

# Division 7A - The Practical Side



## Automating Div7A Legal Documents

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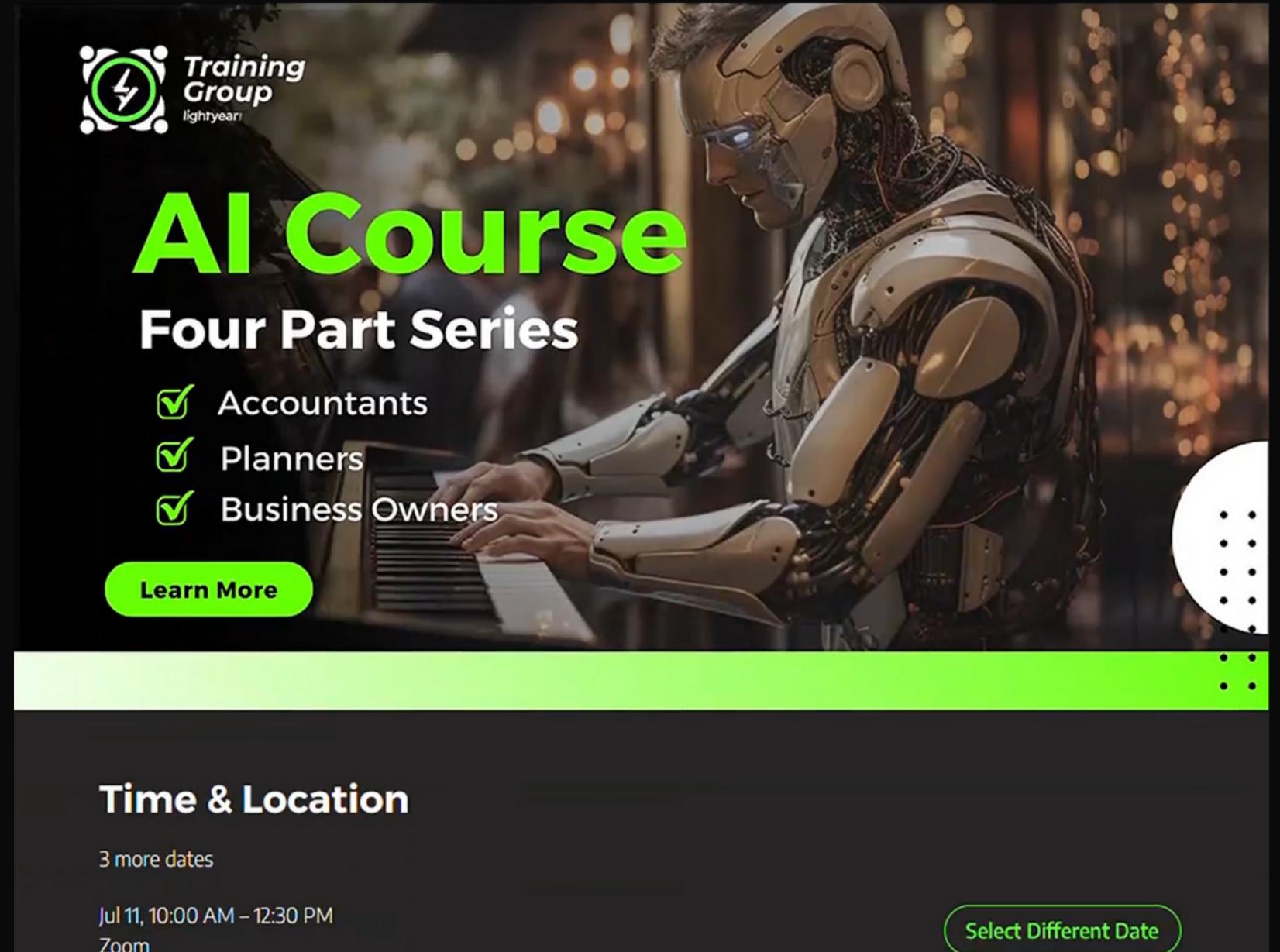


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Make sure you join me  
on 11 July 2023 for four  
weekly sessions on how  
to use Generative AI in  
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[ben@lightyeardocs.com.au](mailto:ben@lightyeardocs.com.au)  
to be at the forefront  
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The graphic features a futuristic robot with a human-like face and glowing blue eyes, sitting at a desk and typing on a laptop. The background is a blurred city street at night with warm lights. The text is overlaid on the left side of the image.

