

New example for additional green zone scenario – time lag between a beneficiary becoming entitled and that entitlement being satisfied

26. The Tortoise Trust holds a number of investment assets and is controlled by Mr Hare Senior.
27. On 30 June 2023, the trustee of Tortoise Trust makes a determination to appoint 100% of the trust income to Mr Hare Junior.
28. On 15 March 2024, the trustee of the Tortoise Trust finalises its accounts for the year ended 30 June 2023. In doing so, the trustee ascertains the quantum of the income to which Mr Hare Junior is presently entitled to for the year ended 30 June 2023 is \$120,000.
29. On 18 March 2024, Mr Hare Junior is informed by the trustee of the Tortoise Trust as to the amount of his trust entitlement.
30. On 31 March 2024 Mr Hare Junior lodges his 2023 income tax return and includes his trust entitlement of \$120,000 from the Tortoise Trust in his assessable income. That same day he calls for a \$30,000 part payment of his trust entitlement, which is then paid by the Tortoise Trust so that Mr Hare Junior can pay his tax liability.
31. By 30 April 2025, Mr Hare Junior has received full payment of \$120,000 from the trustee of the Tortoise Trust in satisfaction of Mr Hare Junior's trust entitlement for the 2023 income year.
32. Mr Hare Junior uses the funds represented by his trust entitlement to invest in a new florist business he has commenced as a sole trader.
33. Prior to satisfying Mr Hare Junior's trust entitlement, the \$120,000 income receipts had been retained by the trustee of the Tortoise Trust as part of the investment portfolio maintained by the trustee.
34. The arrangement does not have any features that excludes it from the green zone under paragraph 26. We would not dedicate compliance resources to this arrangement as it meets the conditions in the new green zone scenario of this Guideline.