2016-2017-2018

The Parliament of the
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

Treasury Laws Amendment (Protecting Superannuation) Bill 2018

No.       , 2018

(Treasury)

A Bill for an Act to amend the law relating to superannuation, and for related purposes
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A Bill for an Act to amend the law relating to superannuation, and for related purposes

The Parliament of Australia enacts:

1 Short title

This Act is the *Treasury Laws Amendment (Protecting Superannuation) Act 2018*.

2 Commencement

(1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

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*Treasury Laws Amendment (Protecting Superannuation) Act 2018*
### Commencement information

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<tr>
<td>1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table</td>
<td>The day this Act receives the Royal Assent.</td>
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<td>2. Schedules 1, 2 and 3</td>
<td>The day after this Act receives the Royal Assent.</td>
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Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

(2) Any information in column 3 of the table is not part of this Act.
Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

### 3 Schedules

Legislation that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

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Treasury Laws Amendment (Protecting Superannuation)  
Bill 2018
Schedule 1—Fees charged to superannuation members

Part 1—Amendments

Superannuation Industry (Supervision) Act 1993

1 Subsection 10(1) (definition of exit fee)
   Omit “subsection 29V(6)”, substitute “subsection 99BA(2)”.

2 Paragraph 29V(1)(e)
   Repeal the paragraph.

3 Paragraph 29V(2)(b)
   Omit “, an exit fee”.

4 Subparagraph 29V(3)(b)(ii)
   Omit “, an exit fee”.

5 Subsection 29V(6)
   Repeal the subsection.

6 Paragraphs 29V(7)(b), (8)(b) and (9)(c)
   Omit “, an exit fee”.

7 Paragraphs 29VA(5)(a), (6)(a) and (7)(a)
   Omit “, an exit fee”.

8 At the end of section 29VA
   Add:

   Fees for low-balance members

   (11) This rule is satisfied if:

   (a) the fee is an administration fee or investment fee; and
Schedule 1 Fees charged to superannuation members

Part 1 Amendments

(b) the fee is charged at a reduced amount, in accordance with section 99G, in relation to one or more members of the fund who hold the MySuper product; and

(c) in relation to the remaining members of the fund who hold the MySuper product, the fee would satisfy a charging rule in another subsection of this section if those remaining members of the fund who hold the MySuper product were the only members of the fund who held the MySuper product.

9 Paragraph 29VB(1)(d)
Omit “(3) or (4)”, substitute “(3), (4) or (4A)”.

10 After subsection 29VB(4)
Insert:

Reduced fees for low-balance members

(4A) Each of the following is satisfied:

(a) the administration fee is charged at a reduced amount, in accordance with section 99G, in relation to one or more members of the fund who hold the MySuper product;

(b) in relation to the remaining members of the fund described in paragraph (1)(b), the administration fee would be in accordance with subsection (2), (3) or (4) if those remaining members of the fund were the only members of the fund described in paragraph (1)(b).

11 Paragraph 29VB(5)(b)
Omit “, an exit fee”.

12 After paragraph 31(2)(db)
Insert:

(dc) the calculation of a member’s account balance with the fund on a particular day, or a member’s account balance with the fund on a particular day that relates to a choice product or MySuper product;
13 After section 99B

Insert:

99BA No exit fees

(1) The trustee, or the trustees, of a regulated superannuation fund or an approved deposit fund must not charge exit fees.

(2) An exit fee is a fee, other than a buy-sell spread, that relates to the costs of disposing of all or part of a member’s interests in a superannuation entity.

14 Section 99C (heading)

Omit “, switching fees and exit fees”, substitute “and switching fees”.

15 Subsections 99C(1) and (2)

Omit “, a switching fee or an exit fee”, substitute “or a switching fee”.

16 At the end of Part 11A

Add:

99G Fees cap for low-balance accounts

(1) This section applies if:

(a) the trustee, or trustees, of a regulated superannuation fund offer a choice product or MySuper product; and

(b) on a balance test day a member of the fund has an account balance with the fund that relates to the product that is less than $6,000.

(2) The total combined amount of administration fees and investment fees charged to the member in relation to the product for the period of 6 months immediately following the balance test day must not be greater than an amount worked out as follows:

\[
\text{Fee cap percentage} \times \frac{\text{Member’s account balance with the fund on the balance test day that relates to the product}}{\text{that relates to the product}}
\]

(3) The regulations may prescribe, for the purposes of this section:

_Treasury Laws Amendment (Protecting Superannuation) Bill 2018_
Schedule 1  Fees charged to superannuation members

Part 1  Amendments

(a) the days that are to be balance test days; and
(b) a fee cap percentage of no more than 1.5%.

(4) If the member acquired the product during the period of 6 months
ending on the balance test day, the total combined amount of
administration fees and investment fees charged to the member in
relation to the product for that period must not be greater than the
amount worked using the formula:

\[
\text{Fee cap based on the balance test day} \times \text{Reduction factor}
\]

where:

fee cap based on the balance test day is the amount worked out
using the formula in subsection (2).

reduction factor is the amount worked out by dividing the number
of days on which the member held the product during the 6 month
period ending on the balance test day by the number of days in that
period.

6  Treasury Laws Amendment (Protecting Superannuation)
    Bill 2018
Part 2—Application provisions

17 Application of this Schedule

The amendments made by this Schedule apply to fees charged on or after 1 July 2019.
Schedule 2—Insurance for superannuation members

Part 1—Amendments

Superannuation Industry (Supervision) Act 1993

1 After section 68

   Insert:

68AAA Benefits provided by taking out insurance—inactive accounts

(1) Each trustee of a regulated superannuation fund must ensure that a benefit is not provided by the fund to, or in respect of, a member of the fund under a choice product or MySuper product held by the member by taking out or maintaining insurance if:

   (a) the member’s account is inactive in relation to that product for a continuous period of 13 months; and

   (b) the member has not elected under subsection (2) that the benefit will be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the member’s account is inactive in relation to that product for a continuous period of 13 months.

