



Notice of Withdrawal

Taxation Ruling

Income tax: omission of trust income by beneficiaries – the effect of disclaimer

Taxation Ruling IT 2651 is withdrawn with effect from today.

1. Taxation Ruling IT 2651 explains that for the purposes of subsection 223(1) of the *Income Tax Assessment Act 1936* a beneficiary who has not validly disclaimed a trust interest will make a false or misleading statement if they fail to include their share of the trust net income in their tax return. This is the case even though the beneficiary did not know they were a beneficiary of the trust or that they had an entitlement to trust income when they lodged their return.
2. IT 2651 is withdrawn because the provisions to which it refers are no longer current. The current provisions about false and misleading statements are contained in Subdivision 284-B of the *Taxation Administration Act 1953* (TAA).
3. Law Administration Practice Statement PS LA 2006/2 explains how a statement may be false or misleading and result in a shortfall for the purposes of the uniform penalty provisions in Part 4-25 of the TAA.

Commissioner of Taxation

31 March 2010

ATO references

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