The following checklist for superannuation funds should be completed in conjunction with the preparation of tax reconciliation return workpapers. The checklist provides a general list of major issues that should be addressed. (The checklist is not designed to be an exhaustive list of all issues that may warrant consideration)

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| Entity’s Name |  | Initial | Date |
| **Preparer** |  |  |
| **Reviewer** |  |  |
| **Partner** |  |  |
| **Audit report****Note:** you must be provided with a completed and signed independent auditor’s report before you can lodge the fund’s return. You must also include the date that the audit was completed at Label A of Item 6, and advise whether the report has been qualified at Label B of Item 6. Where the audit report was qualified it is necessary to answer whether the reported compliance breaches have been rectified or not at Label C of Item 6.  |  |  |

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| Section A | Yes | No | N/A |
| Prior Year Tax Return Considerations  |
| Has last year’s tax reconciliation been checked for reversing timing differences (e.g. accruals and prepayments)? |  |  |  |
| Has last year’s tax reconciliation been checked for recurring timing differences that may need to be considered in the current year? |  |  |  |
| Has last year’s tax reconciliation been checked for losses carried forward to the current year? |  |  |  |
| Have you checked the prior year action sheet for prior year carry forward issues? |  |  |  |
| Check that there has been no change in status of the fund from last year (e.g. from complying fund to non-complying fund). |  |  |  |
| Statement of Financial Position (Balance Sheet) |
| Have all balance sheet items been reviewed from a tax perspective and adjustments made where required (e.g. prepayments, deferred income etc.)? |  |  |  |
| Have all movements in provisions been appropriately adjusted? |  |  |  |
| Has the sundry creditors account been reviewed for non-deductible expenses and assessable income (e.g. provisions, accruals and unearned income)? |  |  |  |
| Has the sundry debtors account been reviewed for prepayments and accrued income (e.g. interest receivable)? |  |  |  |
| Statement of Financial Performance (Profit and Loss) |
| Have expense items been reviewed for non-deductible amounts? |  |  |  |
| Have penalties paid (excluding GIC) to the ATO been treated as non-deductible and interest received from the ATO brought to account as assessable? |  |  |  |
| Has the entity derived income which is exempt from tax (e.g. member non-concessional contributions or non-taxable roll-overs)?  |  |  |  |
| If so, is there an adjustment in the reconciliation statement? |  |  |  |

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| Section A | Yes | No | N/A |
| Statement of Financial Performance (Profit and Loss) (continued) |
| Are there any non-deductible accrued audit fees?**Note:** refer to *Income Tax Ruling IT2625* for guidance as to when accrued audit fees may be non-deductible. |  |  |  |
| If accrued audit fees were adjusted last year has this adjustment been reversed where appropriate? |  |  |  |
| Are management fees / consultancy fees paid to related entities commercially realistic (i.e. arm’s length) and supported by appropriate documentation? |  |  |  |
| **Section B: Fund Income** | **Yes** | **No** | **N/A** |
| Capital Gains |
| Did the fund derive any capital gains on assets sold during the financial year?**Note**: CGT is generally an exclusive code for the taxing of assets held by a superannuation fund.**Note**: a fund will be required to complete a Capital Gains Tax schedule if the total current year capital or loss is more than $10,000.  |  |  |  |
| Has the fund checked for eligibility of the one third of capital gain discount in accordance with the CGT provisions?**Note:** the CGT discount will be available if the fund has held the asset for more than 12 months. It should be noted that the date of acquisition and the date of the CGT event are not included in satisfying the 12 month holding period. (see *Taxation Determination TD2002/10*) Also, determine whether the capital gain is non-discountable because it arose in respect of a CGT event which resulted in the creation of a CGT asset as set out in section 115-25(3) of the *Income Tax Assessment Act (1997*).**Note:** where the particular asset was acquired by the fund prior to 21 September 1999, a comparison of the benefits of using the CGT discount concession or indexation of the asset’s cost base should be undertaken. |  |  |  |
| Have you reviewed the capital gains tax calculation for correctness?**Note**: a fund may receive a share of the net income of a trust which includes a capital gain.  |  |  |  |
| Where there is a capital gain from a disposal involving a related party has it been made on an arm’s length basis.If not, is the gain more than the amount that might reasonably be expected to have been derived had those parties been dealing with each other at arm’s length? **Note:** refer to the non-arm’s length income rules under section 295-550 of the *Income Tax Assessment Act (1997)* which can apply to statutory income such as net capital gains.  |  |  |  |
