



Giving via Trust Distribution (Tax effective) for Business Owners and Investors

This document is intended to provide information for the use of Discretionary Trusts as a tax-effective way for giving to the ministry and mission of City on a Hill.

While this document is not an exhaustive summary of answers about giving via discretionary trust distributions, we hope to answer some of the questions and point you towards help and resources.

WHAT IS DISCRETIONARY TRUST GIVING AND WHY GIVE THROUGH A DISCRETIONARY TRUST DISTRIBUTION?

Discretionary trust giving is where payments are made to an income tax exempt entity (like City on a Hill) from a discretionary trust as a distribution, allowing for donations to be made prior to a payment of individual income tax. To do this, entity structures need to be in place for business or investment income to be derived within an entity called a discretionary trust. Giving in this way may provide the opportunity to give in a tax-effective way and therefore increase capacity to give.

WHAT DO I NEED TO DO TO MAKE A DISTRIBUTION TO CITY ON A HILL?

Have a conversation with your accountant and/or solicitor asking if it is possible to distribute trust income to City on a Hill. Your accountant and/or solicitor may be able to provide you with suitable advice that will satisfy compliance requirements and distribute income to City on a Hill. Let them know the value and regularity of your financial commitments to City on a Hill as this will help them determine whether restructuring may be worthwhile if suitable structures are not in place. If you need to set up a new discretionary trust, it may be necessary to engage a lawyer to help you, depending on your goals for the trust.

If you do not have an accountant that can help you in this matter, Seward Dawson is a Chartered Accountant firm familiar with this form of giving, and may be able to investigate this possibility further for you (See additional resources for details).

WHAT ABOUT FRANKING CREDITS ATTACHED TO FRANKED DISTRIBUTIONS?

Franking credits are a financial credit for tax paid by a company that can be passed on along with other distributions through a trust. Franking credits can be refunded by the ATO when City on a Hill lodges an annual refund of franking credit application. These forms can only be completed once a year and therefore City on a Hill's Finance team must be notified of a distribution (finance@cityonahill.com.au).



CITY ON A HILL GUIDELINES FOR DISTRIBUTION ACCEPTANCE

A trust distribution made to City on a Hill is requested to meet the following conditions:

- It is recommended that your trust's tax return be completed by an accountant who is a registered tax agent and registered with a recognized accounting body (Eg: Chartered Accountant, Certified Practising Accountant, The Tax Institute);
- It may be preferable for a distribution to City on a Hill be made as a lump sum rather than an amount paid by percentage of trust income or residual income;
- The trustee must notify the City on a Hill finance team of franked distributions and attached franking credits by 15 May of the following financial year. By emailing the Finance Team, you can be added to a distribution register and the finance team will follow you or your accountant up for this detail.

In rare circumstances where the above conditions are not met, or other circumstances exist where accepting a distribution may bring an individual or the church's integrity in question, City on a Hill may not be able to accept a distribution from a trust.

ENTITIES AND CHURCHES ACCEPTING OF DISTRIBUTIONS:

Distributions and payments made to bank account details published by City on a Hill will be allocated according to the purpose published for that account at the time funds are received. Distributions made to an account without a published purpose will be allocated for general use by the receiving entity. If you wish to make a distribution towards a purpose other than a general purpose published by City on a Hill, please contact the Finance Team and we will do our best to accommodate your request.

ENTITY NAME: CITY ON A HILL MOVEMENT LTD – ABN: 73 612 869 600

Distribute to the above entity to gift money to the following local churches and other movement funds:

- | | |
|--|-----------------------------|
| - City on a Hill Movement (General Fund) | - City on a Hill Gold Coast |
| - City on a Hill Church Planting Fund | - City on a Hill Wollongong |
| - City on a Hill Brisbane | - City on a Hill Ballarat |

ENTITY NAME: CITY ON A HILL – ABN: 43 292 063 559

Distribute to the above entity to gift money to the following local churches:

- | | |
|---------------------------------|---------------------------------|
| - City on a Hill Melbourne | - City on a Hill Melbourne East |
| - City on a Hill Geelong | - City on a Hill Surf Coast |
| - City on a Hill Melbourne West | - City on a Hill Whittington |

For further information please contact our finance team at finance@cityonahill.com.au

The above document is general in nature and should not be relied upon as a substitute for advice from a financial advisor, accountant and/or solicitor. The information has been prepared without considering your personal objectives, financial situation or needs. City on a Hill and City on a Hill Movement Limited, its directors, employees and their representatives do not accept any liability for any error or omission in this document or for any resulting loss or damage suffered by the recipient or any other person.



Additional Resources

CITY ON A HILL FINANCE TEAM

Movement office at 10 levers Terrace
Carlton 3053 VIC

Mail to PO Box 664
Carlton South 3053 VIC

Phone 03 9640 0990
Email finance@cityonahill.com.au

SAWARD DAWSON CHARTERED ACCOUNTANTS

20 Albert Street
PO Box 1212
Blackburn North 3130 VIC

Phone 03 9894 2500
Email contact@sawarddawson.com.au
Web sawarddawson.com.au

CORNEY & LIND LAWYERS

Article – Increasing Giving via Discretionary Trusts <https://www.corneyandlind.com.au/resource-centre/increasing-giving-discretionary-trusts/>

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