



*The **Accounting Industry Call-to-Action**  
on behalf of the mums & dads of Australia.*

# The new ATO Trust Distribution Ruling **changes everything.**

#TrustAccountants

Monday 28 February | 1:00-2:30pm

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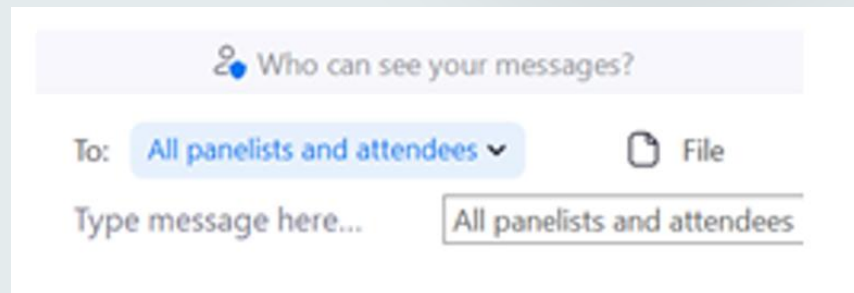
CHANGE  
GPS

# 2022 Tax Season Launch

Monday 28 February 2022

# Chat to All Attendees

1. Go to “Chat” in Zoom
2. Click on “All panelists and attendees”



**Let's make this one giant chat group!**



# 3 Key Ways ChangeGPS helps Accountants:

## 1. More Money - Most accountants don't make the MONEY they should

- Great Systems that are automatically kept up to date
- "One Way" – standardise processes across your accounting firm
- Use the ChangeGPS "VPP" Method to properly "monetise" your services

## 2. More Love - Most accountant's clients should LOVE them more for what they do

- Your clients don't understand the amazing value you give them unless you tell them (use "VPP" Method documents + emails)
- ChangeGPS reports and documents **make you look great** – gives you the professionalism of a Big 4 firm

## 3. Faster Work - Helps you do your work faster so you can get back to the "fun stuff"

- Fast client reports that look great
  - FBT / Tax Planning / Structure Advice / Year End Summary



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# 3 Key “Pillars” for 2022:



Your clients need  
you more than  
ever



Reward  
performing  
clients with your  
time

Deliver a plan for  
non-performing  
clients



Make a pre-  
emptive strike to  
get new revenue  
to replace your  
bottom 30%  
clients



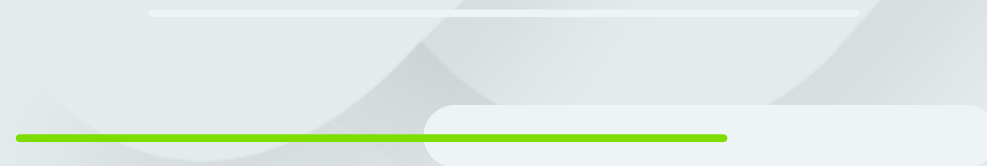
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# Today's Agenda

## First Hour:

- MASSIVE ISSUE: ATO's "attack" on Trust Distributions
  - Your Strategy to assist your Clients
- 
- 2022 Tax Planning Key Issues
  - Launch of ChangeGPS 2022 Tax Planning Resources

## Second Hour

- What can Accountants do to fight back?
- Have YOUR SAY to our Guest Panel
  - Rebecca Mihalec + Matthew Prouse + Grant Abbott  
join Timothy Munro + David Boyar



