



## **TRUST STREAMING UPDATE**

Following on from our bulletin in March 2011, the government introduced legislation on 2 June to formalise the announcement made by Bill Shorten (4 March) that tax law would be amended to confirm the ability of trusts to stream capital gains and franking credits.

These measures are intended to provide some certainty for trust distributions in the current year and will form part of the (previously announced) wide-ranging review of trust taxation.

Further changes are expected as part of the review, but, at this stage, those changes are not known.

It is still prudent for trustees of discretionary trusts to review existing trust deeds (see below and also The Australian Financial Review 6 June 2011 page 11) to determine if:

- the trust deed contains an adequate definition of income and if the trustee can determine at any time what definition the trustee will apply;
- the trust deed contains a discretion for the trustee to determine the nature of receipts and expenses and whether they are applied to the income account or to capital account; and
- the trust deed contains a power for the trustee to distribute specific categories of income to particular beneficiaries.

If you have any queries or would like to act on the above recommendations, please call toll-free on 1800-773-477.