Template letter to client

[*See summary of recent cases and ATO guidance.*](https://www.acis.net.au/wp-content/uploads/2023/02/Acis_2023_WhyGuide-1.pdf)

*[INSERT DATE]*

*[INSERT TRUSTEE NAME]*

*[INSERT TRUSTEE ADDRESS]*

*[INSERT TRUST NAME]* (**Trust**)

To: *[INSERT TRUSTEE NAME]*

In December 2022, the Australian Taxation Office (ATO) published a tax ruling that contains its view of how tax laws apply to family/discretionary trusts. Their 2 main areas of focus in that guidance are:

* Rules relating to who receives trust distributions (and how those are applied); and
* Unpaid present entitlements (i.e. trust distributions that have been made but not actually paid to the beneficiary).

There have also been a number of recent court cases highlighting issues around trusts. I have attached a summary of these cases and ATO guidance.

Despite this, trusts remain relevant due to their many benefits, including:

* Accessing capital gains discounts;
* In some instances, the elimination of all capital gains where business assets are involved;
* The ability to smooth tax outcomes between years; and
* Substantial asset protection for clients who are at risk.

We have reviewed your circumstances and believe that *[INSERT TRUST NAME]* remains a key and proper part of your asset structure. The benefits of maintaining your trust continue to considerably outweigh the costs involved.

The outcome now must be that we comply in making effective trust distributions and implementing them to avoid ATO scrutiny. These matters should be considered and addressed for *[INSERT TRUST NAME]* prior to this year’s distributions being made.

For this purpose, we propose to engage lawyers to:

1. **Review and update the provisions of the trust deed** for *[INSERT TRUST NAME];* and
2. Provide a **Distribution Guide** to assist the making of income distributions for *[INSERT TRUST NAME]* . This guide includes a Risk Assessment Checklist, Distribution Templates and Beneficiary Letters.

We are pleased to advise that we have secured the provision of this service for *[INSERT TRUST NAME]* at a cost of $*[INSERT PRICE]* (inc. GST).

We appreciate that we are requesting action from you in relation to trust distributions earlier than we normally would, however the recent changes necessitate additional steps and considerations, as well as an increased focus on documentation and record keeping. For these reasons, we know that distributions should not necessarily be approached the same way they have in previous years, and so we are commencing preparations earlier.

**What you need to do?**

Please complete and return the Trustee Response below to confirm you would like us to proceed with this service for *[INSERT TRUST NAME].* Alternatively, if you would like to discuss further, please contact us to schedule a time.

We look forward to hearing from you.

Regards,

*[INSERT NAME]*

*[INSERT FIRM NAME]*

**Trustee Response**

Please proceed with the outlined engagement for *[INSERT TRUST NAME].*

*Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*[INSERT TRUSTEE NAME]*