# ATO's Attack on Trust Distributions

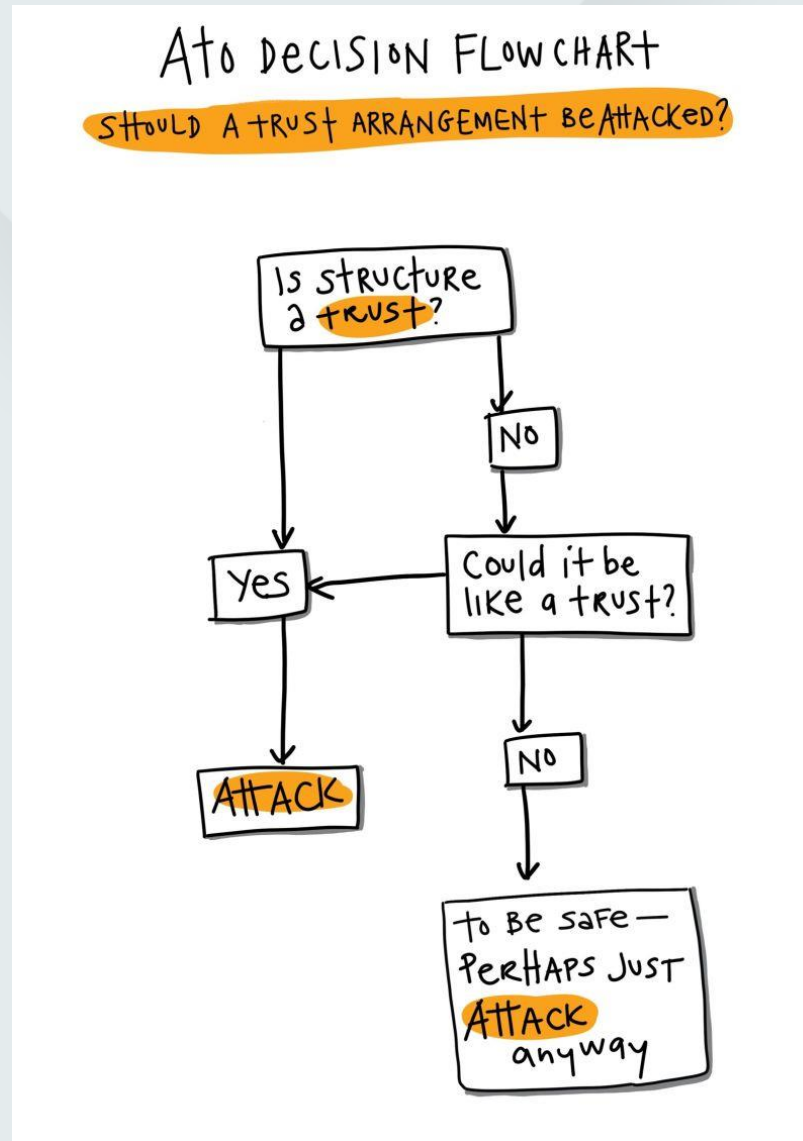
## Brief Overview

It's attacking the middle class entrepreneur business owner





# Matthew Burgess – Trust Lawyer



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# ATO's Attack on Trust Distributions

## - The BIG Questions

- Do all trust distributions need to be paid in full to each beneficiary to avoid the ATO's attack?
- Can unpaid trust distributions be kept in the trust for working capital or investment purposes?
- Can trust distributions still be made to grandparents?
- Can grandparents "gift" their trust distributions back to their children?
- Can a trust distribution be offset against an adult child's private school or university fees?
- Can you still use a "bucket company"?
- Who pays the tax if the ATO invalidates a trust distribution - the Trustee or the Beneficiary?



# Quote from Matthew Burgess



Matthew Burgess

Author

44m ...

viewlegal ♦ director ♦ author ♦ speaker(csp\*) ♦ entrepreneur ♦ fellow...

[Simon A. Benson](#)

Thank you as always.

Try this on for size, in relation to the decision of Logan J, the Tax Office state in the draft ruling: 'In our view, the observations of Logan J in Guardian at [144-5] are illustrative of a type of dealing that is not ordinary family or commercial dealing; and are not strictly contrary to the view that there may be other categories of dealing which similarly cannot be so classified.'

In other words they simply unilaterally ignore aspects of court decisions that are inconvenient.

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# The SCARY Truth for Accountants

TA 2022/1 – “Promoter” penalties for advising that Trusts should distribute in a tax efficient manner. Really?

## Overview

1. We are currently reviewing trust arrangements where parents enjoy the economic benefit of trust income appointed to their children who are over 18 years of age (Children). The common feature of the arrangements is that trust income is appointed between members of the family group but in substance it is the parents who exercise control over and enjoy the economic benefit of the income.