(2) Each trustee of the regulated superannuation fund must ensure that each member of the fund who holds a choice product or MySuper product offered by the fund may elect, in writing, that a benefit specified in the election is to be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the member’s account is inactive in relation to that product for a continuous period of 13 months.

(3) For the purposes of this section, a member of a regulated superannuation fund has an account that is inactive in relation to a choice product or MySuper product for a period if the trustee, or trustees of the fund, have not received an amount in respect of the member that relates to that product during that period.

Treasury Laws Amendment (Protecting Superannuation) Bill 2018
(4) This section ceases to apply to a member of a regulated superannuation fund in relation to a choice product or MySuper product offered by the fund if the trustee, or trustees of the fund, receive an amount in respect of the member that relates to that product after the account has been inactive in relation to the product for 13 months. However, the section applies again if the member’s account is again inactive in relation to the product for a period of 13 months.

(5) This section does not apply to:
   (a) a defined benefit member; or
   (b) an ADF Super member (within the meaning of the Australian Defence Force Superannuation Act 2015); or
   (c) a person who would be an ADF Super member apart from the fact that the regulated superannuation fund is or was, for the purposes of Part 3A of the Superannuation Guarantee (Administration) Act 1992, a chosen fund for contributions for the person’s superannuation by the Commonwealth.

(6) Nothing in this section affects a right of a member of a regulated superannuation fund if:
   (a) the right relates to insurance cover; and
   (b) in compliance with this section, an insurance premium in relation to the member for that insurance cover ceases to be paid; and
   (c) the right exists because of insurance premiums paid in relation to the member before insurance premiums cease to be paid as mentioned in paragraph (b).

(7) Nothing in this section affects a right of a member of a regulated superannuation fund if:
   (a) the right is a right to insurance cover for a fixed term, subject only to the payment of insurance premiums; and
   (b) that fixed term begins before the time at which a trustee of the fund is required under subsection (1) to ensure that a benefit is not provided to, or in respect of, the member under a choice product or MySuper product held by the member by taking out or maintaining insurance.
Schedule 2 Insurance for superannuation members
Part 1 Amendments

68AAB  Benefits provided by taking out insurance—low-balance accounts

(1) Each trustee of a regulated superannuation fund must ensure that a benefit is not provided by the fund to, or in respect of, a member of the fund under a choice product or MySuper product held by the member by taking out or maintaining insurance if:

(a) the member has an account balance with the fund that relates to the product that is less than $6,000; and

(b) on or after 1 July 2019, the member has not had an account balance with the fund that relates to the product that was equal to or greater than $6,000; and

(c) the member has not elected under subsection (2) that the benefit will be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the member has an account balance with the fund that relates to the product that is less than $6,000.

(2) Each trustee of the regulated superannuation fund must ensure that each member of the fund who holds a choice product or MySuper product offered by the fund may elect, in writing, that a benefit specified in the election is to be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the member has an account balance with the fund that relates to the product that is less than $6,000.

(3) This section does not apply to:

(a) a defined benefit member; or

(b) an ADF Super member (within the meaning of the Australian Defence Force Superannuation Act 2015); or

(c) a person who would be an ADF Super member apart from the fact that the regulated superannuation fund is or was, for the purposes of Part 3A of the Superannuation Guarantee (Administration) Act 1992, a chosen fund for contributions for the person’s superannuation by the Commonwealth.

(4) Nothing in this section affects a right of a member of a regulated superannuation fund if:

(a) the right relates to insurance cover; and

Treasury Laws Amendment (Protecting Superannuation) Bill 2018
Insurance for superannuation members  
Schedule 2  
Amendments  
Part 1

(b) in compliance with this section, an insurance premium in relation to the member for that insurance cover ceases to be paid; and

(c) the right exists because of insurance premiums paid in relation to the member before insurance premiums cease to be paid as mentioned in paragraph (b).

(5) Nothing in this section affects a right of a member of a regulated superannuation fund if:

(a) the right is a right to insurance cover for a fixed term, subject only to the payment of insurance premiums; and

(b) that fixed term begins before the time at which a trustee of the fund is required under subsection (1) to ensure that a benefit is not provided to, or in respect of, the member under a choice product or MySuper product held by the member by taking out or maintaining insurance.

68AAC Benefits provided by taking out insurance—members under 25 years old

(1) Each trustee of a regulated superannuation fund must ensure that a benefit is not provided by the fund to, or in respect of, a member of the fund under a choice product or MySuper product held by the member by taking out or maintaining insurance if:

(a) the member is under the age of 25 years; and

(b) the member has not elected under subsection (2) that the benefit will be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the member is under the age of 25 years.

(2) Each trustee of the regulated superannuation fund must ensure that each member of the fund who holds a choice product or MySuper product offered by the fund and who is under the age of 25 years may elect, in writing, that a benefit specified in the election is to be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the member is under the age of 25 years.

(3) This section does not apply to:
Schedule 2  Insurance for superannuation members

Part 1  Amendments

1. (a) a defined benefit member; or
2. (b) an ADF Super member (within the meaning of the Australian
3. Defence Force Superannuation Act 2015); or
4. (c) a person who would be an ADF Super member apart from the
5. fact that the regulated superannuation fund is or was, for the
6. purposes of Part 3A of the Superannuation Guarantee
7. (Administration) Act 1992, a chosen fund for contributions
8. for the person’s superannuation by the Commonwealth.

2  After subsection 68AA(8)

Insert:

Inactive accounts, low-balance accounts and members under the
age of 25 years

(8A) This section does not require the provision of death benefit in
respect of a MySuper member of a regulated superannuation fund,
if death benefit is not to be provided in respect of the MySuper
member by taking out or maintaining insurance because of
section 68AAA, 68AAB or 68AAC.

