A NEW TAX SYSTEM (CLOSELY HELD TRUSTS) BILL 1999

A NEW TAX SYSTEM (ULTIMATE BENEFICIARY NON-DISCLOSURE TAX) BILL (NO. 1) 1999

A NEW TAX SYSTEM (ULTIMATE BENEFICIARY NON-DISCLOSURE TAX) BILL (NO. 2) 1999

Second Reading

SPEECH

Monday, 21 June 1999
Senator ELLISON (WA—Special Minister of State) (4.48 pm)—I move:

That these bills be now read a second time.

I seek leave to have the second reading speeches incorporated in *Hansard*.

Leave granted.

*The speeches read as follows—*

**A NEW TAX SYSTEM (CLOSELY HELD TRUSTS) BILL 1999**

This bill will amend the Income Tax Assessment Act 1936 and associated tax laws and impose tax specifically so as to ensure that, broadly speaking, the trustee of a closely held trust with a trustee beneficiary discloses to the Commissioner of Taxation the identity of the ultimate beneficiaries of certain net income and tax-preferred amounts of the trust. This disclosure must occur within a specified period after the end of the year of income.

Where the trustee of the closely held trust fails to correctly identify the ultimate beneficiaries within the specified period, the measures specifically impose tax at the top marginal rate plus the Medicare levy in the case of net income. In the case of tax-preferred amounts such a failure produces offences under the Taxation Administration Act 1953.

Where there are no ultimate beneficiaries of net income of the closely held trust, the measures specifically impose taxation at the top marginal rate plus the Medicare levy.

The amendments form part of the Government's tax reform package and apply to present entitlements created after 4.00 p.m. on 13 August 1998.

Full details of the measures in this bill are contained in the explanatory memorandum circulated to honourable senators.

I commend the bill to the Senate.

**A NEW TAX SYSTEM (ULTIMATE BENEFICIARY NON-DISCLOSURE TAX) BILL (NO. 1) 1999**

The background to this bill was detailed in my second reading speech of the A New Tax System (Closely Held Trusts) Bill 1999.

This bill imposes taxation at the highest marginal rate plus Medicare levy where trustees fail to correctly identify ultimate beneficiaries of net income of the trust.

Full details of the measures in this bill are contained in the explanatory memorandum circulated to honourable senators.

I commend the bill to the Senate.

**A NEW TAX SYSTEM (ULTIMATE BENEFICIARY NON-DISCLOSURE TAX) BILL (NO. 2) 1999**

The background to this bill was detailed in my second reading speech of the A New Tax System (Closely Held Trusts) Bill 1999.

This bill imposes taxation at the highest marginal rate plus Medicare levy where there are no ultimate beneficiaries of net income of the trust.
Full details of the measures in this bill are contained in the explanatory memorandum circulated to honourable senators.

I commend the bill to the Senate

Debate (on motion by Senator Quirke) adjourned.