

Presented by:

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NV132: Division 7A and Trust Entitlements

In this episode, we discussed Division 7A and Trust Entitlements.

Key Dates:

- June BAS 25th August
- June monthly BAS 21st July
- STP finalisation - already passed 14th July
- June Super 28th July
- TPAR - 29th August

Key Points:

Division 7A

- May apply to private companies trust entitlements
- Bucket companies
- Trust and company are related entities
- Financial accommodation - trust has use of funds - treated as loan
- If Division 7A applies - treated as unfranked dividend

From 1/7/22

- View set out in TD 2022/11
- Avoiding Division 7A
- Must act before private co tax return lodged
 - pay company in cash full entitlement
 - distribute assets with market value equal to amount of entitlement (could be other issues here: stamp duty)
 - enter Division 7A Agreement
- Sub-trust - holding an amount in a new separate trust for sole benefit of company
- Can no longer have interest-only sub-trust arrangements
- Cannot be used by shareholders or their associates
- For prior 1/7/22 the TR 2010/3 has been withdrawn
- Pre 16/12/2009 still not required to be paid out and not Division 7A loans

Be aware if you want to make distributions to a company what the consequences may be. Slight changes from 1st July 2022 on how you can deal with these unpaid distributions. If you would like to discuss your situation or anything we have spoken about today, we are always happy to chat. Contact us at buscgroup.com.au