29. Penalties may apply to participants in, and promoters of, this type of arrangement. This includes serious penalties under Subdivision 290-B of Schedule 1 to the *Taxation Administration Act 1953* for promoters. Registered tax agents involved in the promotion of this type of arrangement may be referred to the Tax Practitioners Board to consider whether there has been a breach of the *Tax Agent Services Act 2009*.

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# What Accountants Feel is Unfair

- Is the ATO trying to make it illegal to take actions to distribute in a tax efficient manner?
- Is the ATO now preventing Trustees of Trusts from exercising their legal right to make distributions?
- Accruing school fees + child expenses in the Trust accounts before the child is 18, then allocating trust income to offset this after the child turns 18
  - ATO is saying that school fees are a usual expense of the parent and NOT the child
    - Isn't this the Trustee's decision



# What Next from the ATO?

- Is the ATO trying to make it illegal to take actions to distribute in a tax efficient manner?
- Is the ATO now preventing Trustees of Trusts from exercising their legal right to make distributions?





# Your TA 2022/1 Client Strategy

1. Help your Team to **understand** the issues
  - “Guardian” Case on Appeal
  - Probably another 12 to 18 months of uncertainty
2. Develop a **firm-wide POLICY** for all client Trust Distributions
3. **Educate** your Clients about the changes
  - Confirm your **previous advice was correct** at the time
  - Prepare Clients for **higher tax payable** in 2022 and future years
  - Use ChangeGPS VPP email
4. Show clients the tax they would have paid in 2022 and the extra tax they will now have to pay as a result of this Tax Ruling
  - Use ChangeGPS **TaxPlan** to easily show **Scenarios**
5. **Don't feel bad** or apologise to your clients
  - Tax changes are part of being in business



# Question:

How do you communicate  
**VALUE** to your clients?



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# The ChangeGPS “VPP Method”

**V – Value** – More Profit, Less Tax, More Wealth, Time Back with Family,  
Peace of Mind / Less Stress

**P – Plan** – the story about what you need to do

**P – Price**



# FREE Exclusive Client VPP email for You

Give details of how attendees can receive this brand new client email!



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# A “Bucket Company” Strategy ?

Trust distributes to Bucket Company

Bucket Company has a different class of share for each Adult Child

Bucket Company pays a fully franked dividend to each Adult Child



# 2022 Key Tax Planning Issues

- ATO's Attack on Common Trust Distributions - TA 2022/1
  - Div7a – Need a plan to pay out all Div7a Loans
  - Dividend Payments to pay out Div7A Loans not effective
- 
- New Tax Ruling - Professional Practice Income
  - Minimal Depreciation claims in 2022 – plan for higher tax
  - Temporary Full expensing finishing on 30 June 2022
  - TaxFlow Plan (tax payments cashflow) is VITAL for 2022/2023
  - Federal Budget on 29 March 2022
  - Federal Election in May 2022?

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# Top 10 2022 Tax Planning Strategies

1. Maximise concessional super contributions - \$27,500
2. Double Super – Use a Contributions Suspense Account strategy



# TaxPlan Plus Updates

- TaxPlan Reminders – Updates for 2022
- TaxPlan Strategies – First update for 2022
- Div7A Loan Repayment Advice report
- Professional Income Tax Advice report

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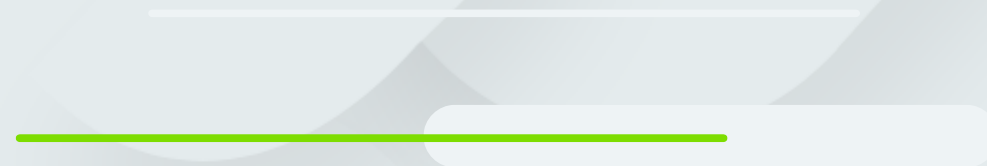
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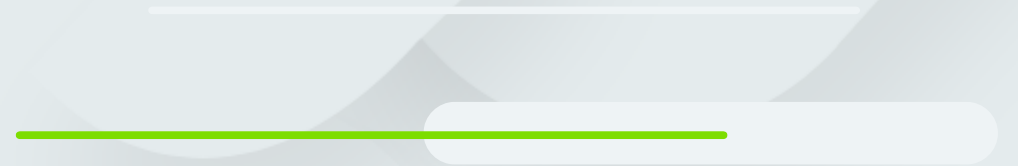
ChangeGPS Summit, 14 & 15 March 2022  
Sheraton Mirage, Gold Coast



