

IMPORTANT INFORMATION *

Trust Distributions & End-of-Year Compliance

Every discretionary or family trust must formally decide how its income for the year is shared among beneficiaries — in writing, on or before 30 June. This factsheet sets out the steps trustees need to complete, the strict deadlines that apply, and what happens if they are missed.

Regulated by the ATO

Key date: 30 June

Discretionary & family trusts

* General information only. Kristy Pan & Co. provides this material for general knowledge; it does not constitute tax or financial advice and does not take account of your specific circumstances. Please speak with us before acting.

1 The 30 June deadline

As the financial year ends on 30 June, trustees of a discretionary (family) trust must complete several compliance steps. The ATO applies strict rules to trust distribution resolutions: the trustee must decide, in writing, how the trust's net income and capital gains for the year will be allocated among beneficiaries — and that decision must be made on or before 30 June.



WHY THIS MATTERS

Miss the deadline and the trust's profits can be taxed at 47%.

If no valid resolution is in place by 30 June, the ATO can treat the trust's income as undistributed and tax the trustee on it at the top individual marginal rate — currently **47% (including the Medicare levy)** — instead of it being shared tax-effectively among your beneficiaries.

2 The four steps

Four actions need to be completed around the end of the year — two on or before 30 June, and two afterwards.

1

Collect TFNs from all beneficiaries BEFORE 30 JUNE

Before income can be distributed to a beneficiary, they must have quoted their Tax File Number (TFN) to the trustee. Make sure you hold the TFN and personal details of every beneficiary who may receive a distribution this year — new and existing.



WHY IT MATTERS

No TFN means tax is withheld at 47%.

If a beneficiary has not quoted their TFN by the time their entitlement is made, the trustee is legally required to withhold tax from that distribution at the top marginal rate (47%) and pay it to the ATO.

2

Sign & date the trust distribution resolution ON OR BEFORE 30 JUNE

Decide and document how the year's net income and capital gains are allocated among beneficiaries — by percentage or fixed-dollar amounts — then have the trustees (or the directors of the corporate trustee) sign and date the resolution.

Example documents (for reference):

[↓ Example resolution 1 \(Word\)](#)

[↓ Example resolution 2 \(Word\)](#)

[↓ Minute of meeting \(Word\)](#)



WATCH THIS

Backdating is illegal.

The resolution must be in writing and signed on or before midnight on 30 June. If it is not, the ATO will treat the trust income as undistributed and tax the trustee at the top marginal rate (47%).

3

Lodge the TFN report for closely held trusts BY 31 JULY

If any beneficiaries quoted their TFN to you during the April–June quarter, those details must be reported to the ATO in a TFN report for closely held trusts. Send us the details and we can lodge it electronically on your behalf.

[↓ Download the TFN report form \(PDF\)](#)

- 4 Provide your records for the trust tax return** AFTER YEAR-END
- Once the year closes, finalise your bookkeeping and reconcile your accounts to 30 June, then send your bank statements, invoices and expense records to our office so we can prepare the trust's financial statements and tax return. We will confirm your exact lodgement due date under the ATO's program (generally 15 May for returns lodged through a registered tax agent).

3 Key dates at a glance

A quick summary of what is due and when. Tick each item as you complete it.

Your end-of-year checklist

For your own tracking only — nothing here is saved or sent.

- Collect TFNs from all beneficiaries — **before 30 June**
- Sign & date the trust distribution resolution — **by 30 June (midnight)**
- Lodge the June-quarter TFN report — **by 31 July**
- Provide EOFY accounting records to our office — **after year-end**

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0 of 4 complete.

Tick each item as you finish it.

4 How we help

If you would like help projecting your trust's income, deciding the most tax-effective distribution, or preparing the resolution and TFN report, contact us well before 30 June so we can schedule time with you.

[Talk to us →](#)



Glossary of terms

ATO

Australian Taxation Office, the regulator that administers Australia's tax laws.

Trustee

The person or company legally responsible for managing the trust and making the distribution decisions.

Trust Distribution Resolution

The trustee's written decision, made on or before 30 June, allocating the year's income among beneficiaries.

TFN

Tax File Number — a person's unique identifier for tax purposes.

Closely Held Trust

Broadly, a trust in which up to 20 individuals hold (directly or indirectly) 75% or more of the income or capital — most family trusts fall into this category.

Medicare Levy

A 2% levy on taxable income that helps fund Australia's public health system, collected together with income tax.

Discretionary Trust

A trust (commonly a "family trust") in which the trustee decides each year which beneficiaries receive income or capital, and how much.

Beneficiary

A person or entity who may receive income or capital from the trust.

Net Income

The trust's taxable income for the year (including net capital gains) that must be allocated to beneficiaries.

TFN Report

A report of beneficiary TFNs that closely held trusts must lodge with the ATO, generally due 31 July for the prior quarter.

Marginal Tax Rate

The rate applied to the top slice of taxable income; the highest individual rate is currently 45% (47% including the Medicare levy).

DISCLAIMER

This factsheet contains general information only and is based on Australian taxation law as it currently applies. It does not take into account your personal objectives or circumstances and is not a substitute for advice. Please consult Kristy Pan & Co. about your specific trust before acting.

Kristy Pan & Co.

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NOTICE

General information only.