**Training Group**  
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# AI Course

## Four Part Series

- ✓ Accountants
- ✓ Planners
- ✓ Business Owners

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### Time & Location

3 more dates

Jul 11, 10:00 AM – 12:30 PM  
Zoom

[Select Different Date](#)

# What are we looking at today for Division 7A



- Quick update on the law
- How the law is to change - at some time
- ATO TD2022/11 re UPE
- Review of the current Div7A documents
- Review of the automation templates - for your review
- Div7A Booklet on the way
- Special AI surprise

## Div 7A Summary

The Division stipulates that three types of transactions involving a private company and its shareholders or associates are deemed dividends:

1. payments made to them (s.109C);
2. loans extended to them (s.109D and 109E), and
3. forgiven debts (s.109F),

making these amounts assessable income (s.44).

Exceptions are in Subdivisions C, D, and DA.

Transfers through interposed entities are also included (Subdivision E).

Amounts from a trust with company's unpaid entitlement can be considered dividends if paid, loaned, or forgiven to shareholders or associates (Subdivisions EA and EB). Dividends exceeding the company's distributable surplus are limited to the surplus (s.109Y). The rules also apply to non-share equity interests and dividends.

# Some Key Issues

- Only a deemed dividend if there is distributable surplus - section 109Y
- Dividends are deemed unfranked
- Includes property - *Example: Yacht builder Mainbrace Enterprises Pty Ltd owns a yacht for the purpose of sales demonstrations. With the private company's permission, one of its shareholders uses the yacht on weekends. The company has made a payment to the shareholder*
- Can make a complying loan agreement - either 7 or 25 years (with registered mortgage) and Div 7A interest rates goes from 4.77% in 2023 to 8.27% in 2024!!!

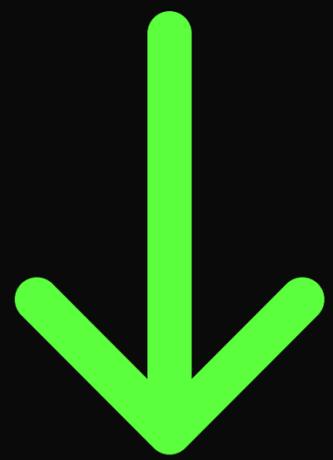


# Changes here and on the Way

- Proposed changes in 2018-2019 which still have not come into play with a number of important issues - including 7 year and 25 year transitioning to ten year loans and all new loans 10 years
- ATO TD 2022/11 brings into play the concept of financial accommodation so any UPE owed by a Trust becomes a Div 7A deemed dividend at time of lodgement of the company tax return



# Umbrella Agreement



2022 - 2023

2023 - 2024

2024 - 2025



Dividend Set Off



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### About this group

Welcome to AI Explorers & LYTG Wealth, an exclusive online community for members of LightYear Training Group (LYTG). This is a private group ded... [See more](#)



Private

Only members can see who's in the group and what they post.



# What's coming

- **Four Week Accountants, Planners and Lawyers AI course** - - starting 11 July from 10am to 12.30pm each Tuesday but recorded for "on demand"
- **Change GPS** - Estate planning app is sooooo close and SAPEPAA Advisers are the first to get a taste
- **Maximising benefits of being a Strategist in LightYear Docs** - with Ben and Michael
- **First Ever - SMSF Will (BDBN) with a built in Testamentary Trust** - 7 August 2023 - \$3,000 strategy
- **Perth Strategy Day - 2 October**
- **SAPEPAA Phuket Conference coming up fast - 7-9 October**



The Golden Accountant