

OVERVIEW

For the 2010–11 income year:

- 729,622 trusts lodged returns, a 3.9% increase from 2009–10
- total net income or loss reported by trusts was \$151.2 billion, a 22.1% increase from 2009–10
- trusts reported total business income of \$316.7 billion, a 7.3% increase from 2009–10
- total trust business expenses were \$291.7 billion, a 2.2% increase from 2009–10.

INTRODUCTION

This chapter provides information on trusts, as reported in trust income tax returns. A trust exists where a person, the 'trustee', is under an obligation to hold property or derive income for the benefit of another person or persons, known as 'beneficiaries'. This obligation usually arises under the express terms of a trust, but may also be imposed by court order or declaration, or by the operation of law. Although the trustees hold the legal title to the property, they must deal with it in accordance with the terms of the trust for the benefit of the beneficiaries.

In legal terms, a trust is not a legal entity and generally does not pay tax in its own right. Generally, it is the beneficiaries who are subject to tax on their share of the net income of the trust.

The trustee is generally only taxed on the proportion of the net income of the trust that is accumulated in the trust or that relates to certain types of beneficiaries, such as those beneficiaries who are under a legal disability – broadly speaking, the trustee is taxed on that part of the net income of the trust for tax purposes that is not assessable to a beneficiary. The net income of the trust is generally assessable to the trustee or the beneficiaries in the income year in which it is derived by the trust.

An annual tax return must be lodged for a trust, regardless of the amount of income derived by the trust, even if it derives nil income or incurs a loss for tax purposes. Certain public unit trusts are taxed as companies, and so are not included in the statistics of this chapter.

NEW FEATURES AND INFORMATION

Statistics in this chapter may have been affected by:

- changes to time limits for deductibility of employer superannuation contributions for former employees
- changes to changes to capital gains with regards to trusts.

TRUST RETURNS

For the 2010–11 income year, a total of 729,622 trusts lodged returns, representing a 3.9% increase from 2009–10. A total of 556,264 discretionary trusts lodged an income tax return representing 76.2% of all trusts.

TABLE 6.1: Trusts, by type, 2009–10 and 2010–11 income years

| Type | 2009–10 ¹ | | 2010–11 ¹ | |
|---|----------------------|--------------|----------------------|--------------|
| | No. | % | No. | % |
| Discretionary trust – main source from investment | 281,272 | 40.1 | 285,739 | 39.2 |
| Discretionary trust – main source from trading | 225,334 | 32.1 | 232,431 | 31.9 |
| Unit trust | 78,554 | 11.2 | 81,183 | 11.1 |
| Deceased estate | 43,142 | 6.1 | 46,277 | 6.3 |
| Discretionary trust – main source from service-management | 37,818 | 5.4 | 38,094 | 5.2 |
| Other fixed trust | 16,997 | 2.4 | 17,997 | 2.5 |
| Hybrid trust | 9,726 | 1.4 | 9,685 | 1.3 |
| Public unit trust – unlisted | 4,911 | 0.7 | 4,790 | 0.7 |
| Cash management unit trust | 551 | 0.1 | 597 | 0.1 |
| Public unit trust – listed | 373 | 0.1 | 351 | 0.0 |
| Other ² | 3,400 | 0.5 | 12,478 | 1.7 |
| Total³ | 702,078 | 100.0 | 729,622 | 100.0 |

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Includes invalid types and those trusts that did not state a type.

³ Totals may differ from the sum of the components, due to rounding.

For the 2010–11 income year, the rental, hiring and real estate services industry had the largest proportion of trusts at 16.9%.

