TRUST RECOUPEMENT TAX BILL 1985

Date Introduced: 22 February 1985
House: House of Representatives
Presented by: Hon. P.J. Keating, M.P., Treasurer

Short Digest of Bill

Purpose

1. To formally impose trust recoupment tax, at the rates set out in the Bill, on those persons etc. whose liability for that tax is established under the Trust Recoupment Tax Assessment Bill 1985.

Main Provisions

2. Clauses 4 and 5 are the main provisions of the Bill. By clause 4 tax is imposed, on what is termed in the Bill a taxable amount. As the Bill, is by clause 3 of the Bill, to be read with the assessment legislation, the term "taxable amount" will have the same meaning in this Bill as it has in the Trust Recoupment Tax Assessment Bill 1985, that is, the term means a primary taxable amount, a secondary taxable amount, an elected taxable amount or a company taxable amount as determined under the provisions of the Trust Recoupment Tax Assessment Bill 1985.

3. Under clause 5 of the Bill the rates of trust recoupment tax will be:

(a) on a primary taxable amount - i.e., the amount of the stripped trust income on which trust recoupment tax is recoverable from the trustee of the trust - 60 per cent;

(b) on a secondary taxable amount - i.e., that part of the stripped trust income on which trust recoupment tax is to be recoverable from eligible beneficiaries - 60 per cent;

(c) on an elected taxable amount - i.e., the share of the stripped trust income that but for the tax avoidance scheme a company would have received as a beneficiary in the trust and on which the company has elected to be taxed in lieu of the trustee - 75 per cent; and
(d) on a company taxable amount (an elected taxable amount is converted to a company taxable amount upon the shareholders in the company making a valid election to be assessed to income tax on deemed dividends from the company) - 46 per cent.

For further information, if required, contact:

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