| Has a capital gain been disregarded or deferred because of a CGT exemption or rollover?**Note:** a list of potential CGT exemptions and rollovers (e.g. scrip for scrip rollover) is set out under the [ATO instructions](https://www.ato.gov.au/printfriendly.aspx?url=/Forms/Self-managed-superannuation-fund-annual-return-instructions-2017/) to complete a fund’s return. |  |  |  |
| Do you have the necessary documentation to substantiate the capital gain calculation? |  |  |  |
| Where the fund is in retirement phase, does the trustee intend to elect applying CGT transitional relief in respect of certain capital gains where fund assets have been either reallocated or re-proportioned from the retirement phase to the accumulations phase to comply with the $1.6 million transfer balance cap rules (or the transition to retirement income stream reforms) between 9 November 2016 and 30 June 2017?If so, the trustee must choose to do so by completing the question on the transitional relief included under Label F of Item 8 of the 2017 Capital Gains Tax Schedule.**Note:** the application of the CGT transitional provisions is complex and expert advice should be obtained from an appropriately licensed financial adviser as to whether such an election should be made or not.  |  |  |  |
| Rent, Leasing and Hiring Income |
| Has gross rental and other leasing / hiring income received by the fund been included as income? |  |  |  |
| Do you have the agent’s annual statement to substantiate gross rental income and related expenses? |  |  |  |
| Interest |
| Has all gross interest income received during the financial year from investments been included?**Note:** interest from financial arrangements should be disclosed together with total interest in the tax return whilst foreign interest income is displayed in the foreign income section at Label D1 of Item 11. |  |  |  |
| Are all statements to hand for fixed interest investments (e.g. term deposit) maturing during the last financial year? |  |  |  |
| Section B: Fund Income | Yes | No | N/A |
| Dividends |
| Have all public company dividends received, and all imputation credits received, been included as income?**Note:** foreign dividend income is displayed in the foreign income section at Label D1 of Item 11. |  |  |  |
| Do we have all dividend statements to hand to substantiate gross dividends and imputation credits (if any)? |  |  |  |
| Has the 45 day holding period rule been considered (or the 90 day rule for preference share dividends)? |  |  |  |
| Has the fund received any private company dividends? |  |  |  |
| If so, has an opinion been formed that it would be reasonable not to treat the private company dividends as non-arm’s length income for tax purposes? **Note:** refer to Section 295-550 of the *Income Tax Assessment Act (1997)* and *Taxation Ruling TR2006/7* for further details.  |  |  |  |
| If the private company dividend is non-arm’s length income, has the grossed-up dividend, net of related expenses, been included at Label U1 of the income section in Item 11 of the return? **Note:** a tax rate of 47% is imposed on non-arm’s length income for the year ended 30 June 2017. |  |  |  |
| Gross Foreign Income |
| Does the fund own shares in a controlled foreign company (CFC)?If so, you may need to consider the CFC rules to determine if any CFC attributable income is to be included in the assessable income of the fund. |  |  |  |
| Has the fund received a share of the net income of a trust or a partnership distribution which is from a foreign source? |  |  |  |
| Has any foreign income been grossed up for foreign tax offset and included as income? |  |  |  |
| Are credits available for such foreign taxes? |  |  |  |
| Net Foreign Income |
| Does the fund have a carried forward foreign loss? |  |  |  |
| Contributions |
| Have all employer contributions (including salary sacrificed contributions) been included as income? |  |  |  |
| Has a TFN been quoted for each member receiving employer contributions?**Note:** if a TFN has not been quoted by a member to a fund by 30 June each year the contributions are taxed at 49%. |  |  |  |
| Have all employer contributions included as assessable income been received as at the end of the financial year? |  |  |  |
| Have any payments of a shortfall arising under the superannuation guarantee charge been included in the fund’s assessable income? |  |  |  |
| Has any amount transferred from a foreign superannuation fund been included in assessable income? Has a member made a written choice to have the amount transferred included in the trust’s assessable income?  |  |  |  |
| Where the fund receives contributions from self-employed or substantially self-employed members, has the trustee received a written notice from a member under section 290-170, stating the member’s intention to claim a deduction for their contributions?**Note:** from 1 July 2017, the requirement that an individual could only claim a deduction for personal superannuation contributions where that person earned less than 10% of that individual’s assessable income, reportable fringe benefits and reportable employer superannuation contributions from employment or related activities has been removed. Accordingly, all adult persons under the age of 75 can potentially claim a deduction for any personal contributions made up to the level of the prevailing concessional contributions cap from 1 July 2017 onwards.  |  |  |  |
