

Christopher and Karen Louse Meimaris as trustees for
the Jessica Meimaris Special Disability Trust

[REDACTED]
[REDACTED]

28 March 2022

Committee Secretary
Economics and Governance Committee
Parliament House
George Street
Brisbane Qld 4000

Dear Sir or Madam,

**Re: State Penalties Enforcement (Modernisation) Amendment Bill 2022
Land Tax Act 2010 Amendment**

We are the trustees of the Jessica Meimaris Special Disability Trust (JSDT) support the changes to the Land Tax Act contained in the Bill.

1.0: Background and Personal Experience

The Australian Government legislated that a Special Disability Trust can be set up to provide for future housing, medical and some personal needs of the beneficiary. In doing so, it gave preferential tax treatment for these trusts as they are a means for parents or family to minimise future dependence of the beneficiary on the State.

Our daughter, Jessica, age 21, is severely disabled. She was born with Prader Willi Syndrome (PWS). She is both physically and intellectually impaired. She will never be able to look after herself, live alone, feed or cook for herself, work or be independent from the assistance of others. Jessica is reliant on human growth hormone (HGH) to function and HGH is a standard treatment for PWS in cases where there is severe lack of muscle tone as is the case for Jessica. HGH is expensive and is not subsidised by the TGA once the PWS patient reaches the age of 14. Since 2015, we have been paying the full cost of the HGH ourselves. The cost is approximately \$13,000 per year. This cost will increase as Jessica ages.

In the 1990s, we purchased an investment property and owned that until last year. When Jessica was born, we thought that it may be of use to her in the future as it might be modified or rebuilt as an assisted living or share house for Jessica and other PWS sufferers. Last year, we decided to make these plans more “concrete” and gifted the house to Jessica in the form of an asset of the JSDT. The property is leased as Jessica is not yet able to live without her parents (us). The income from the property is used to pay for Jessica’s growth hormone and other medical needs. Any surplus income will be accumulated for: (a) the purposes of modifying or rebuilding the house to suit Jessica either as sole occupier in the

future or as a share home with other people with PWS and (b) future care and nursing needs.

2.0: Unintended Consequences of Present Lax Tax Legislation

Before our investment property at [REDACTED] was gifted to the Trust, we paid \$800 in land tax in the 2020/21 financial year. This financial year, the Trust was assessed as owing \$6,700 for land tax because the Trust is not a natural person. This is an eight-fold increase from the \$800 paid last year. This increase in land tax will directly affect the ability of the Trust to provide for Jessica and we, as her parents, will have to use our savings to make up for this increase in tax. Thus, the gift of the property to the Trust has turned from being a hope for Jessica's long-term financial independence to an additional financial burden.

3.0: Moral Argument Supporting the Proposed Changes in the Bill

Special Disability Trusts are not an investment vehicle to avoid tax but rather a means of family providing assets to a disabled child for their needs once the child's parents pass away or when they are unable to pay for their child's needs. Therefore, treating a Special Disability Trust in the same manner as corporations and discretionary trusts or other investment vehicles is both morally and ethically wrong when the core aim of an SDT is not wealth accumulation but rather provision of special needs for the severely disabled.

4.0: Other Jurisdictions

In Victoria, a SDT is treated as a natural person and thus excluded from any tax surcharges under their Land Tax Act 2005, div 2a. This part of the the Victorian legislation was enacted specifically to prevent unintended land tax surcharges on properties owned by SDTs. Furthermore, the federal government taxes income from the Trust at the beneficiary's personal tax rate, i.e., zero in Jessica's case, and it does not charge capital gains tax should an asset be sold again highlighting that these Trusts are special entities that deserve tax relief.

5.0: Present Land Tax Bill is Inconsistent with other State Duties

In Queensland, a special disability trust is exempt from Transfer Duty when property is transferred to the Trust thus indicating that SDTs are a special case that deserve preferential tax treatment. The amendment proposed in the Bill is then consistent with other tax or duty exemptions related to the gifting of real property to an SDT.

Our contact details are presented below should you require documentation related to any of the details in this application.

Yours faithfully,



for Chris and Karen Meimaris

Ph: [REDACTED]

Email: [REDACTED]