


TD 93/D189 - Income tax: is the income distribution received by a unitholder from a unit trust assessable in the year of receipt?

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This document has been finalised by TD 94/72.

Draft Taxation Determinations (TDs) represent the preliminary, though considered, views of the ATO. Draft TDs may not be relied on; only final TDs are authoritative statements of the ATO.

Draft Taxation Determination

Income tax: is the income distribution received by a unitholder from a unit trust assessable in the year of receipt?

1. The unitholder is entitled to the distributable income of a unit trust in the year in which the trust derived that income.
2. Therefore, any taxable income derived by the trust will be assessable to the unitholder in that year, regardless of when the distribution statement and/or cheque was received by the unitholder (see paragraph 10 of IT 2497).
3. The type of unit trusts to which the determination refers includes cash management, equity, mortgage and property trusts, but does not include unit trusts which are treated as companies for the purposes of the *Income Tax Assessment Act 1936*.

Example:

If a unitholder of XYZ unit trust receives an income distribution of \$100 in August 1992 which relates to the 1991/92 income year, then the taxable component of the \$100 is to be included in the unitholder's assessable income for the 1991/92 income year.

Commissioner of Taxation

29/7/93

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