| Has the trustee sent an acknowledgement notice to the member? |  |  |  |
| If ‘yes’ to both of the above, have the contributions been included in the fund’s assessable income? |  |  |  |
| Has any contribution relating to CGT small business concessions, that is above the CGT cap amount, been included in calculating the excess non-concessional contribution amount which may be taxed at 49% for the year ended 30 June 2017 if retained in the fund?**Note:** the CGT cap amount is $1,415,000 for the 2016/17 year and will increase to $1,445,000 for the 2017/18 year.  |  |  |  |
| Section B: Fund Income | Yes | No | N/A |
| Partnership Distributions |
| Has the gross amount of distributions received from a partnership been included as income?**Note:** keep records of the partnership distribution including the full name and TFN of the partnership.  |  |  |  |
| Trust Distributions |
| Has the gross amount of trust distributions received been included as income?**Note:** ensure that the records retained include the full name and TFN of the trust.  |  |  |  |
| Has the fund received distributions from discretionary trusts?**Note:** refer section 295-550 of the *Income Tax Assessment Act (1997)* to check whether such distributions may be regarded as non-arm’s length income.If it does constitute non-arm’s length income has that amount (net of related expenses) been included at label U2 of the income section under Item 11 of the return?**Note:** a tax rate of 47% is imposed on non-arm’s length income for the year ended 30 June 2017 under section 295-550. |  |  |  |
| Has the fund received distributions from a fixed trust in which the fund obtained its investment as part of a non-arm’s length arrangement?**Note:** if the distribution received exceeds what might otherwise have been expected had the parties been dealing with each other at arm’s length it will be regarded as non-arm’s length income subject to tax at 47% under section 295-550 net of related expenses for the year ended 30 June 2017. Such an amount should be disclosed at label U2 of the income section under Item 11 of the return. |  |  |  |
| Other Income |
| Could amounts of income recorded at ‘other income’ be more appropriately classified under another income label? |  |  |  |
| Do the Taxation of Financial Arrangements rules apply to the gain or loss calculations on the fund’s financial arrangements?**Note:** the TOFA gain/loss should be disclosed in the relevant TOFA section in the tax return. |  |  |  |
| Has the fund derived any other ordinary or statutory income (other than private company dividends or trust distributions) as a result of a non-arm’s length transaction where the income derived (e.g. rent and interest) is more than might reasonably be expected had the parties been dealing with each other at arm’s length?**Note:** refer to Section 295-550 of the *Income Tax Assessment Act (1997)* for further details on non-arm’s length income. If so, has the income been included at Label U3 of the income section under Item 11 of the return?**Note:** a rate of 47% is imposed on such non-arm’s length income for the year ended 30 June 2017 under section 295-550. |  |  |  |
| **Exempt Current Pension Income** |
| Does the fund derive both assessable and exempt income? |  |  |  |
| If so, has an actuarial certificate been obtained? |  |  |  |
| Has the exempt current pension income been calculated according to the actuarial certificate’s percentage and included in label Y of the income section under Item 11 of the return?  |  |  |  |
| If the fund only derived exempt income, has the amount been included in label Y of the income section?**Note:** from 1 July 2017, a general balance cap will apply to limit the amount of fund assets that can be held in the retirement phase of a taxed fund to support an aged based pension. Such a cap will be initially set at $1.6 million but will be subject to future indexation and each member will need to monitor their personal balance cap against the prevailing general transfer balance cap. The effect of the above measures is to reduce the amount of exempt income that can be held in the retirement phase of the fund. Advice on these changes should be sought from an appropriately qualified financial adviser as required. |  |  |  |
| Section C: Deductions and non-deductible expenses  | Yes | No | N/A |
| General |
| If the fund derived both assessable and exempt income, have deductions been apportioned, as appropriate, in accordance with Taxation Ruling TR 93/17?**Note:** the ATO recently updated Taxation Ruling TR93/17 to further clarify which apportionment methods may be acceptable and provides a range of illustrative case studies.  |  |  |  |
