

A guide to Estate Tax

Before death (individual tax) and
after death (estate tax) requirements

To learn more about Wills,
executor services, or to book
an appointment, you can:

 **1300 360 044**

 **www.pt.qld.gov.au**

Tax matters during the estate administration

An individual or an organisation such as Queensland Public Trustee (QPT) may be appointed to act as Executor for an estate. As part of this role, an Executor (sometimes known as a Legal Personal Representative) has the responsibility to make sure that all tax obligations of a deceased person are complete before an estate is finalised.

An Executor must inform the Australian Tax Office (ATO) of a person's death and finalise the individual Tax File Number (TFN) even if a tax return was not required prior to the passing of the deceased person.



The process involved with finalising tax for estate purposes

There are two components of tax that are reviewed:

1. tax matters leading up to the person's death (individual taxation matters)

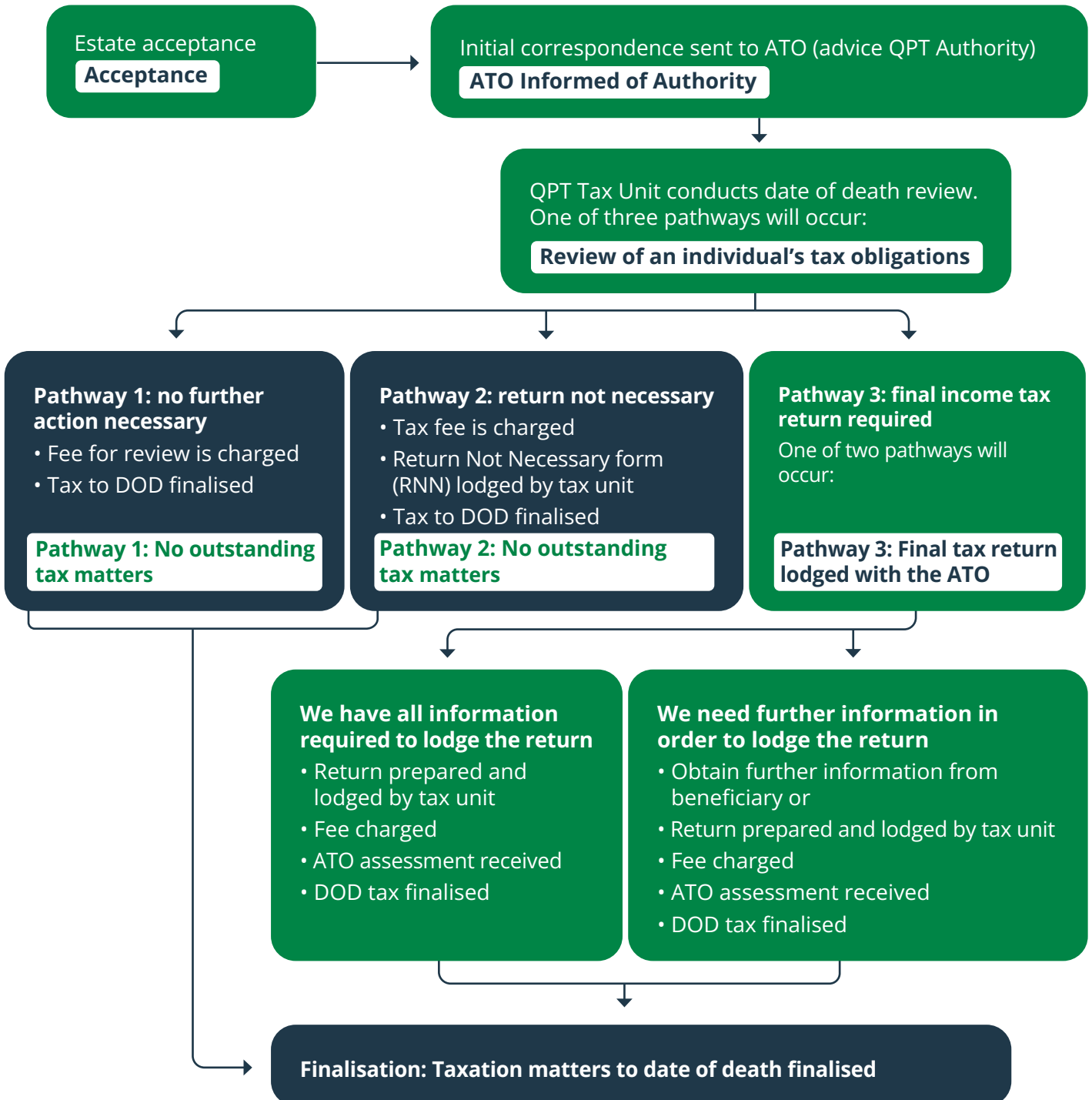
2. tax matters after the person's death (Estate taxation matters)

Both components have different income thresholds and are reviewed at different times during the administration process.

1. Tax matters leading up to a person's death (individual taxation matters)

is reviewed at the early stages of the administration and relates to any income earned while the person was alive up to their date of death (DOD). This can include income such as wages, taxable pension payments, bank interest, dividends, or lump sum payouts. We finalise these tax matters before we make a distribution from the estate to make sure that there are enough funds in the estate to cover any potential tax debts that might arise.