(8B) This section does not require the provision of permanent incapacity
benefit to a MySuper member of a regulated superannuation fund,
if permanent incapacity benefit is not to be provided in respect of
the MySuper member by taking out or maintaining insurance
because of section 68AAA, 68AAB or 68AAC.

Treasury Laws Amendment (Protecting Superannuation)
Bill 2018
Part 2—Application and transitional provisions

3 Application of section 68AAA

(1) Section 68AAA of the Superannuation Industry (Supervision) Act 1993, as inserted by item 1 of this Schedule, applies on and after 1 July 2019 (the commencement day).

(2) However, a period during which a member’s account is inactive in relation to a choice product or MySuper product offered by a regulated superannuation fund is to be taken into account for the purposes of section 68AAA even if the period begins before the commencement day.

(3) Each trustee of a regulated superannuation fund that offers a choice product or MySuper product under which a benefit may be provided by taking out or maintaining insurance must ensure that:

   (a) on 1 April 2019, each member of the fund who has an account in relation to one or more of those products that has been inactive for a continuous period of 6 months before that day is identified; and

   (b) on or before 1 May 2019, each of the members of the fund identified under paragraph (a) is given notice in writing in accordance with subitem (4).

(4) The notice must:

   (a) state that, on and after 1 July 2019, a benefit will not be provided to the member under the product by taking out or maintaining insurance if:

      (i) for a continuous period of 13 months, the member’s account is inactive in relation to that product (as defined for the purposes of section 68AAA of the Superannuation Industry (Supervision) Act 1993); and

      (ii) the member has not elected that the benefit will be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the member’s account is inactive in relation to that product for a continuous period of 13 months; and
(b) set out the method by which the member can make such an election in writing.

(5) An election made under paragraph (4)(b) before the commencement day has effect on and after the commencement day as if it were an election made under subsection 68AAA(2) of the Superannuation Industry (Supervision) Act 1993.

(6) Despite subitem (3), a trustee of a regulated superannuation fund that offers a choice product or MySuper product does not have to ensure that a notice is given to a member of the fund to whom it would otherwise be required to be given under that subitem if:

(a) after 8 May 2018 but before 1 April 2019, the member has given the fund notice in writing that the member elects to have one or more benefits provided under the product or the products held by the member by taking out or maintaining insurance; and

(b) the only benefits provided to the member under the product or products held by the member by taking out or maintaining insurance are covered by the election.

The notice mentioned in paragraph (a) has effect on and after the commencement day as if it were an election made under subsection 68AAA(2) of the Superannuation Industry (Supervision) Act 1993.

4 Application of section 68AAB

(1) Section 68AAB of the Superannuation Industry (Supervision) Act 1993, as inserted by item 1 of this Schedule, applies on and after 1 July 2019 (the commencement day).

(2) Each trustee of a regulated superannuation fund that offers a choice product or MySuper product under which a benefit may be provided by taking out or maintaining insurance must ensure that:

(a) on 1 April 2019, each member of the fund who has an account in relation to one or more of those products with a balance that is less than $6,000 is identified; and

(b) on or before 1 May 2019, each of the members of the fund identified under paragraph (a) is given notice in writing in accordance with subitem (3).
(3) The notice must:
   (a) state that, on and after 1 July 2019, a benefit will not be provided to the member under the product by taking out or maintaining insurance if:
      (i) the member has an account balance with the fund that relates to the product that is less than $6,000; and
      (ii) on or after that day, the member has not had an account balance with the fund that relates to the product that was equal to or greater than $6,000; and
      (iii) the member has not elected that the benefit will be provided to, or in respect of, the member under the product by taking out or maintaining insurance, even if the account balance with the fund that relates to the product is less than $6,000; and
   (b) set out the method by which the member can make such an election in writing.

(4) An election under paragraph (3)(b) made before the commencement day has effect on and after the commencement day as if it were an election made under subsection 68AAB(2) of the Superannuation Industry (Supervision) Act 1993.

(5) Despite subitem (2), a trustee of a regulated superannuation fund that offers a choice product or MySuper product does not have to ensure that a notice is given to a member of the fund to whom it would otherwise be required to be given under that subitem if:
   (a) before 1 April 2019, the member has given the fund notice that the member elects to have one or more benefits provided under the product or the products held by the member by taking out or maintaining insurance; and
   (b) the only benefits provided to the member under the product or products held by the member by taking out or maintaining insurance are covered by the election.

The notice mentioned in paragraph (a) has effect on and after the commencement day as if it were an election made under subsection 68AAB(2) of the Superannuation Industry (Supervision) Act 1993.
5 Application of section 68AAC

Section 68AAC of the *Superannuation Industry (Supervision) Act 1993*, as inserted by item 1 of this Schedule, applies in relation to a benefit provided by a regulated superannuation fund to, or in respect of, a member of the fund under a choice product or MySuper product held by the member, if the member begins to hold the product on or after 1 July 2019.
Schedule 3—Inactive low-balance accounts and consolidation into active accounts

Part 1—Amendments

Superannuation (Unclaimed Money and Lost Members) Act 1999

1 After paragraph 6(d)
   Insert:
   (da) the matching of benefits of inactive low-balance account members and persons entitled to them; and

2 At the end of paragraph 6(e)
   Add:
   (iv) certain amounts relating to superannuation of inactive low-balance account members; and

3 After paragraph 6(ea)
   Insert:
   (eb) the payment of:
      (i) unclaimed money; and
      (ii) certain amounts relating to superannuation of lost members; and
      (iii) certain amounts relating to superannuation of inactive low-balance account members;
      into funds in which the member is active; and

4 Section 7
   After:

Superannuation providers must pay to the Commissioner of Taxation the value of any such accounts. Later, the Commissioner must, if satisfied that it is possible to do so, pay an amount he or she has received in respect of a person:

Treasury Laws Amendment (Protecting Superannuation) Bill 2018
Schedule 3 Inactive low-balance accounts and consolidation into active accounts

Part 1 Amendments

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<td>(a)</td>
<td>to a fund identified by the person; or</td>
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<tr>
<td>(b)</td>
<td>if the person has reached eligibility age or the amount is less than $200—to the person; or</td>
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<tr>
<td>(c)</td>
<td>if the person has died—to the person’s death beneficiaries or legal personal representative.</td>
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insert:

**Superannuation of inactive low-balance members**

At times determined by the Commissioner, superannuation providers must give the Commissioner of Taxation details relating to inactive low-balance accounts.

