



Family Trusts Policy

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Purpose

Master Grocers Australia and Timber Merchants Australia (MGA TMA) is an association of family enterprises and privately-owned businesses who operate independent supermarkets, liquor stores, hardware outlets and timber supplies, who are committed to supporting each other and promoting the interests of the independent retail supermarket, liquor, hardware and timber industries.

MGA TMA is a high performing organisation, with a team of professional staff who are dedicated and committed to assisting the members in all aspects of their businesses. We strongly believe in promoting the interests of our members through advocating on their behalf with Federal and State Governments and other administrative organisations and associations, with the objective of achieving outcomes that contribute to the sustainability and success of their businesses.

MGA TMA has developed a series of policies on specific topics that represent the views of our organisation and that affect the livelihood and future growth of our members businesses. Each policy is based on the principles of fairness for employers, employees and the community.

Principles

MGA TMA supports the use of family trusts in small businesses and supports the following principles:

- The establishment of a family trust in small businesses to provide a family member with benefits of the “family group;
- A “Family trust” provides a number of taxation advantages provided that the trust passes the “ family control test and the trust can assist a small business to protect their assets and help them in their business operations
- One of the purposes of the trust is to protect the family’s group assets from the liabilities of one of the group members
- That family trust arrangements continue unhindered so as to provide a mechanism to pass on family assets to future generations
- That MGA TMA members who use family trusts continue to access “tax free thresholds” that will assist members of the trust and ultimately the business.
- MGA supports the need to maintain family trusts as a means to assist small businesses to grow and to protect themselves against a downturn in business

Objectives

The objectives of this policy are as follows:

- To ensure that our members are unhindered in their ability to continue to operate their businesses profitably and are able to continue using family trusts in the interests of their businesses.
- To protect our members against any unnecessary, or oppressive changes to laws that regulate family trusts, particularly for small businesses who cannot be classified as “wealthy”
- To ensure that our members are not seen as utilising family trusts as a means of avoiding taxation and demonstrating that small businesses utilise family trusts as a form of protection for their businesses.
- To ensure that any proposal to change the laws relating to family trusts are based on full academic research that is conducted widely in a full investigative manner that demonstrates the important role of small businesses in the economy.

MGA TMA Position - The use of Family Trusts

- MGA TMA does not support the imposition of high taxation on family trusts to the detriment of small businesses;
- MGA TMA strongly opposes the imposition of a massive increase in the tax rate on payments to adults from family trusts.
- MGA TMA does not support the assumption that all businesses can be categorized as “rich” and believes that focusing attention on “rich businesses” will only result in damaging smaller more vulnerable, family enterprises and privately owned businesses.
- MGA TMA will strongly promote the continued use of family trusts that are established for the legitimate use of asset protection and succession planning.
- MGA TMA will defend the position of small businesses against the introduction of increased taxation on trusts that would jeopardize small businesses and will present strong arguments to show the damage to small businesses, and the economy generally.

Jos de Bruin



CEO, MGA TMA

