



RICHARDS FINANCIAL

NEW REPORTING REQUIREMENTS FOR SUPERANNUATION PENSIONS-TBAR

With the new super rules beginning on 1 July 2017, your requirement to report information about your SMSF and the pensions it pays you and other fund members may be changing. This is driven by the introduction of the new \$1.6 million transfer balance cap which limits the amount of assets you can use to pay pensions from super with.

Currently, pensions only need to be reported once a year through the SMSF annual tax and regulatory return to the Australian Taxation Office (ATO). From 1 July 2018, if a member of your SMSF has \$1 million or more in superannuation and a member of the fund is receiving a pension from superannuation assets then your SMSF will be required to report more information about its members' pension than currently needed.

This is so the ATO can accurately monitor your transfer balance cap to know if you have exceeded the \$1.6 million limit. Going over the \$1.6 million transfer balance cap limit can result in needing to pay additional tax.

You will be required to report to the ATO the credits and debits that count towards your transfer balance cap. Please contact me for further details on how best to facilitate this based on your specific circumstances.

The most common credits are:

- The commencement value of new pensions, including death benefit pensions.
- The value of reversionary pensions 12 months from the time the individual is entitled to receive the pensions.
- The value of notional earnings that accrue on excess transfer balance cap amounts.

The most common debits are:

- Ceasing a pension (known as a "full commutation").
- Taking a lump sum out of the pension (known as a "partial commutation") From 1 July 2018 transfer balance cap credits and debits must be reported within 28 days after the end of the

quarter that they occur in. For instance, if you start a new pension on 1 July 2019, then this credit will need to be reported by 28 October 2019.

If your SMSF does not have any members with a superannuation balance of \$1 million or more, then you will not need to undertake extra reporting regarding pensions.

How can we help?

SMSF Specialist Advisors can help you understand how the ATO's new reporting requirements for superannuation pensions may impact you and your fund, either now or in the future. Please feel free to give me a call to arrange a time to meet so that we can discuss your particular requirements to ensure you continue to adhere to reporting requirements, keeping your fund compliant.

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General Advice Warning: This communication has been prepared on a general advice basis only. The information has not been prepared to take into account your specific objectives, needs and financial situation. The information may not be appropriate to your individual needs and you should seek advice from your financial adviser before making any investment decisions.