Superannuation providers must pay to the Commissioner of Taxation the value of any such accounts. Later, the Commissioner must, if satisfied that it is possible to do so, pay an amount the Commissioner has received in respect of a person:

- (a) to a fund identified by the person; or
- (b) if the person has reached eligibility age or the amount is less than $200—to the person; or
- (c) if the person has died—to the person’s death beneficiaries or legal personal representative.

**Reunification of amounts held by the Commissioner**

If, having taken the steps required in relation to unclaimed amounts, or amounts held by the Commissioner for lost members or inactive low-balance members, the Commissioner still holds an amount, the Commissioner must pay that amount to a fund in which the member for whom the Commissioner holds the amount is active, or in accordance with the regulations.
5 Section 8 (definition of account)

Repeal the definition, substitute:

*account*, in a fund that is an RSA, means:

(a) if the RSA is an account—that account; or

(b) if the RSA is a policy (within the meaning of the RSA Act)—that policy.

6 Section 8

Insert:

*inactive low-balance account* has the meaning given by subsection 20QA(1).

*inactive low-balance member* has the meaning given by subsection 20QA(2).

7 Section 8 (paragraph (a) of the definition of scheduled statement day)

Omit “or 4A”, substitute “, 3B or 4A”.

8 Paragraph 15A(a)

Omit “Part 4A”, substitute “Parts 3B and 4A”.

9 Paragraph 15A(b)

Omit “Part 4A”, substitute “Part 3B or 4A”.

10 After paragraph 19(1)(d)

Insert:

(da) amounts paid to the Commissioner under section 20QD

(amounts from inactive low-balance accounts); and

(db) each person in respect of whom there is an amount referred to

in paragraph (da) of this subsection; and

11 After subparagraph 20H(1)(b)(ii)

Insert:

Treasury Laws Amendment (Protecting Superannuation) Bill 2018
Schedule 3 Inactive low-balance accounts and consolidation into active accounts

Part 1 Amendments

12 After subparagraph 20H(1)(b)(v)

Insert:

(iiia) the amounts (if any) paid to the Commissioner under section 20QD in respect of the person; and

13 Paragraph 20H(2B)(a)

After “subsection 17(1) or (2),”, insert “section 20QD or subsection 20QF(2), or”.

14 Subsection 20H(3)

After “subparagraphs (1)(b)(i), (ii),” insert “, (iiaa)”.

15 After Part 3A

Insert:

Part 3B—Payment of low balances in inactive accounts to the Commissioner

Division 1—Preliminary

20Q Object of Part

The object of this Part is to set up a procedure for dealing with inactive low-balance accounts.

20QA Meaning of inactive low-balance account and inactive low-balance member

(1) An account in a fund is taken to be an inactive low-balance account if:

(a) the superannuation provider has not received an amount in respect of the member on whose behalf the account is held within the last 13 months; and

(b) the balance of the account is less than $6,000; and
(c) the account does not support or relate to a defined benefit interest (within the meaning of section 291-175 of the Income Tax Assessment Act 1997).

Note: The balance of an account does not reflect any earnings, fees or charges that have not yet been credited to, or debited from, the account.

(2) A person on whose behalf a superannuation provider holds an inactive low-balance account is an inactive low-balance member.
Division 2—Statements on inactive low-balance accounts

20QB Statements on inactive low-balance accounts

Superannuation provider must give statement to the Commissioner

(1) A superannuation provider must, for each unclaimed money day, give the Commissioner a statement, in the approved form, of information relevant to either or both of the following:

(a) each inactive low-balance account as at the end of the day;

(b) the administration of any of the following in connection with each inactive low-balance account:

(i) this Part;

(ii) the Superannuation (Departing Australia Superannuation Payments Tax) Act 2007;

(iii) the Income Tax Assessment Act 1997, Part 3AA of this Act, and Chapters 2 and 4 in Schedule 1 to the Taxation Administration Act 1953, so far as they relate to this Part or the Superannuation (Departing Australia Superannuation Payments Tax) Act 2007.

Note 1: For State or Territory public sector superannuation schemes, see sections 20QG and 20QH.

Note 2: The Taxation Administration Act 1953 provides for offences and administrative penalties if the statement required under subsection (1) includes false or misleading information: see sections 8K, 8M, 8N and 8R of that Act and Division 284 in Schedule 1 to that Act.

Note 3: The approved form may also require the statement to include certain tax file numbers: see subsection 25(2B) of this Act.

(2) If, at the end of the unclaimed money day, there are no balances held in inactive low-balance accounts, the statement must say so.

Note: If the fund is a regulated superannuation fund that has fewer than 5 members, see subsection (4).

(3) The statement must also contain information, required by the form, relevant to any account that ceases to be an inactive low-balance account during the period that:

(a) starts on the unclaimed money day; and
(b) ends on the day on which the statement is given to the Commissioner.

(4) This section does not apply if, at the end of the unclaimed money day:

(a) the fund is a regulated superannuation fund that has fewer than 5 members; and

(b) there are no inactive low-balance accounts in the fund.

When statement must be given

(5) The superannuation provider must give the Commissioner the statement by the end of the scheduled statement day for the unclaimed money day.

Note 1: The Commissioner may defer the time for giving the statement: see section 388-55 in Schedule 1 to the *Taxation Administration Act 1953*.

