

TRUST

No a separate legal entity, where Trustee has a fiduciary duty to hold trust property for the benefit of beneficiaries. Trust doesn't pay tax, but its beneficiaries or trustee on-behalf ...

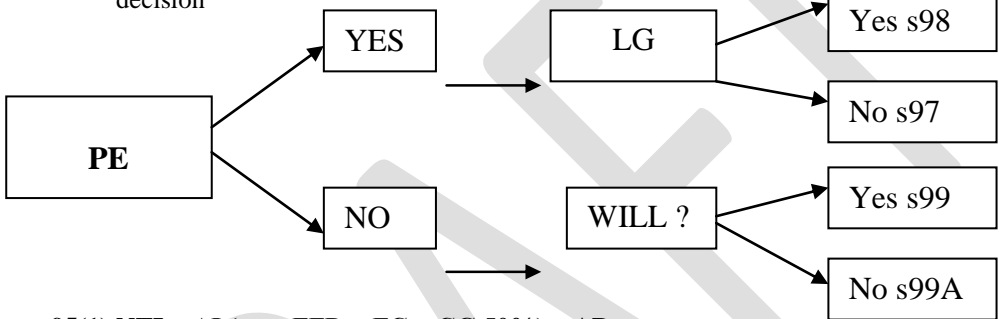
PE: has vested (permanent) & indefeasible interest in trust income.

Beneficiary has the right to demand payment.

Deemed PE when trustee exercises discretion in his favour

s101

Harmer 1991: where trust money held by solicitors until the case was settled. The high court said neither party was PE because the interest was contingent on the court decision



s95(1) NTI = AI (... + FFD + FC + CG 50%) – AD

Trust Losses are c/f to be applied against future trust income.

TAX paid by : **PE, not LG & Resident or Trustee on-behalf LG**

s97 PE & not LG → MR + MCL & MSL – LITO (normal individual)

s98 Trustee on-behalf LG (<18, unsound mind, bankrupt) → MR + MCL & MSL - LITO

s98(3) Trustee on-behalf NON-resident for tax purposes s6-1

s99A Trustee (no PE) → tax = 47% + MCL (as penalty for not distributing)

No LITO & No CG discount & No tax refund (e.g. FC).

s99 if Trust is WILL → trustee pay tax = MR (if < 3yrs)

NO MCL & No LITO & No CG discount but FC is refundable

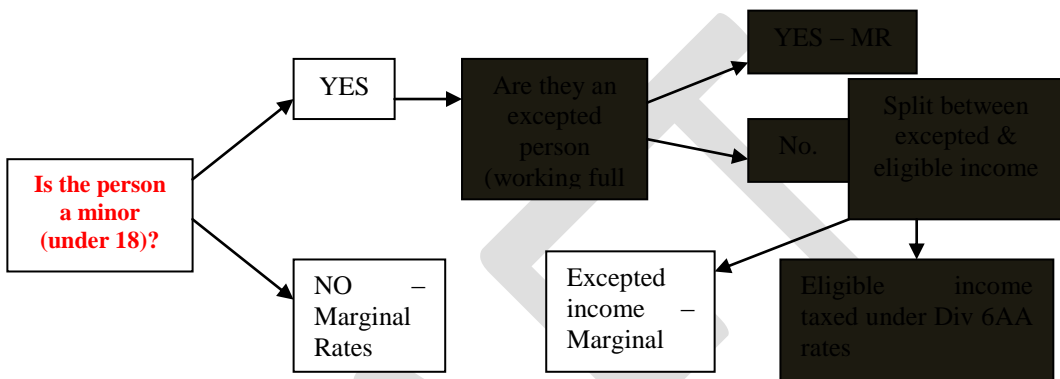
s100 LD receive other income, must lodge tax return & HE will receive TO = tax paid by trustee on-his-behalf.

s101 out of trust % distribution, the beneficiary is tax on extra pmt as income

Beneficiary	PE/LD	Sec	Amount	Tax payer

MINORS: (prescribed person) s102AC

<18 yrs – Not working full time at least for 3 months



Excepted Income: Minor

Eligible income: (s107AE)

Franking Account

Section	Date	Description	Debit	Credit	Bal.
	01/07/16	Opening Balance			
s205-15	21/07/16	PAYG tax installments		35,000	
s205-15	01/11/16	Franking Credit of RECEIVED FFD $= 21000 \times \frac{3}{7} =$		9,000	
s205-30	01/02/17	Paid <u>75%</u> Franked Div. → Debit = $120,000 \times \frac{3}{7} \times 75\% =$	38,571		
		Benchmark rule 75% F.D. (s203-25)			
s205-30	01/04/17	Refund of tax from ATO	22,500		
s205-30	01/06/17	Paid <u>50%</u> Franked Div. → Debit = $70,000 \times \frac{3}{7} \times 50\% =$	15,000		
s205-30	01/06/17	→ Under-franking Debit $70,000 \times \frac{30}{70} \times \underline{25\%} =$	= 7,500		
	05/06/17	→ Over-franking Paid <u>100%</u> Franked Div. → Debit = $14,000 \times \frac{3}{7} \times 100\% =$	6,000		
s203-25		Benchmark rule 75% F.D. (s203-25)			
s205-45		FD (Franking Deficit) (FDT = x,xxx)		When Bal. = x,xxx Dr	
s205-70		Tax Offset available for the company	= FDT	unless	
		FD > 10% FC → T.O. reduced by 30% →	= 70% x FD		

Over-Franking: 1) Co. liable for the \$ over-frank tax (no Cr in Franking Account)

2) Shareholders get the whole FC (include the over-franked)

3) the whole FC (including over-franked) Dr in franking account.