| Have you calculated the exempt pension income deduction according to the exempt percentage from the actuarial certificate?**Note:** funds may have switched from using the segregated method to the proportionate method mid-year as a result of the 1 July 2017 superannuation changes. They will require an actuarial certificate for the period from when they changed methods to 30 June 2017. |  |  |  |
| Section C: Deductions and non-deductible expenses  | Yes | No | N/A |
| Interest |
| Has the fund claimed a deduction for interest expense on funds borrowed for the purpose of earning assessable income?  |  |  |  |
| As superannuation funds are generally prohibited from borrowing money, does the borrowing come under one of the exceptions? That is:* 90 day borrowing to make a payment to a member
 |  |  |  |
| * seven day borrowing to cover settlement of securities transactions

**Note:** the amount of any of the above borrowings must also not exceed 10% of the value of the fund’s assets. |  |  |  |
| * limited recourse borrowing arrangement for SMSF to purchase a single acquirable asset and the rights of the lender is limited to that asset

**Note:** the acquirable asset is held on trust by a holding trust under which the trustee acquires a beneficial interest in the acquirable asset, and the trustee of the SMSF has a right to acquire legal ownership of the acquirable asset by making at least one payment after acquiring the beneficial interest. The application of this exception under sections 67A and 67B of the *Superannuation Industry (Supervision) Act* (1993) is set out in *Self-Managed Superannuation Funds Ruling SMSFR2012/1*.  |  |  |  |
| Salary and Wages |
| Has the fund incurred any salary, wage and other labour costs in respect of employees employed by the trustee of the fund? |  |  |  |
| Capital Works Deductions |
| Has the fund claimed a building allowance write-off for capital expenditure incurred on capital works under Division 43 of the *Income Tax Assessment Act (1997)* to the extent that such capital works were used to earn assessable income?**Note:** capital works includes the construction of a building, or an extension, alteration or improvement to a building, and structural improvements such as fences, retaining walls and sealed driveways. |  |  |  |
| Has the correct rate of write-off been used? |  |  |  |
| Deduction for Decline in Value of Depreciating Assets |
| Has the fund claimed a deduction for the decline in value of its depreciating assets to the extent that such depreciating assets were used to earn assessable income? |  |  |  |
| Have the correct depreciation rates been used?**Note:** refer to Taxation Ruling TR 2016/1 for guidance if applying the ATO’s depreciation rates to depreciating assets acquired in the 2016-17 year. |  |  |  |
| Death and Disability Premiums |
| Does the fund have a ‘whole of life’ insurance policy for death and disability cover? |  |  |  |
| If so, has the fund claimed a deduction for 30% of the premium paid? |  |  |  |
| Does the fund have an endowment policy for death and disability cover? |  |  |  |
| If so, has the fund claimed a deduction for 10% of the premium paid? |  |  |  |
| Does the fund have other insurance policies that provide death or disability superannuation benefits? |  |  |  |
| If so, is any deduction claimed supported by an actuary’s certificate? |  |  |  |
| Death Benefit Increase |
| Is the fund entitled to the lump sum death increase deduction in accordance with section 295-485 of the *Income Tax Assessment Act (1997)*?**Note:** a death benefit increase deduction arises if the fund increases a superannuation lump sum death benefit by an amount so that the lump sum death benefit amount received by the trustee of a deceased estate or certain dependents is the amount the fund could have paid if no tax had been levied on the underlying contributions. This anti-detriment provision will not apply where a member dies on or after 1 July 2017 and will be fully phased out by 1 July 2019 for members who die on or before 30 June 2017.  |  |  |  |
| SMSF Auditor Fees |
| Check to see if SMSF auditor fees are deductible to some extent (e.g. not deducible to the extent the fees are incurred in deriving exempt income).  |  |  |  |

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| Section C: Deductions and non-deductible expenses  | Yes | No | N/A |
| Investment Expenses |
| Have all relevant investment expenses been claimed? Such as investment advice fees, actuarial fees, accounting fees and certain legal costs. |  |  |  |
| Management and Administration Expenses |
| Has the fund incurred any expenses in relation to management and administration of superannuation entities, including tax agent fees or an SMSF supervisory levy?**Note:** fees for setting up an SMSF, amending a trust deed to include a new member and late lodgment penalties are not deductible.  |  |  |  |
| Other Deductions |
| Has the fund claimed a deduction for a reduction in a section 290-180 notice amount? |  |  |  |
| Has the fund incurred any foreign exchange losses? |  |  |  |
| Has the fund claimed a deduction for contributions that have been taxed as fringe benefits for the contributor? |  |  |  |
| Does the fund have any pre-1 July 1988 funding credits? |  |  |  |