Note 2: The *Taxation Administration Act 1953* provides for offences and administrative penalties if the statement is not given when it must be: see sections 8C and 8E of that Act and Division 286 in Schedule 1 to that Act.

Relationship to rest of Act

(6) This section does not apply in relation to:

(a) an amount that is unclaimed money at the end of the unclaimed money day; or

(b) amounts payable to a person identified in a notice the Commissioner has given the superannuation provider under section 20C; or

(c) an amount payable to the Commissioner in respect of a lost member under section 24E.

Note 1: Section 16 requires the superannuation provider to give the Commissioner a statement about unclaimed money.

Note 2: Section 20E requires the superannuation provider to give the Commissioner a statement about the superannuation interest of a person identified in a notice given to the provider under section 20C (which is about notices identifying former temporary residents).

Note 3: Section 24C requires the superannuation provider to give the Commissioner statements about lost member accounts.
**20QC  Error or omission in statement**

**Scope**

(1) This section applies if:

(a) a superannuation provider gives the Commissioner a statement under section 20QB; and

(b) the superannuation provider becomes aware of a material error, or material omission, in any information in the statement.

**Superannuation provider must give information**

(2) The superannuation provider must, in the approved form, give the Commissioner the corrected or omitted information.

(3) Information required by subsection (2) must be given no later than 30 days after the superannuation provider becomes aware of the error or omission.

Note 1: The Commissioner may defer the time for giving the information: see section 388-55 in Schedule 1 to the *Taxation Administration Act 1953*.

Note 2: The *Taxation Administration Act 1953* provides for offences and administrative penalties if the information is not given when it must be: see sections 8C and 8E of that Act and Division 286 in Schedule 1 to that Act.

**Division 3—Payment in respect of inactive low-balance accounts**

**20QD  Payment in respect of inactive low-balance accounts**

**Provider must pay Commissioner**

(1) A superannuation provider must pay the Commissioner (for the Commonwealth) the amount worked out under subsection (2) in respect of a person if:

(a) an account is an inactive low-balance account as at the end of an unclaimed money day; and

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_Treasury Laws Amendment (Protecting Superannuation) Bill 2018_
(b) the account is held by the provider on behalf of the person; and
(c) the account is still an inactive low-balance account at the time (the calculation time) immediately before the earlier of:
   (i) the time (if any) the payment is made; and
   (ii) the time at which the payment is due and payable (assuming that the payment must be made); and
(d) at the calculation time, in accordance with sections 68AAA and 68AAB benefits are no longer provided by the fund to, or in respect of, a member under a choice product or MySuper product held by the member by taking out or maintaining insurance.

The amount is due and payable at the end of the scheduled statement day for the unclaimed money day.

Note 1: For State or Territory public sector superannuation schemes, see sections 20QG and 20QH.

Note 2: Subsection 20QE(2) makes it an offence not to comply with a requirement under this subsection.

Note 3: The amount the superannuation provider must pay the Commissioner is a tax-related liability for the purposes of the Taxation Administration Act 1953. Division 255 in Schedule 1 to that Act deals with payment and recovery of tax-related liabilities. Division 284 in that Schedule provides for administrative penalties connected with such liabilities.

Note 4: The Commissioner may defer the time at which the amount is due and payable: see section 255-10 in Schedule 1 to the Taxation Administration Act 1953.

Note 5: Section 20QJ provides for refunds of overpayments by the superannuation provider to the Commissioner.

(2) The amount payable in respect of the inactive low-balance member is the amount that would have been payable by the superannuation provider if the member had requested that the balance of the account be rolled over or transferred to a complying superannuation fund (within the meaning of the SIS Act).

(3) For the purposes of subsection (2):
   (a) work out the amount that would have been payable at the calculation time; and
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(b) assume that the request were made before the calculation time; and
(c) assume that the inactive low-balance member had not died before the calculation time.

Family Law payment splits

(4) If, as a result of a payment split that applies in relation to the account, the non-member spouse (or his or her legal personal representative if he or she has died) is, or could in the future be, entitled to be paid an amount, then:
(a) for the purposes of subsection (2), take account only of the inactive low-balance member’s entitlement to payment remaining after any reduction by the payment split (disregarding subsection 90MB(3) of the Family Law Act 1975); and
(b) the superannuation provider must also pay an amount (the non-member spouse amount) to the Commissioner in respect of the non-member spouse; and
(c) the non-member spouse amount is due and payable at the same time as the amount payable under subsection (1); and
(d) the amount of the non-member spouse amount is the amount of the reduction mentioned in paragraph (a).

Note 1: Part VIIIB of the Family Law Act 1975 is about splitting amounts payable in respect of a superannuation interest between the parties to a marriage. Subsection 90MB(3) of that Act provides that the Part has effect subject to this Act.

Note 2: Subsection 20QE(2) of this Act makes it an offence not to comply with a requirement under this subsection.

Miscellaneous

(5) This section does not require the superannuation provider to pay the Commissioner:
(a) an amount that is unclaimed money at the end of the unclaimed money day; or
(b) an amount payable to a person identified in a notice the Commissioner has given the provider under section 20C; or
(c) an amount payable to the Commissioner in respect of a lost
member under section 24E.

Note 1: Unclaimed money is payable to the Commissioner under
subsection 17(1).

Note 2: An amount mentioned in paragraph (5)(b) is payable to the
Commissioner under section 20F.

(6) Upon payment to the Commissioner of an amount as required
under this section, the superannuation provider is discharged from
further liability in respect of that amount.

(7) For the purposes of this section, ignore accounts with nil balances,
or balances below nil, as at the calculation time mentioned in
subsection (1).