TABLE 6.2: Trusts, by industry, 2009–10 and 2010–11 income years

| Industry ¹ | 2009–10 ² | | 2010–11 ² | |
|---|----------------------|--------------|----------------------|--------------|
| | No. | % | No. | % |
| Agriculture, forestry and fishing | 27,718 | 3.9 | 28,249 | 3.9 |
| Mining | 931 | 0.1 | 949 | 0.1 |
| Manufacturing | 14,829 | 2.1 | 15,130 | 2.1 |
| Electricity, gas, water and waste services | 887 | 0.1 | 1,005 | 0.1 |
| Construction | 54,022 | 7.7 | 57,733 | 7.9 |
| Wholesale trade | 12,356 | 1.8 | 12,826 | 1.8 |
| Retail trade | 28,581 | 4.1 | 29,711 | 4.1 |
| Accommodation and food services | 19,125 | 2.7 | 20,072 | 2.8 |
| Transport, postal and warehousing | 13,724 | 2.0 | 14,095 | 1.9 |
| Information media and telecommunications | 2,074 | 0.3 | 2,161 | 0.3 |
| Financial and insurance services | 92,204 | 13.1 | 90,551 | 12.4 |
| Rental, hiring and real estate services | 120,722 | 17.2 | 123,141 | 16.9 |
| Professional, scientific and technical services | 44,336 | 6.3 | 46,367 | 6.4 |
| Administrative and support services | 14,233 | 2.0 | 14,793 | 2.0 |
| Public administration and safety | 1,017 | 0.1 | 1,043 | 0.1 |
| Education and training | 2,942 | 0.4 | 3,149 | 0.4 |
| Health care and social assistance | 16,319 | 2.3 | 17,492 | 2.4 |
| Arts and recreation | 3,324 | 0.5 | 3,508 | 0.5 |
| Other services | 15,125 | 2.2 | 15,899 | 2.2 |
| Other ³ | 217,609 | 31.0 | 231,748 | 31.8 |
| Total⁴ | 702,078 | 100.0 | 729,622 | 100.0 |

1 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

2 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

3 Includes trusts that lodged a subsidiary return with income from non-primary production partnerships and trusts, those registered under the government administration and defence code, and those that did not state their industry.

4 Totals may differ from the sum of the components, due to rounding.

TRUST INCOME

Total net income reported by trusts increased by 15.4% to \$157.9 billion in 2010–11. Net non-primary production distributions from partnerships or trusts were the main contributor to this growth, with a rise of \$7.0 billion, followed by other Australian income, with a rise of \$5.5 billion.

TABLE 6.3: Trust income items, 2009–10 and 2010–11 income years

| Income items | No. | 2009–10 ¹ | | 2010–11 ¹ | |
|--|----------------|----------------------|----------------|----------------------|-----|
| | | | \$m | No. | \$m |
| Net non-primary production distributions from partnerships or trusts | 191,900 | 38,071 | 190,991 | 45,061 | |
| Gross interest | 303,040 | 27,172 | 318,863 | 29,560 | |
| Gross (or total) dividends | 141,785 | 20,615 | 144,950 | 23,680 | |
| Other Australian income | 22,805 | 12,945 | 23,643 | 18,398 | |
| Net income or loss from business | 318,190 | 14,188 | 325,411 | 16,704 | |
| Franking credit | 137,089 | 7,783 | 139,351 | 9,090 | |
| Net rent | 133,237 | 6,557 | 135,627 | 7,587 | |
| Net primary production distributions from partnerships or trusts | 8,961 | 342 | 8,829 | 547 | |
| Super lump sums and employment termination payments | 1,577 | 177 | 1,935 | 239 | |
| Forestry managed investment scheme income | 485 | 11 | 435 | 9 | |
| Less other deductions | 163,978 | 10,771 | 169,647 | 13,257 | |
| Less deductions relating to Australian investment income | 74,320 | 6,577 | 75,065 | 8,086 | |
| Less deductions relating to forestry managed investment scheme | 486 | 181 | 415 | 7 | |
| Net Australian income or loss² | 659,224 | 110,333 | 676,398 | 129,526 | |
| Net other assessable foreign source income | 56,615 | 16,884 | 54,655 | 18,774 | |
| Net capital gains | 51,013 | 9,333 | 51,385 | 9,516 | |
| Attributed foreign income – total | 541 | 258 | 307 | 100 | |
| Australian franking credits from a New Zealand company | 801 | 1 | 765 | 16 | |
| Total net income² | 660,657 | 136,808 | 677,894 | 157,932 | |
| Less prior-year tax losses deducted | 69,154 | 12,992 | 72,841 | 6,691 | |
| Total net income or loss² | 623,305 | 123,816 | 638,554 | 151,241 | |

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² The number totals do not add up to the taxpayer number components as taxpayers may include more than one type of income in their tax returns. The dollar amount totals may differ from the sum of the components, due to rounding.

TRUST BUSINESS INCOME

Net income or loss from business from table 6.3 is generally calculated as trust total business income, less trust business expenses. For the 2010–11 income year, trusts reported total business income of \$316.7 billion, a 7.3% increase from 2009–10. Construction was the main contributor to this growth, with a rise of \$5.8 billion.

