



The General Manager  
Business Tax Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Attention: Mr Casey Elliott

**Removal of Income Tax Impediments Affecting Special Disability Trusts**

Please accept this late submission on the exposure draft package relating to the removal of Income Tax Impediments Affecting Special Disability Trusts. Although the closing date for submissions was 12 August, we were advised that a late submission would be acceptable.

As pointed out in Carers Australia's submission in June 2008 to the Inquiry into Special Disability Trusts, whilst we are supportive of any measures designed to help carers make provision for their family members with disabilities, the fundamental design of Special Disability Trusts (SDTs) means that they are not affordable, appropriate or relevant to the vast majority of primary carers. This is reflected in the extremely low numbers of SDT's currently in operation.

Nevertheless, the changes which the Government has recently announced will remove some of the current tax-related deterrents to setting up a SDT.

Whilst the Capital Gains Tax (CGT) exemption for assets being transferred into a SDT is a worthwhile initiative, a considerably greater incentive for individuals to contribute to a SDT would be to make such contributions tax deductible. This would encourage other family members and friends to contribute to a SDT on much the same basis that they currently make tax deductible gifts to other worthy causes.

Backdating the CGT main residence exemption to the 2006-2007 year, is supported and will provide consistency of treatment of individuals.

Giving a Capital Gains Tax exemption to the recipient of the SDT's main residence after the SDT principal beneficiary has died, provided that the residence is disposed of within two years, appears to align treatment of these properties with the usual approach.

Ensuring that SDTs which are set up under the *Veterans' Entitlements Act 1986* are essentially treated the same as SDTs which are set up under the *Social Security Act 1991* under the *Income Tax Assessment Act 1997* would seem to be a sensible approach.

In summary, we are supportive of the changes announced in Treasury's exposure draft of the legislation and the explanatory memorandum relating to SDT's, and would like to thank you for the opportunity to comment.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mary Reid', written in a cursive style.

MARY REID  
Acting Chief Executive Officer

23 August 2011

## **About Carers Australia**

Carers Australia is the national peak body representing the diversity of Australians who provide unpaid care and support to family members and friends with a disability, mental illness, chronic condition or terminal illness or who are frail aged. Carers Australia's members are the eight state and territory Carers Associations.

Our Strategic Plan 2009-2012 has a vision that 'caring is accepted as a shared community responsibility' and a mission 'to lead change and action with and for carers'. Carers Australia advocates on behalf of Australia's carers to influence policies, programs and services at a national level and it does so in collaboration with the Carers Associations.

Carers Australia believes all carers should have the same rights, choices and opportunities as other Australians. Carers should be able to enjoy optimal health, social and economic wellbeing and to participate in family, social and community life, employment and education.