20QE  Payment in respect of inactive low-balance accounts—late
payments

General interest charge on late payment

(1) If any of the amount a superannuation provider must pay under
section 20QD remains unpaid after it is due and payable, the
superannuation provider is liable to pay general interest charge on
the unpaid amount for each day in the period that:
(a) starts at the time it is due and payable; and
(b) ends at the end of the last day on which either of the
following remains unpaid:
   (i) the amount unpaid when it is due and payable;
   (ii) general interest charge on any of the amount.

Offence of failing to make payment to Commissioner

(2) A person commits an offence if:
(a) the person is subject to a requirement under
subsection 20QD(1) or (4); and
(b) the person engages in conduct; and
(c) the person’s conduct breaches the requirement.
Penalty for an offence against subsection (2): 100 penalty units.

20QF  Payment by Commissioner in respect of person for whom an amount has been paid to Commissioner

(1) This section applies in relation to a person if:
   (a) a superannuation provider paid an amount to the Commissioner under section 20QD in respect of the person; and
   (b) the Commissioner is satisfied, on application in the approved form or on the Commissioner's own initiative, that it is possible for the Commissioner to pay the amount in accordance with subsection (2).

(2) The Commissioner must pay the amount:
   (a) to a single fund if:
      (i) the person has not died; and
      (ii) the person directs the Commissioner to pay to the fund; and
      (iii) the fund is a complying superannuation plan (within the meaning of the Income Tax Assessment Act 1997); or
   (b) in accordance with subsection (4) if:
      (i) the person has died; and
      (ii) the Commissioner is satisfied that, if the superannuation provider had not paid the amount to the Commissioner, the provider would have been required to pay an amount or amounts (death benefits) to one or more other persons (death beneficiaries) because of the deceased person’s death; or
   (c) to the person’s legal personal representative if the person has died but subparagraph (b)(ii) does not apply; or
   (d) to the person if this paragraph applies (see subsection (3)).

Note: Money for payments under subsection (2) is appropriated by section 16 of the Taxation Administration Act 1953.

(3) Paragraph (2)(d) applies if:
   (a) subparagraph (2)(a)(ii) does not apply; and
(b) any of the following subparagraphs apply:
   (i) the person has reached the eligibility age;
   (ii) the amount is less than $200;
   (iii) a terminal medical condition (within the meaning of the
         Income Tax Assessment Act 1997) exists in relation to
         the person; and
   (c) the person has not died.

(4) In a case covered by paragraph (2)(b), the Commissioner must pay
the amount under subsection (2) by paying to each death
beneficiary the amount worked out using the following formula:

\[
\frac{\text{Amount payable under subsection (2)} \times \text{Death benefit for the death beneficiary}}{\text{Total death benefits}}
\]

Note: If there is only one death beneficiary, the whole of the amount is
payable to that beneficiary.

(5) If:
   (a) the Commissioner makes a payment under subsection (2) to a
       fund, a legal personal representative or a person; and
   (b) the payment is in accordance with paragraph (2)(a), (c) or
       (d);

the Commissioner must also pay to the fund, legal personal
representative or person the amount of interest (if any) worked out
in accordance with the regulations.

Note: Money for payments under subsection (5) is appropriated by
section 16 of the Taxation Administration Act 1953.

(6) If:
   (a) the Commissioner makes a payment under subsection (2) to a
       death beneficiary; and
   (b) the payment is in accordance with paragraph (2)(b);

the Commissioner must also pay to the death beneficiary the
amount of interest (if any) worked out in accordance with the
regulations.

Note: Money for payments under subsection (6) is appropriated by
section 16 of the Taxation Administration Act 1953.
(7) Regulations made for the purposes of subsection (5) or (6) may prescribe different rates for different periods over which the interest accrues. For this purpose, rate includes a nil rate.

(8) This section does not apply to an amount that is to be, is or has been, taken into account in determining whether the Commissioner must make a payment under subsection 20H(2) or (3).

Note: Subsections 20H(2) and (3) provide for payment by the Commissioner of amounts equal to amounts paid to the Commissioner under subsections 17(1), 20F(1), 20QD(1) and 24E(1) in respect of a person who:
(a) is identified in a notice under section 20C; or
(b) used to be the holder of a temporary visa.

Division 4—Various rules for special cases

20QG State or Territory public sector superannuation schemes

Subject to section 20QH, sections 20QB and 20QD do not apply to a superannuation provider in relation to an unclaimed money day if, because of section 18, the superannuation provider does not have to comply with subsection 16(1) or 17(1) in relation to the unclaimed money day.

20QH Prescribed public sector superannuation schemes

(1) Section 6, subsections 19(1) to (3), this Part (other than sections 20QE and 20QG) and subsection 25(2B) apply as if:
(a) a public sector superannuation scheme that:
(i) is prescribed for the purposes of this section; and
(ii) in the case of a Commonwealth public sector superannuation scheme—is not a fund;
were a fund; and

Note: The regulations may prescribe a scheme by reference to a class of schemes: see subsection 13(3) of the Legislation Act 2003.
(b) the trustee of the scheme were the superannuation provider;
and
(c) a member of the scheme were a member of the fund.
(2) Despite subsection (1), in the case of a State or Territory public sector superannuation scheme:

(a) section 20QB (statements on inactive low-balance accounts):
   (i) permits, rather than requires, the trustee to give a statement to the Commissioner; and
   (ii) does not permit the trustee to give a statement to the Commissioner if the governing rules of the scheme prohibit the trustee from giving the statement to the Commissioner; and

(b) section 20QD (payment of balances from inactive low-balance accounts):
   (i) does not apply in relation to an unclaimed money day if the trustee does not give a statement in relation to the unclaimed money day to the Commissioner under section 20QB; and
   (ii) permits, rather than requires, the trustee to pay an amount to the Commissioner; and
   (iii) does not apply to an amount to the extent that the governing rules of the scheme prohibit the trustee from paying the amount to the Commissioner.

(3) Subparagraphs (2)(a)(i) and (b)(ii) do not apply in relation to an unclaimed money day if, disregarding this section:

(a) the public sector superannuation scheme is a fund; and

(b) the superannuation provider has to comply with subsections 16(1) and 17(1) in relation to the unclaimed money day.