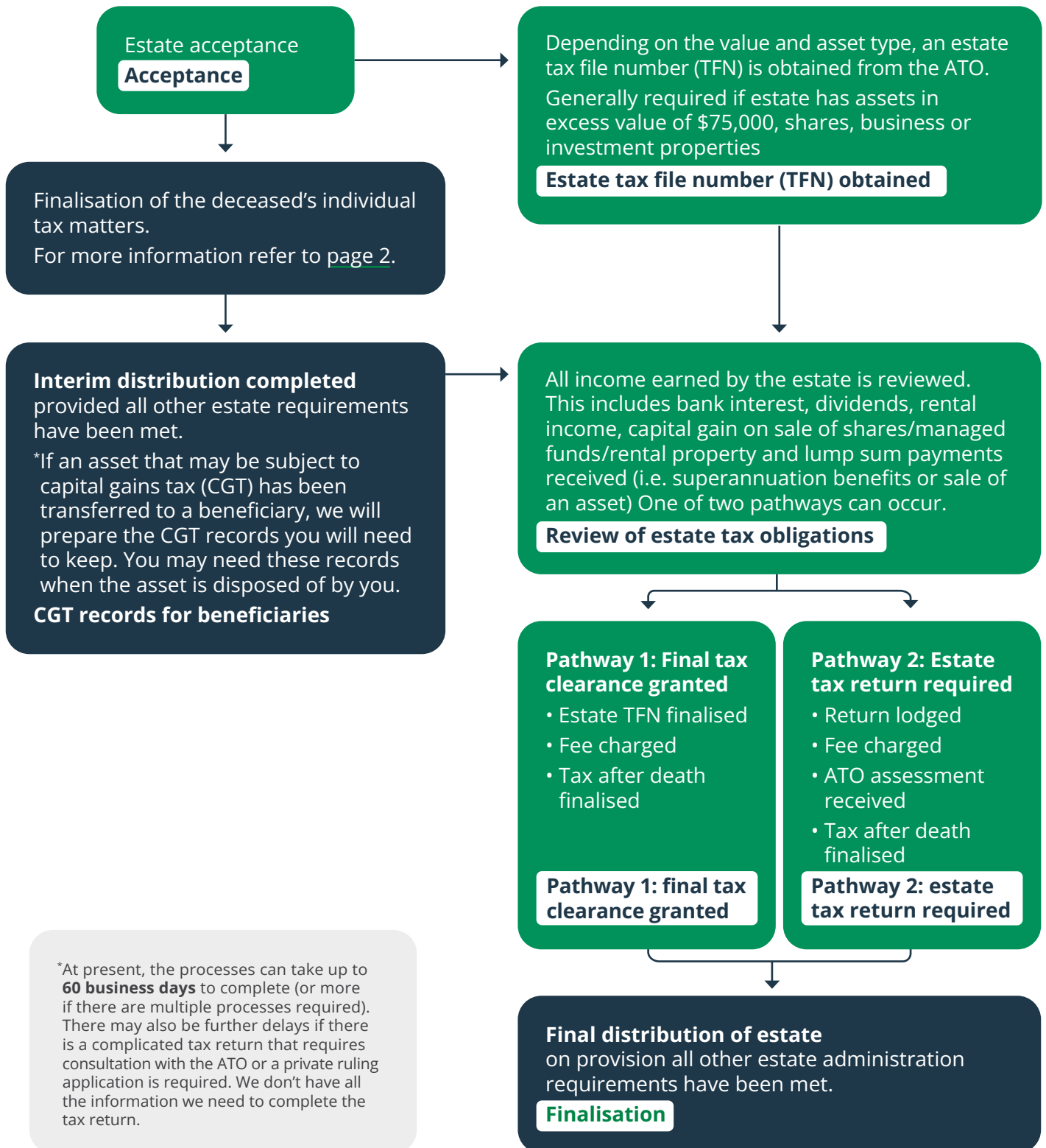
Sometimes, we can do a partial distribution from the estate once tax before death has been finalised (and other legislative requirements such as family provisions has been finalised). If a partial distribution is made, we usually hold a reserve of funds to cover any outstanding matters including tax after death. We will let you know if there are reasons why we are not able to do a partial distribution.



2. Tax matters after the person's death (Estate taxation matters)

is reviewed towards the end of the estate administration. It focuses on any income earned by the estate and is assessed on the deceased estate tax rates set by the ATO. A separate tax file number is obtained from the ATO for the estate — we call this the Estate TFN.

Once tax after death is finalised, and if all other legislative requirements have been completed in the estate administration, we can do a final distribution from the estate.



*At present, the processes can take up to **60 business days** to complete (or more if there are multiple processes required). There may also be further delays if there is a complicated tax return that requires consultation with the ATO or a private ruling application is required. We don't have all the information we need to complete the tax return.

You can access a more detailed explanation about the tax process at:



A guide to tax obligations
on Deceased Estates

https://www.pt.qld.gov.au/_data/assets/pdf_file/0012/5430/A-guide-to-tax-obligations-on-Deceased-Estates.pdf

or visit



www.ato.gov.au

<https://www.ato.gov.au/Individuals/Deceased-estates>



Factors that may delay the tax process

Tax matters can seem straight-forward, but there are some factors that may delay the process or have additional costs.

These can include:

Delays with external organisations due to their processing times including the ATO. Some examples include:

- Obtaining a copy of the deceased person's last tax return
- Time taken to process a trust TFN application
- Time taken to process tax returns that cannot be lodged electronically (paper tax returns) by our tax unit
- Reconstructing asset information for capital gains tax purposes
- Multiple tax returns are required
- Complex assets such as managed super funds or companies
- Discovering assets that may have taxable income later on in the administration.