BNR PARTNERS
ESTATE & TRUST TAXATION SPECIALISTS

ESTATE TAX GUIDE 2022-23

RESIDENT TAX RATES

Adult individuals and deceased estates for first 3 years

TAXABLE INCOME	TAX PAYABLE
0 - $18,200	Nil
$18,201 - $45,000	Nil + 19% on excess over $18,200
$45,001 - $120,000	$5,092 + 32.5% on excess over $45,000
$120,001 - $180,000	$29,467 + 37% on excess over $120,000
$180,001 and over	$51,667 + 45% on excess over $180,000

Testamentary trusts and deceased estates after 3 years

TAXABLE INCOME	TAX PAYABLE
0 - $416	Nil
$417 - $670	50% on excess over $416
$671 - $45,000	Entire amount from $0 taxed at 19%
$45,001 - $120,000	$8,550 + 32.5% on excess over $45,000
$120,001 - $180,000	$32,925 + 37% on excess over $120,000
$180,001 and over	$55,125 + 45% on excess over $180,000

Medicare levy applies to testamentary trusts (but not to estates) at 2%.

DO YOU NEED TO LODGE PERSONAL RETURNS FOR THE DECEASED?

The legal personal representative of a deceased person is responsible for lodging any outstanding tax returns and paying any liabilities owing to the ATO. This would include reviewing the deceased's personal tax obligations prior to finalising the estate.

For smaller and less complex estates, refer to PCG 2018/4 published on the ATO legal database regarding the liability of a legal personal representative of a deceased person.

DO YOU NEED TO LODGE AN ESTATE TAX RETURN?

An estate tax return would generally be required for a year of income, if any of the following apply:

- an estate TFN has been issued by the ATO
- all executors are non-residents
- in any of the first 3 years after date of death the net income of the estate is more than $18,200
- the deceased passed away more than three years ago
- the estate received franked dividends
- tax was withheld on estate income
- the estate made capital gains for example, as a result of the sale of estate assets
- the estate carried on a business
- a beneficiary is presently entitled to estate income
- one or more beneficiaries is a non-resident.

MINOR BENEFICIARIES

Where a minor beneficiary is presently entitled to trust or estate income, the trustee is required to pay tax on behalf of the beneficiary's share of net income. The beneficiary will need to lodge a personal income tax return in order to claim any franking credit refund. They will also receive a tax credit for any tax paid by the trustee.

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LUMP SUM SUPERANNUATION DEATH BENEFITS TAX RATES

COMPONENT	DEPENDANT	NON-DEPENDANT
Taxable element – taxed	Tax-free	The lower of marginal tax rate or 15%
Taxable element – untaxed	Tax-free	The lower of marginal tax rate or 30%
Tax-free	Tax-free	Tax-free

WHO IS A DEATH BENEFITS DEPENDANT?

For tax purposes, a 'death benefits dependant' of a person who has died is:

- the spouse or former spouse of the deceased.
- a child of the deceased aged under 18.
- any other person with whom the deceased had an interdependency relationship (see below) just before he or she died
- any other person who was a dependant of the deceased person just before he or she died.

FUTURE TAX RATES (FOR THE INCOME YEAR ENDING 30 JUNE 2025 AND LATER YEARS)

Be aware that the tax rates are to be reduced from 1 July 2024. This may have an impact on existing estates or related entities. For example the rates for resident adult individuals and deceased estates for the first three years will be:

TAXABLE INCOME	TAX PAYABLE
0 - $18,200	Nil
$18,201 - $45,000	19% on excess over $18,200
$45,001 - $200,000	$5,092 plus 30% for each $1 over $45,000
$200,001 and over	$ 51,592 plus 45c for each $1 over $200,000

FOREIGN RESIDENT TAX RATES

Interest, unfranked dividends, royalties and managed investment trust income

INCOME TYPE	TREATY COUNTRY	NON-TREATY COUNTRY
Interest	10% or refer to DTA	10%
Unfranked dividends	15% or refer to DTA	30%
Royalties	15% or refer to DTA	30%

**DTA – Double Tax Agreement*

All other income for individuals, estates and testamentary trusts

TAXABLE INCOME	TAX PAYABLE
0 - $120,000	32.5% for each $1
$120,001 - $180,000	$39,000 + 37% on excess over $120,000
$180,001 and over	$61,200 + 45% on excess over $180,000

Medicare levy does not apply.
Note: If a non-resident beneficiary is presently entitled to income of a resident trust, the trustee is required to pay tax on behalf of the beneficiary at non-resident rates. A separate notice of assessment will be raised against the trustee on behalf of the non-resident beneficiary. The beneficiary will also be required to lodge their own income tax return.