2025 Trust Tax Return Checklist

	Yes	No	N/A
• Is the trust a small business entity (SBE) (i.e. a business that meets the $10 million aggregated turnover threshold)? If so, confirm which concessions the trust is entitled to.			
• If the trust is an SBE, is it using the simplified depreciation rules?			
• If the trust is not an SBE, does it meet the $50 million aggregated turnover threshold? If so, confirm which concessions the trust is entitled to.			
• Has the vesting date of the trust been considered? (refer TR 2018/6)			
• Has the trust made a family trust election?			
• If the trust's aggregated turnover is less than $5 million, complete the 'net small business income' labels for 'small business income tax offset' purposes. ▪ Net small business income (item 5, label V) ▪ Each beneficiary's 'Share of net small business income' (item 55, label Y)			
Income			
• Check for any cash earnings or payments that may not have been accounted for.			
• Agree investment income e.g., dividends, interest with external source data.			
• Have employee contributions for FBT purposes been taken up in the accounts and appropriate GST journal entries made?			
• Has the trust made/received an allocation of profits from a professional firm? If yes, refer to PCG 2021/4			
• Where the trust received distributions from another trust, has the rule against perpetuities been considered?			
• Where the distribution is from a non-resident trust have the provisions of section 99B been considered?			
Expenses			
• Put through depreciation entries and agree asset balances to depreciation schedule (including journaling asset purchases and sales).			
• For asset purchases are additions being depreciated at prime cost or diminishing value (assuming the trust is not eligible to apply the simplified depreciation regime as the trust is not an eligible SBE)			
• Perform annual entries for lease and hire purchase transactions.			
• Look for unusual balances of the profit and loss items (perhaps compare balances with the prior year).			
• Accounting fees – check against billings.			

• If fees are being paid to a service entity, ensure that the service fees are in line with TR 2006/2.			
• When prepayments were made during the year that cover services in the following tax year, has deductibility been determined in accordance with the prepayment rules?			
• Where any part of a prepayment was non-deductible in 2024 as a result of the prepayment rules, is the amount deductible in 2025?			
• Has entertainment expenditure been added back for tax purposes unless it was included in the trust's FBT return?			
• Have other non-deductible expenses been added back for tax purposes?			
• Have movements in provisions been adjusted for (e.g. provisions for annual leave and long service leave)?			
• Has the trust paid the required superannuation guarantee contributions for employees? If not, ensure that a Superannuation guarantee charge statement has been lodged with the ATO.			
• Were employee superannuation contributions 'made' in the current income year per TR 2010/1 (to determine deductibility)?			
• Do wages on the income statements agree to the general ledger and activity statements lodged?			
• Has the payment summary information been lodged with the ATO (where required)?			
• For single touch payroll purposes, has a finalisation declaration been performed for each employee?			
• Did the trust fail to meet its PAYGW obligations to withhold or notify the Commissioner? If so, a deduction is denied unless the taxpayer voluntarily discloses the issue to the ATO.			
• If the trust is liable for workers compensation, have all payments been made in relevant year?			
• If the trust is not registered for payroll tax, should it be?			
• Has the June 2025 FBT instalment been deducted per TR 95/24?			
• If the trust is engaging contractors, have you checked whether they would be classified as employees for the purposes of PAYG withholding, superannuation guarantee, workers compensation, payroll tax, etc.?			
• Ensure that the financials are in line with ATO benchmarks and investigate discrepancies where necessary.			
• If there are prior year losses, consider whether the trust loss rules are met.			

