
General outline and financial impact

Removing tax issues facing special disability trusts

Schedule 1 to this Bill amends the *Income Tax Assessment Act 1997* to provide:

- a capital gains tax (CGT) exemption for an asset transferred into a special disability trust (SDT) for no consideration;
- a CGT main residence exemption for a trustee of an SDT;
- a CGT exemption for a recipient of the principal beneficiary's main residence, if their ownership interest ends within two years of the principal beneficiary's death; and
- equivalent taxation treatment amongst SDTs established under different Acts.

Date of effect: These amendments apply to income tax assessments for the 2006-07 income year and later income years.

These amendments, which are beneficial to taxpayers, are retrospective so as to ensure transactions that have occurred since SDTs were first able to be established are covered by these amendments.

Proposal announced: The original measure to provide a CGT main residence exemption to SDTs was announced jointly by the Minister for Families, Housing, Community Services and Indigenous Affairs and the then Parliamentary Secretary for Disabilities and Children's Services in Media Release *Extra support for people with disability and their carers* on 12 May 2009 as part of the 2009-10 Budget.

Extensions to this measure were announced in the Assistant Treasurer and Minister for Financial Services and Superannuation's and the Parliamentary Secretary for Disabilities and Carers' joint Media Release No. 070 of 10 May 2011, as part of the 2011-12 Budget.

Financial impact: These amendments have a small unquantifiable cost to revenue over the forward estimates, expected to be between \$0 and \$10 million per annum.