20QJ Refund of overpayment made by superannuation provider

(1) This section applies if:
   (a) a superannuation provider for a fund (the first fund) has made a payment to the Commissioner under section 20QD in respect of a person; and
   (b) the Commissioner is satisfied that the amount paid exceeded the amount (if any) that was payable under that section in respect of the person.
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(2) The Commissioner must pay the excess:
   (a) to the superannuation provider; or
   (b) to a superannuation provider for another fund if the
       Commissioner is satisfied that:
       (i) the first fund no longer exists; and
       (ii) the other fund provides rights relating to the person
           equivalent to those provided by the first fund.

Note: Money for payments under subsection (2) is appropriated by
section 16 of the Taxation Administration Act 1953.

20QK Commissioner may recover overpayment

(1) This section applies if:
   (a) the Commissioner makes a payment in respect of a person
       under, or purportedly under, this Part; and
   (b) the amount paid exceeds the amount (if any) properly
       payable under this Part in respect of the person.

(2) The Commissioner may recover all or part of the excess from a
person (the debtor) described in subsection (3) as a debt due by the
debtor to the Commonwealth if the conditions specified in
subsection (4) are met.

(3) The persons from whom the Commissioner may recover are as
follows:
   (a) the person to whom the payment was made (whether the
       payment was made to the person in his or her own right or as
       the legal personal representative of someone else who had
       died);
   (b) the superannuation provider for the fund to which the
       payment was made;
   (c) if the payment, or an amount wholly or partly attributable to
       that payment, was transferred to another fund—the
       superannuation provider for that other fund.

(4) The conditions for recovery are that:
   (a) the Commissioner gave the debtor written notice, as
       prescribed by the regulations, of the proposed recovery and
       the amount to be recovered; and
(b) at least 28 days have passed since the notice was given; and
(c) the amount recovered is not more than the amount specified
in the notice.

(5) Despite subsections (2) and (3), if the Commissioner gives a notice
described in paragraph (4)(a) to a superannuation provider for a
fund, and the fund does not hold an amount attributable to the
payment, the Commissioner cannot recover from the
superannuation provider.

(6) The Commissioner may revoke a notice described in
paragraph (4)(a).

(7) The total of the amounts recovered from different debtors in
relation to the same excess must not be more than the excess.

(8) A notice described in paragraph (4)(a) is not a legislative
instrument.

20QL Superannuation provider to return payment from
Commissioner that cannot be credited

Scope

(1) This section applies if:
(a) a payment (the Commissioner’s payment) is made to a fund
under subsection 20QF(2) or (5) in accordance with a
person’s direction; and
(b) the superannuation provider for the fund has not credited the
payment to an account for the benefit of the person by the
time (the repayment time) that is the end of the 28th day after
the day on which the Commissioner’s payment was made.

Repayment

(2) The superannuation provider is liable to repay the Commissioner’s
payment to the Commonwealth. The repayment is due and payable
at the repayment time.

Note: The amount the superannuation provider is liable to repay is a
tax-related liability for the purposes of the Taxation Administration
(3) The superannuation provider must give the Commissioner, in the approved form, information relating to the Commissioner’s payment when repaying it.

Note: The *Taxation Administration Act 1953* provides for offences and administrative penalties if the form is not given when it must be or includes false or misleading information: see sections 8C, 8K and 8N of that Act and Divisions 284 and 286 in Schedule 1 to that Act.

**General interest charge**

(4) If any of the amount the superannuation provider is liable to repay under subsection (2) remains unpaid by the superannuation provider after the repayment time, the superannuation provider is liable to pay general interest charge on the unpaid amount for each day in the period that:

(a) starts at the repayment time; and

(b) ends at the end of the last day on which either of the following remains unpaid:

(i) the amount unpaid at the repayment time;

(ii) general interest charge on any of the amount.

**20QM  Compensation for acquisition of property**

(1) If the operation of this Part would result in an acquisition of property from a person otherwise than on just terms, the Commonwealth is liable to pay a reasonable amount of compensation to the person.

(2) If the Commonwealth and the person do not agree on the amount of the compensation, the person may institute proceedings in a court of competent jurisdiction for the recovery from the Commonwealth of such reasonable amount of compensation as the court determines.

(3) In this section:

*acquisition of property* has the same meaning as in paragraph 51(xxxi) of the Constitution.
**just terms** has the same meaning as in paragraph 51(xxxi) of the Constitution.

16 Subsection 24B(3)

Repeal the subsection.

17 After Part 4A

Insert:

**Part 4B—Reunification of superannuation balances**

**Division 1—Preliminary**

24N Object of this Part

The object of this Part is to set out a procedure for transferring amounts received by the Commissioner under Parts 3, 3B and 4A in respect of a person into a single active account held by a superannuation provider in respect of the person.

**Division 2—Transferring balances to an active account**

24NA Transferring balances to an active account

(1) This section applies in relation to a person if:

(a) the Commissioner is satisfied that:

(i) a superannuation provider has paid an amount to the Commissioner under subsection 17(1) (unclaimed money) and, after applying Part 3 and section 20H, the Commissioner holds an amount under that Part in respect of the person (a *superannuation amount*); or

(ii) a superannuation provider has paid an amount to the Commissioner under section 20QD (an amount from an inactive low-balance account) and, after applying Part 3B and section 20H, the Commissioner holds an amount under that Part in respect of the person (a *superannuation amount*); or

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(iii) a superannuation provider has paid an amount to the
Commissioner under section 24E (an amount from a lost
member account) and, after applying Part 4A and
section 20H, the Commissioner holds an amount under
that Part in respect of the person (a superannuation
amount); and

(b) the superannuation amount is not a non-member spouse
amount; and

(c) the Commissioner is satisfied, on application in the approved
form or on the Commissioner’s own initiative, that it is
possible for the Commissioner to pay the superannuation
amount in accordance with subsection (2).

