

# ***IT 2497 - Income tax : substituted accounting periods : large investment or property (unit) trusts***

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TAXATION RULING NO. IT 2497

INCOME TAX : SUBSTITUTED ACCOUNTING PERIODS : LARGE  
INVESTMENT OR PROPERTY (UNIT) TRUSTS

F.O.I. EMBARGO: May be released

REF N.O. REF: 87/10734-5 DATE OF EFFECT: Immediate

B.O. REF: DATE ORIG. MEMO ISSUED:

F.O.I. INDEX DETAIL

REFERENCE NO:	SUBJECT REFS:	LEGISLAT. REFS:
I 1010904	SUBSTITUTED ACCOUNTING PERIODS UNIT TRUSTS	18(1) DIVISION 6

OTHER RULINGS ON THIS TOPIC : IT 2360

PREAMBLE This Ruling discusses the treatment to be given to applications by large investment or property trusts, which may have many thousands of investors/beneficiaries generally referred to as unit holders, for leave to adopt accounting periods ending on some date other than 30 June each year.

2. A number of representations have been made on behalf of trustees of trusts of this kind seeking leave under sub-section 18(1) of the Income Tax Assessment Act to balance on dates between March and May in lieu of the subsequent 30 June. Reasons given in support of the applications included:-

- . if all trusts under a trustee's management were to balance on the same date, the volume of work required of managers and trustees to enable them to discharge their responsibilities under the respective trust deeds would be unmanageable;
- . the fact that the trusts have many thousands of unit holders;
- . it is often not practicable to issue advices to unit holders detailing the amount of income to which they are presently entitled at 30 June until close to 31 August of the same calendar year;
- . this could cause delays in the lodgement of income tax returns by unit holders;
- . alternatively, the unit holders' returns may have already been lodged without disclosure of entitlements because of lack of notification from the trusts and assessments issued;
- . assessments would need to be amended to include the correct amount of taxable income, thus causing





particular year. For example, if a trust balances on 30 June, unit holders will be required to disclose in their 1989 income tax return all net trust income which they are presently entitled to as at 30 June 1989. This may of course include distributions received after that date. Trustees and managers of these trusts will therefore need to make adequate preparations so as to avoid, amongst other things, their unit holders being open to the imposition of additional tax for not disclosing their correct assessable income.

COMMISSIONER OF TAXATION  
6 October 1988