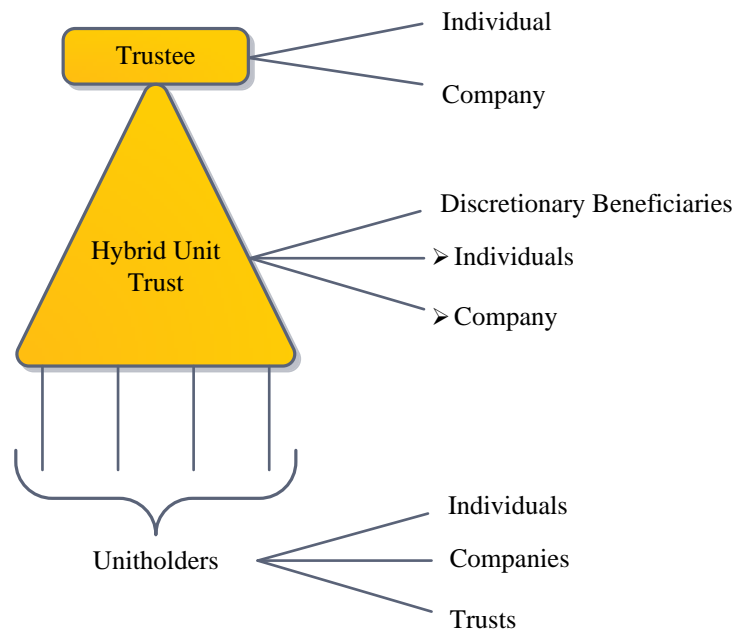


## HYBRID UNIT TRUST – STRUCTURE DIAGRAM



Features	Hybrid Unit Trust Information
<b>Asset Protection</b>	Only if Unitholders are Discretionary Trusts that do not undertake any other activities
<b>Limited Liability</b>	If Trustee is a Company
<b>Day to Day Control</b>	Trustee
<b>Ultimate Control</b>	Unitholders
<b>Law</b>	Trustee Legislation
<b>Tax Rate</b>	Unitholders/Beneficiaries marginal rate (46.5% to Trustee for undistributed income)
<b>Income Splitting</b>	Available by making distributions to discretionary beneficiaries, or unitholders if they are discretionary trusts. Difficult to distribute large franked dividends to unitholders without Family Trust Election
<b>Accounting</b>	Cash or Accruals
<b>CGT</b>	<ul style="list-style-type: none"> <li>• 50% Discount</li> <li>• All Small business CGT concessions</li> <li>• Distributions of non-taxable amounts not taxable if made to discretionary beneficiaries (CGT event E4 applies to distributions to Unitholders)</li> </ul>
<b>GST Registration</b>	Trust
<b>Transfer of Losses</b>	No
<b>Distribution of Losses</b>	Trapped in Trust – may need Family Trust Election to carry forward losses
<b>Limits on Loans</b>	If one of the Unitholders is an unlisted Company – Division 7A ITAA 1936
<b>Beneficiaries</b>	Unitholders plus wide class of discretionary beneficiaries

*Note – This material has been prepared for demonstration purposes only and is a summary only. It does not represent legal advice from Cleary Hoare Solicitors upon which any person may act.*