

Hybrid Discretionary Trust Solutions

The Hybrid Trust amendment that works

Excerpt from recent private ruling

Question

Are you entitled to a full deduction for interest expenses incurred on borrowed money used to acquire Special Income Units in the Macquarie Group Services Trust (the Trust) under section 8-1 of the *Income Tax Assessment Act 1997* (ITAA1997)

Answer

Yes. A full deduction is available for the interest expenses incurred in the circumstances described in this ruling.

WARNING:

The ATO have made their views clear. If the hybrid discretionary trust contains certain features the interest is not fully deductible.

TA 2008/3 & TD 2009/17

Why use Macquarie Group Services to upgrade your clients' Hybrid Discretionary Trust?

- MGS has been in communication with the ATO for years concerning hybrid trusts
- MGS has been working with the ATO to work out an acceptable form of deed that would entitle the Special Income Unitholders to a full deduction
- MGS is the only provider to have a deed which has been the subject of a favourable ruling
- MGS knows what the ATO will allow and how to amend deeds without causing resettlement
- MGS knows what issues concern the ATO that aren't in the amendment

What's included in the MGS Hybrid Discretionary Trust Amendment Kit?

- Deed of Variation
- A full copy of the Private Binding Ruling issued to Christopher Batten
- A copy of the Reasons for Decision issued to Christopher Batten
- An outline of the history of hybrid discretionary trusts
- A guide to what the amendments mean
- A guide to using the trust after the amendment

The most comprehensive package for anyone wishing to update their deed and comply with the ATO.