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Kasey Macfarlane  
Assistant Commissioner  
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Dear Kasey

### **Position paper: Transfer balance cap and SMSF 'event-based' reporting framework**

CPA Australia welcomes the opportunity to provide comment on the above ATO position paper.

We recognise the ATO's impetus to introduce an event-based reporting framework for SMSFs following the introduction of the transfer balance cap (TBC), however we do not support the introduction of such a framework.

Feedback from our members to date has been largely unsupportive, and includes the following points.

- Many trustees only interact with their accountant once a year bringing the fund's records in to prepare their financial statements. At this time any reportable events could have occurred up to twelve to eighteen months previously.
- Despite the responsibility lying with the trustee, it will fall on the accountant to educate their clients and to follow up clients, leading to increased costs that will be passed onto the SMSF trustee.
- Reporting all TBC events, with the associated additional cost and administration, will impact on all fund members in retirement phase even if they are well below the TBC and unlikely to ever exceed it.
- The number of reporting events is likely to be much higher than anticipated as many retirees commence and commute multiple pensions throughout a financial year as they move between accumulation and retirement phases.

The benefits of introducing event-based reporting for SMSF trustees are not clear from the position paper. We believe the additional cost and administration for all SMSF members in retirement phase, when only a small proportion will be directly impacted by the TBC, is unacceptable and will outweigh any benefits.

Complying with the TBC is in a superannuation fund member's best interest so as to avoid the penalties associated with exceeding the cap. Ensuring compliance with the cap should be on a self-assessment basis, with the onus on the fund member to ensure they comply with the caps. This approach is consistent with the other superannuation caps and other areas of tax administration.

As an alternative to monthly or quarterly reporting, we propose TBC events should be reported by a SMSF as soon as practicable after the event and by no later than the next lodgment date for the SMSF's annual return for the financial year the event occurred. The exception would be complying with the timeframes specified within a Commutation Authority. This would put the onus on superannuation fund members to report as soon as practicable to minimise any penalties if it is likely they have exceeded the TBC.

If the ATO intends to pursue the proposed reporting requirements, reporting for all TBC events should be at least 28 days after the quarter the event occurred, apart from Commutation Authorities, to help minimise the risk of non- or miss-reporting as highlighted by our members above. We would not support a shift to monthly reporting in the longer term.

To encourage maximum compliance with the reporting requirements, the ATO will need to invest in an extensive education campaign targeting trustees that may only interact with their accountant or adviser irregularly or only on an annual basis to ensure they are aware of the reporting obligations.

Also, following on from our previous feedback in June, the question remains who would be able to lodge a TBAR on behalf of a SMSF trustee. Would it only be registered tax agents or could it also be done by licensed financial advisers? The majority of TBC events would require or be as a result of financial advice, particularly the commencement of an income stream. It would be efficient if the adviser was able to recommend the lodgement of the TBAR at the same time the advice is enacted.

If you have any queries, please do not hesitate to contact Michael Davison, Senior Policy Adviser – Superannuation on 02 6267 8552 or at [michael.davison@cpaaustralia.com.au](mailto:michael.davison@cpaaustralia.com.au).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Paul Drum', with a stylized, flowing script.

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