TABLE 6.4: Trust total business income, by industry, 2009–10 and 2010–11 income years

| Industry ¹ | 2009–10 ² | | 2010–11 ² | |
|---|----------------------|----------------|----------------------|----------------|
| | No. | \$m | No. | \$m |
| Agriculture, forestry and fishing | 22,289 | 14,960 | 22,246 | 17,024 |
| Mining | 690 | 1,594 | 690 | 1,652 |
| Manufacturing | 12,760 | 21,207 | 12,897 | 22,429 |
| Electricity, gas, water and waste services | 747 | 888 | 822 | 890 |
| Construction | 41,717 | 37,282 | 44,122 | 43,059 |
| Wholesale trade | 10,311 | 31,111 | 10,613 | 32,177 |
| Retail trade | 23,595 | 56,207 | 24,160 | 58,938 |
| Accommodation and food services | 14,974 | 16,083 | 15,596 | 17,002 |
| Transport, postal and warehousing | 12,057 | 10,447 | 12,289 | 11,165 |
| Information media and telecommunications | 1,676 | 979 | 1,711 | 1,036 |
| Financial and insurance services | 23,903 | 24,375 | 23,802 | 22,292 |
| Rental, hiring and real estate services | 35,186 | 21,418 | 35,444 | 26,769 |
| Professional, scientific and technical services | 33,559 | 19,030 | 34,963 | 20,812 |
| Administrative and support services | 11,442 | 10,084 | 11,841 | 11,295 |
| Public administration and safety | 707 | 602 | 742 | 635 |
| Education and training | 2,533 | 954 | 2,693 | 1,014 |
| Health care and social assistance | 13,247 | 8,849 | 14,134 | 10,219 |
| Arts and recreation | 2,697 | 1,674 | 2,808 | 1,605 |
| Other services | 12,344 | 6,811 | 12,955 | 7,389 |
| Other ³ | 19,773 | 10,620 | 19,965 | 9,270 |
| Total⁴ | 296,207 | 295,175 | 304,493 | 316,672 |

1 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

2 Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

3 Includes trusts that lodged a subsidiary return with income from non-primary production partnerships and trusts, those registered under the government administration and defence code, and those that did not state their industry.

4 Totals may differ from the sum of the components, due to rounding.

BOX 6.1: Trust size, by total business income

For the purposes of this chapter:

Total business income is the amount a trust declared at item 5 on page 3 of the 2011 trust tax return.

Loss trusts have a total business income less than \$0.

Nil trusts have a total business income equal to \$0.

Micro trusts have a total business income equal to or more than \$1, but less than \$2 million.

Small trusts have a total business income equal to or more than \$2 million, but less than \$10 million.

Medium trusts have a total business income equal to or more than \$10 million, but less than \$100 million.

Large trusts have a total business income equal to or more than \$100 million, but less than \$250 million.

Very large trusts have a total business income equal to or more than \$250 million.

For the 2010–11 income year, micro trusts accounted for 29.6% of all trust total business income. The 'Very large' segment had the largest increase in total business income – a 49.1% increase on the previous year.

TABLE 6.5: Trust total business income, by trust size, 2009–10 and 2010–11 income years

| Trust size | 2009–10 ¹ | | 2010–11 ¹ | |
|--------------------------|----------------------|----------------|----------------------|----------------|
| | No. | \$m | No. | \$m |
| Loss | 727 | -121 | 666 | -993 |
| Nil | 405,871 | 0 | 425,129 | 0 |
| Micro | 271,285 | 90,180 | 278,222 | 93,600 |
| Small | 20,281 | 81,602 | 21,474 | 86,104 |
| Medium | 3,754 | 87,611 | 3,960 | 91,729 |
| Large | 122 | 17,886 | 131 | 19,364 |
| Very large | 38 | 18,016 | 40 | 26,869 |
| Total² | 702,078 | 295,175 | 729,622 | 316,672 |

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Totals may differ from the sum of the components, due to rounding.

TRUST BUSINESS EXPENSES

For the 2010–11 income year, total business expenses for trusts were \$291.7 billion, a 2.2% increase from 2009–10. The most significant expense claimed was the cost of sales, which accounted for 45.9% of all trust business expenses.