(2) The Commissioner must pay each superannuation amount in
respect of the person to a single fund if:

(a) the person has not died; and

(b) the superannuation provider for the fund holds an account on
behalf of the person in the fund; and

(c) the superannuation provider has received an amount in
respect of the person during the last financial year preceding
the day on which the payment by the Commissioner is made;
and

(d) the balance of the account will be equal to or greater than
$6,000 if all of the superannuation amounts in respect of the
person are paid into the account; and

(e) under the terms of the fund, and under the law of the
Commonwealth, the fund can accept payment of the
superannuation amount in respect of the person.

(3) If there is more than one fund in relation to which
paragraphs (2)(b), (c), (d) and (e) are satisfied in respect of a
person, the Commissioner must pay each superannuation amount
in respect of the person in accordance with the regulations.

(4) If:

(a) there is a regulated superannuation fund in relation to which
paragraphs (2)(b), (c), (d) and (e) are satisfied in respect of a
person; and

(b) the person holds more than one product offered by the fund;

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the Commissioner must pay each superannuation amount in respect of the person in accordance with the regulations.

(5) Without limiting subsections (3) and (4), regulations made for the purposes of those subsections may:
   (a) permit the Commissioner to pay parts of a superannuation amount in respect of a person to different funds; and
   (b) permit the Commissioner to pay part of a superannuation amount in respect of a person to a regulated superannuation fund for crediting to an interest held by the person in a product offered by the fund; and
   (c) determine how the part of a superannuation amount to be paid to a fund, or in relation to a product offered by a regulated superannuation fund, is to be calculated.

(6) In this section:

   non-member spouse amount means:
   (a) an amount that is unclaimed money under subsection 12(2) and that is paid to the Commissioner under subsection 17(1); or
   (b) an amount that is a non-member spouse amount under subsection 24E(4) and that is paid to the Commissioner under that subsection; or
   (c) an amount that is a non-member spouse amount under subsection 20QD(4) and that is paid to the Commissioner under that subsection.

   product offered by a regulated superannuation fund means:
   (a) a choice product offered by the fund (as defined for the purposes of the SIS Act); or
   (b) a MySuper product offered by the fund (as defined for the purposes of the SIS Act).
24NB  Superannuation provider to return payment from Commissioner that cannot be credited

Scope

(1) This section applies if:
   (a) a payment (the Commissioner’s payment) is made to a fund under subsection 24NA(2) or regulations made for the purposes of subsection 24NA(3) or (4); and
   (b) the superannuation provider for the fund has not credited the payment to an account to which the payment relates for the benefit of the person by the time (the repayment time) that is the end of the 28th day after the day on which the Commissioner’s payment was made.

Repayment

(2) The superannuation provider is liable to repay the Commissioner’s payment to the Commonwealth. The repayment is due and payable at the repayment time.

Note: The amount the superannuation provider is liable to repay is a tax-related liability for the purposes of the Taxation Administration Act 1953. Division 255 in Schedule 1 to that Act deals with payment and recovery of tax-related liabilities.

(3) The superannuation provider must give the Commissioner, in the approved form, information relating to the Commissioner’s payment when repaying it.

Note: The Taxation Administration Act 1953 provides for offences and administrative penalties if the form is not given when it must be or includes false or misleading information: see sections 8C, 8K and 8N of that Act and Divisions 284 and 286 in Schedule 1 to that Act.

General interest charge

(4) If any of the amount the superannuation provider is liable to repay under subsection (2) remains unpaid by the superannuation provider after the repayment time, the superannuation provider is liable to pay general interest charge on the unpaid amount for each day in the period that:
   (a) starts at the repayment time; and

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(b) ends at the end of the last day on which either of the following remains unpaid:
   (i) the amount unpaid at the repayment time;
   (ii) general interest charge on any of the amount.

18 After subsection 25(2A)

Insert:

Statement about inactive low-balance accounts

(2B) The approved form of statement by a superannuation provider for the purposes of section 20QB may require the statement to contain the tax file number of:

   (a) the superannuation provider; and
   (b) the fund; and
   (c) a member of the fund if:
       (i) the statement relates to an account, in the fund, held on behalf of the member; and
       (ii) the member has quoted his or her tax file number to the superannuation provider.

19 Subsection 8AAB(4) (after table item 33)

Insert:

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>33A</td>
<td>20QE</td>
</tr>
<tr>
<td>33B</td>
<td>20QL</td>
</tr>
</tbody>
</table>

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20 Subsection 8AAB(4) (after table item 35)

Insert:

35A 24NB Superannuation (Unclaimed Money and Lost Members) Act 1999 repayment of Commissioner’s payment that cannot be credited to an active account

21 Subsection 250-10(2) in Schedule 1 (after table item 69)

Insert:

69AA payment of value of inactive low-balance accounts to the Commissioner 20QD Superannuation (Unclaimed Money and Lost Members) Act 1999

69AB payment from Commissioner that cannot be credited 20QL Superannuation (Unclaimed Money and Lost Members) Act 1999

22 Subsection 250-10(2) in Schedule 1 (after table item 69B)

Insert:

69BA payment from Commissioner that cannot be credited 24NB Superannuation (Unclaimed Money and Lost Members) Act 1999

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40 Treasury Laws Amendment (Protecting Superannuation) Bill 2018
Part 2—Application and transitional provisions

23 Application of this Schedule

(1) The amendments made by this Schedule apply in relation to unclaimed money days that occur on or after 30 June 2019.

(2) However, a period during which a member’s account in a fund is inactive is to be taken into account for the purposes of paragraph 20QA(1)(a) of the Superannuation (Unclaimed Money and Lost Members) Act 1999, as inserted by item 8 of this Schedule, even if the period begins before 30 June 2019.