

TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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Trust reporting is tedious and time-consuming since so far there hasn't been a straight forward software solution.

Trust Reporting

If you look at the work done in your practice, chances are trusts – especially discretionary trusts – take up a disproportionate amount of time. They are the ones where you have the least software support. Where the most manual work in Excel spreadsheets happens. And the tricky issues sit.

So in this episode let's talk with Angelique Faes of [Class Trust](#) about trust reporting, the pain points and how Class Trust is trying to alleviate those pain points.

Here is what we learned but please listen in as Angelique explains all this much better than we ever could.

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Trust Reporting

Trusts are complex. At the moment trust reporting – financial statements, distribution statements and tax returns for trusts – are a piecemeal of various softwares and a lot of manual work in between. As a result trusts usually attract much higher accountant fees than – for example – companies.

Trusts in Australia

There are about 1 million trusts operating in Australia and approximately 530,000 investment related trusts. Trusts are the second largest investment vehicle after superannuation.

The changes in super over the last few years – introducing various caps and reporting requirements – has led to less SMSFs being established each year. This decline in SMSFs coincides with an increase in trusts being used as investment vehicles.

Trusts are not going to go away. So time to sort out the reporting of these.

Challenges

Among the many challenges around trust reporting three particularly stand out:

1 – Staff require a lot of training to correctly handle trust reporting. Be it the importance to 'read the deed', the timing of trust distributions or the streaming of capital gains and franked dividends, just to name a few.

2 – Trusts come with a lot of paperwork that require ‘wet ink’ signing. Getting the required documents and/or signatures is tedious.

3 – Trusts currently require a lot of manual work and intricate Excel spreadsheets.

These challenges are not new but have been there right from the start. But so far there was little software support to really streamline the processes around trust reporting.

Class Trust

Class Portfolio had been around for a while, but since not specifically designed for trusts, it didn’t go far enough to really streamline trust reporting. This has now changed with Class Trust.

Just like Class Super, Class Trust has a standardised chart of accounts as well as a huge arsenal of data feeds. This makes the accounting of investment income very straight forward.

Class Trust allows a streamlined distribution of income. The software isn’t ready yet for the streaming of capital gains and franked dividends though, but this should come soon.

And then Class Trust creates financial statements, distribution statements and tax returns at the click of a button.

You can’t lodge through Class Trust yet and the data also doesn’t yet feed into Xero Tax or other tax software, but it is only a matter of time until this is sorted.

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