TABLE 6.6: Trust business expenses, by type, 2009–10 and 2010–11 income years

| Type of expense | 2009–10 ¹ | | 2010–11 ¹ | |
|---------------------------------------|----------------------|----------------|----------------------|----------------|
| | No. | \$m | No. | \$m |
| Cost of sales | 125,341 | 132,684 | 127,651 | 134,001 |
| Interest | 184,900 | 19,035 | 188,349 | 20,248 |
| External labour | 74,173 | 8,568 | 77,276 | 9,634 |
| Rent | 107,615 | 8,381 | 111,414 | 9,089 |
| Depreciation | 244,287 | 7,435 | 250,193 | 7,713 |
| Superannuation | 135,140 | 4,673 | 138,023 | 4,959 |
| Motor vehicle | 182,032 | 3,088 | 188,067 | 3,371 |
| Repairs and maintenance | 164,876 | 2,772 | 167,150 | 2,983 |
| Lease expenses | 24,389 | 917 | 22,769 | 931 |
| Bad debts | 16,835 | 1,430 | 17,456 | 616 |
| Royalty expenses | 3,661 | 366 | 3,731 | 356 |
| Foreign resident withholding expenses | 139 | 47 | 152 | 39 |
| Other expenses | 311,593 | 96,119 | 318,850 | 97,723 |
| Total² | 317,561 | 285,515 | 324,883 | 291,664 |

¹ Data for the 2009–10 and 2010–11 income years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Components do not add to the total number of taxpayers claiming expenses as taxpayers may claim more than one type of expense. Totals may differ from the sum of the components, due to rounding.

SOURCE OF TRUST STATISTICS

The statistics in this chapter are sourced from 2010 and 2011 trust income tax returns processed by 31 October 2011 and 31 October 2012 respectively. The statistics are not necessarily complete as not all returns are processed by 31 October each year.

The statistics in the detailed tables have all been updated for the 1989–90 to 2010–11 income years to include returns processed by 31 October 2012. We recommend you exercise caution when comparing the statistics for the current year and previous years.

A copy of the trust tax return form is in the appendix – you can view or download it in PDF file format from the attached CD-ROM, or from the online version of *Taxation statistics* on our website at ato.gov.au

TRUST CHAPTER TABLES

The trust chapter tables are on the attached CD-ROM and included in the online version of this publication on our website – you can view or download all the chapter tables in Excel.

LIST OF TRUST DETAILED TABLES

The following detailed tables are on the attached CD-ROM and included in the online version of this publication on our website – you can view or download all detailed tables as PDF or Excel files.

To find out whether a particular item is included in a detailed table, refer to the trust return detailed tables index included on the attached CD-ROM and in the online version of this publication. The index lists the different items shown in the detailed tables and specifies the tables they appear in.

Table 1: Selected items for income years 1989–90 to 2010–11

This table shows selected items from the trust return for multiple income years.

Table 2: Selected items, by net Australian income, 2010–11 income year

This table shows the number of records and amounts for selected items from the trust return, broken down by net Australian income groupings.

- Part A: Business income, expense and reconciliation items
- Part B: Other income and expense items
- Part C: Other deductions, foreign income, capital gains, tax offsets and total net income
- Part D: Key financial information and business and professional items

Table 3: Selected items, by industry, 2010–11 income year

This table shows the number of records and amounts for selected items from the trust return, broken down by fine and broad industry (determined by the taxpayer's main source of business income).

- Part A: Business income, expense and reconciliation items
- Part B: Other income and expense items
- Part C: Other deductions, foreign income, capital gains, tax offsets and total net income
- Part D: Key financial information and business and professional items

⚠ In order to comply with privacy legislation and regulations, statistics for some items may only appear under their broad industry groupings.

Table 4: Trustee assessments: selected items, by taxable income, 2010–11 income year

This table shows the number of records and amounts for selected return items from the individual tax return of assessed resident trustees. The trustees assessed and the data are classified by taxable status (non-taxable and taxable) and are broken down by taxable income groupings.

Table 5: Selected items, by trust type, 2010–11 income year

This table shows the number of trust returns and amounts for most items from the trust return, broken down by trust type.

- Part A: Business income, expense and reconciliation items
- Part B: Other income and expense items
- Part C: Other deductions, foreign income, capital gains, tax offsets and total net income
- Part D: Key financial information and business and professional items

⚠ In order to comply with privacy legislation and regulations, statistics for some items may not be included in the tables.