed information on the treatment of losses under consolidation, see the *Consolidation reference manual*:

- [Part C – Detailed information](#)
- [C9 – Determine tax liabilities, manage obligations](#)
- [C9-5: Worked examples](#).

## Attribution managed investment trusts

Eligible managed investment trusts can make an irrevocable choice to become an Attribution managed investment trust (AMIT). Where this choice has been made, trustees will be required to lodge an *Attribution managed investment trust (AMIT) tax return and Attribution managed investment trust (AMIT) tax schedule* where the trust is eligible to be an AMIT for the income year.

For more information, see [Attribution managed investment trusts](#).

## Attribution corporate collective investment vehicle sub-fund trust

A Corporate collective investment vehicle (CCIV) sub-fund trust that satisfies the applicable AMIT eligibility requirements in [Division 276](#) of the ITAA 1997 for an income year will be treated as an AMIT for that year. The trustee for such an attribution CCIV sub-fund trust will be required to lodge an *Attribution CCIV sub-fund trust tax return* for that income year.

For more information, see [Corporate collective investment vehicles](#).



## Annual investment income reporting

Managers of unit trusts that are investment bodies for the purposes of [Part VA](#) of the ITAA 1936 may be required under [Division 393](#) of Schedule 1 of the TAA to lodge an *Annual investment income report* if they made distributions to unit holders during the year. The report requires details of distributions, including the amounts paid and the names of the payees. For more information, see [Annual investment income report](#).

## Penalties and interest charges

We may impose on trustees, including:

- [penalties](#)
- [shortfall interest charge](#)
- [general interest charge](#).

QC 101517

## Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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