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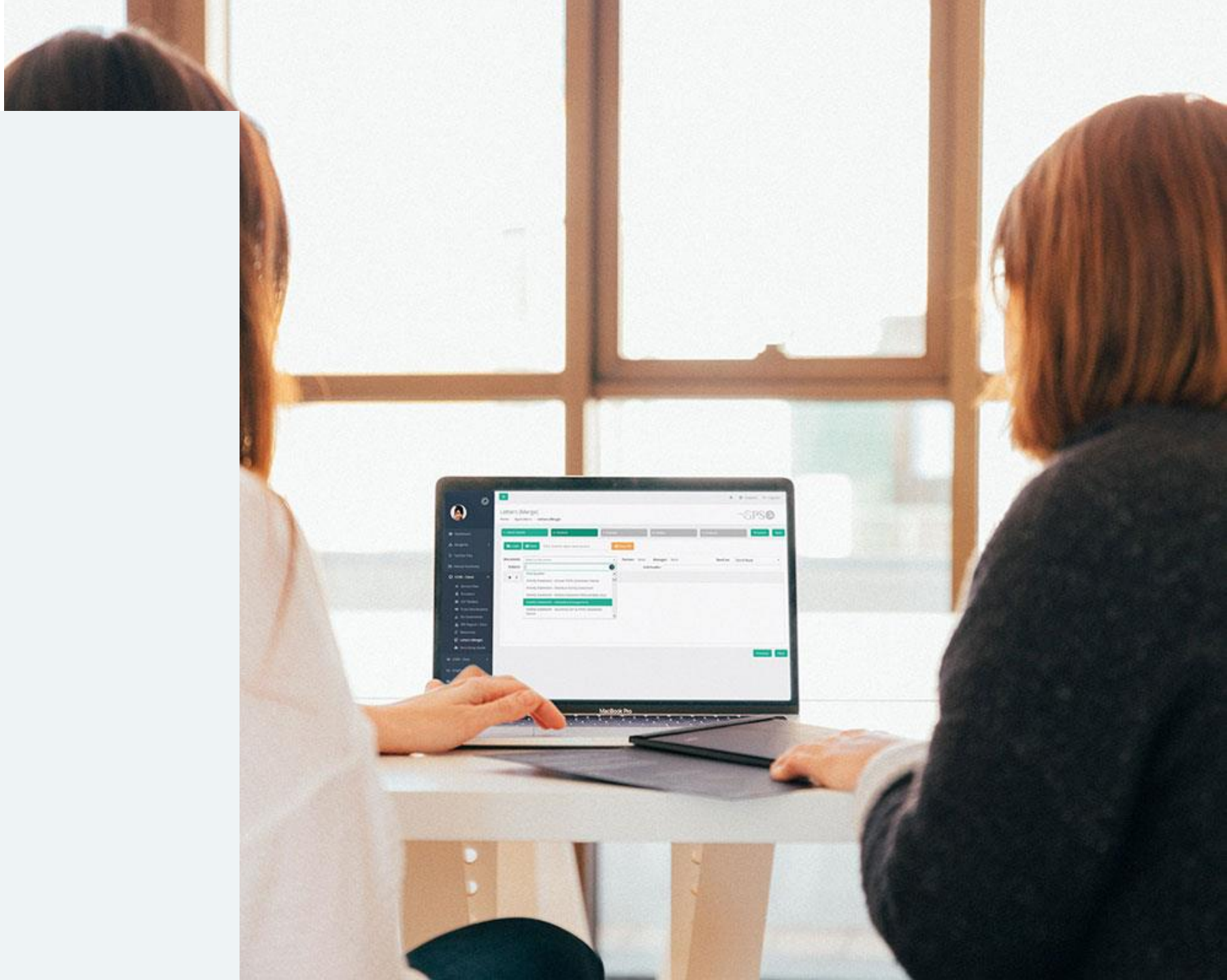
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