| Has the fund ceased to hold or use a depreciating asset and a balancing adjustment is required? |  |  |  |
| Has the fund incurred any capital expenditure for the sole or dominant purpose of preventing, combating or rectifying pollution of the environment; or treating, cleaning up, removing or storing waste? |  |  |  |
| Has the fund received a Listed Investment Company capital gain amount?If so, it may be able to claim a deduction of 33 1/3% of the capital gain amount. |  |  |  |
| Has the fund claimed a deduction for certain debt-related expenses relating to certain foreign non-assessable non-exempt income?**Note:** refer to section 25-90 of the *Income Tax Assessment Act (1997).* |  |  |  |
| Has the fund incurred any levies imposed by regulations under section 6 of the *Superannuation (Financial Assistance Funding) Levy Act 1993*? |  |  |  |
| Tax Losses Deducted |
| Have tax losses, if applicable, been included as a deduction? |  |  |  |
| Section D: Calculation Statement | Yes | No | N/A |
| Have all PAYG instalments paid during the year been included? |  |  |  |
| Have all foreign income tax offsets claimable been included? |  |  |  |
| Have all imputation credits claimable been included? |  |  |  |
| Are there any other refundable credits claimable? (e.g. TFN withholding tax) |  |  |  |
| Section E: Losses | Yes | No | N/A |
| Has the fund merged with another superannuation fund with five or more members?**Note:** if this is the case the revenue losses and capital losses may be rolled over under the merger. |  |  |  |
| Has the Losses Schedule been completed for unused revenue losses or unused capital losses greater than $100,000? |  |  |  |

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| Section F: Other Information  | Yes | No | N/A |
| Have the following items been disclosed appropriately, if relevant?* Attributed foreign income.
 |  |  |  |
| * Net assets available to pay benefits.
 |  |  |  |
| Transfer of Taxable Contributions |
| Has the fund transferred its liability to tax on taxable contributions to another entity under a section 295-260 agreement?If so, has the name of the transferee entity and the amount transferred been disclosed? |  |  |  |
| Has the tax liability transferred been limited to the lesser of:* the total assessable contributions of the fund in the relevant income year
 |  |  |  |
| * the highest value of the fund’s investments in the transferee entity in the income year divided by the transferor’s low-component rate of tax?
 |  |  |  |
| International Related Party Dealings / Transfer Pricing |
| Have the transfer pricing provisions in Subdivision 815-B of the ITAA 1997 (i.e. the need for commercial arm’s length principles) been applied to cross-border transactions with offshore related parties? |  |  |  |
| Taxation of Financial Arrangements (TOFA) |
| Have you considered the application of the Taxation of Financial Arrangements (TOFA) rules to the fund?**Note:** the TOFA rules are mandatory for funds where the value of the fund’s assets is $100 million or more at the end of the previous income year. |  |  |  |
| International Transactions / Dealings |
| 1. Did the fund have transactions or dealings with international related parties?
2. Was the aggregate amount of transactions / dealings with international related parties greater than $2 million requiring completion of an International Dealings Schedule for the 2017 year?
3. Did the fund have an overseas branch or a direct or indirect interest in certain foreign entities?
 |  |  |  |
| Death or Disability Deduction |
| Is the fund claiming a deduction for premiums for death or disability cover under section 295-465? |  |  |  |
| If so, has an actuarial certificate been obtained? |  |  |  |
| Payments to Contributing Employers and Associates |
| Has the fund made a payment or transferred a benefit that is included in the recipient’s assessable income under section 290-100? |  |  |  |
| If so, has this been disclosed? |  |  |  |
| Administration and Substantiation |
| Do you have all bank statements / passbooks to hand? |  |  |  |
| Do you have all cheque butts to hand? |  |  |  |
| Do you have all deposit books to hand? |  |  |  |
| Have cash book and bank balances been reconciled? |  |  |  |
| Has all income been banked in a bank account? |  |  |  |
| Do you have evidence of holding of investments as at year end and are all investments held under the name of, or as the trustee for, the superannuation fund? |  |  |  |
| Do you have all purchase documentation for new investments acquired? |  |  |  |

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| Section F: Other Information  | Yes | No | N/A |
| Administration and Substantiation *(continued)* |
| Do you have all rollover documentation to hand? |  |  |  |
| Has the audit been completed? |  |  |  |
| Does the fund invest in collectable and personal use assets and have all the rules specified in Regulation 13.18AA(1) been satisfied? **Note:** the requirements imposed under Regulation 13.18AA(1) apply to collectable and personal use assets acquire before 1 July 2011 from 1 July 2016 onwards. |  |  |  |