

Special Disability Trusts: -

In 2006, the Government introduced Special Disability Trusts (SDT) to provide special income tax and Centrelink benefits for persons suffering from severe disabilities. This was a very welcome move, but the laws were very restrictive and resulted in modest initial take up. The potential to use income from the SDT was limited effectively to accommodation costs and care. There was also a substantial tax penalty for income not actually utilised for the benefits of the disabled person. Later amendments changed the tax rates on unappropriated income to the tax rate for the disabled person. This has opened the way for a number more SDTs to be established. The Government have now introduced further changes to the law, which include: -

- Providing a Capital Gains Tax (CGT) exemption for assets transferred into an SDT;
- Allowing expenditure for health fund subscriptions and other medical costs;
- Allowing, within modest limits, income to be applied for other personal benefits for the disabled person, related to the beneficiary's health, well-being, recreation, independence and social inclusion.

It needs to be noted that obtaining approval for an SDT is not a simple process and is monitored closely through Centrelink.