Balance sheet			
• Agree bank and loan balances against statements/bank reconciliations			
• Agree hire purchase balances against schedule			
• Agree debtor and creditor balances			
• Verify with client all plant and equipment is still on hand (i.e., identify sales, purchases, items scrapped)			
• Agree trading stock figures to stock take			
• Verify all other balance sheet balances			
PSI			
• If the trust derived any personal services income (PSI), is the trust carrying on a personal services business (PSB)? • If no, consider the PSI that must be attributed to an individual. • If yes, consider whether the Commissioner could apply Part IVA to the arrangement.			
Capital gains			
• If the trust sold, redeemed, or disposed of an asset in any other way during the year, have exemptions, reductions, or rollovers been considered?			
• If the trust holds any pre-CGT assets, have there been any significant changes to the underlying ownership of the assets since 20 September 1985? (relevant for unit trusts)			
GST			
• If the trust is not registered for GST, should it be registered?			
• If the trust is registered for GST, do the GST accounts reconcile to the BAS lodged?			
• Does the income declared in the activity statements reconcile with the income disclosed in the tax return?			
International			
• Does the trust have transactions/loans with international related parties? If yes, consider the transfer pricing rules, and consider whether an international dealings schedule has been completed (at the time of writing, the 2025 form was yet to be released – but the 2024 form can be downloaded at https://www.ato.gov.au/forms-and-instructions/international-dealings-schedule-2024-instructions			
• Does the trust have a bank account in another country or buy/sell products offshore? If so, consider the foreign exchange rules.			
Trust distributions			
• Were distributions correctly allocated to income and capital beneficiaries by 30 June 2025 (or an earlier date if required by trust deed)?			

• Is there a documented resolution for the distribution of trust income?			
• Has the definition of trust income (distributable income) been identified?			
• Has a determination of income been made where required and if the deed permits?			
• Has the trust's distributable income been adjusted for tax purposes?			
• Does the deed permit streaming specific categories of income to particular beneficiaries?			
• If the trustee has attempted to stream franked dividends or capital gains for tax purposes, was a written record made by the relevant dates to make beneficiaries specifically entitled (30 June 2025 or 31 August 2025 for capital gains)?			
• Is the trust in a positive income position – both trust income and net) income so that franking credits can pass through to the beneficiaries?			
• Will beneficiaries of a discretionary trust be entitled to claim franking credits attached to distributions based on: ▪ the small shareholder exemption; or ▪ the trustee having a family trust election in place?			
• Have the Division 7A and the section 100A implications been considered in respect of unpaid distributions to companies?			
• Does someone other than the presently entitled beneficiary actually benefit from the trust income (e.g. trustee gives, or lends the funds to another party)? If so, does section 100A of the ITAA 1936 apply having regard to TR 2022/4 and PCG 2022/2			
• If the trustee appointed income to tax exempt entities: ▪ was full payment made or a written statement provided to the entity by 31 August 2024? (refer section 100AA ITAA 1936); and ▪ does the taxable portion of the distribution breach the 'benchmark percentage' set out in the anti-avoidance rules? (section 100AB ITAA 1936).			
• Are beneficiaries presently entitled to all income of the trust (i.e. determine whether the trustee is liable for tax on any portion of the income)?			
• If trust income is different to net income, has the net income allocated to each beneficiary been calculated using the proportionate method (adjusted for streamed franked dividends and capital gains)?			
• Has the proportionate method been applied in accordance with the Commissioner's guidelines in TR 2012/D1 (particularly relevant where trust income includes franking credits)?			
• Is the trustee required to pay tax on behalf of any beneficiaries (e.g. non-residents, minors)? Warning: A discretionary trust distribution to a non-resident beneficiary comprising capital gains on non-taxable Australian property (e.g., listed shares) is assessed to the trustee			

under section 98(3) ITAA 1936. See *Peter Greensill Family Co Pty Ltd (trustee) v FCT* [2020] FCA 559 and TD 2019/D6.			
• Where the trust has a family trust election in place, has any distribution been made to entities outside of the family group?			
• Did the trustee obtain TFNs from all beneficiaries (excluding minors, non-residents and tax-exempt entities) prior to appointing income for the 2025 income year?			
• Has the trust complied with the TFN reporting obligations for closely held trusts?			
• If the trust has distributed to another trust, have the trustee beneficiary reporting rules been complied with (only necessary where there is no family trust election in place)?			