

# EXPOSURE DRAFT

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Inserts for  
**Tax and Superannuation Laws  
Amendment (2014 Measures No. 7) Bill  
2014: Providing certainty for  
superannuation fund mergers**

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**Commencement information**

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<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions</b>	<b>Commencement</b>	<b>Date/Details</b>

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- 1.
  2. Schedule #      The day this Act receives the Royal Assent.
  - 3.
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## Schedule #—Providing certainty for superannuation fund mergers

### *Income Tax Assessment Act 1997*

#### 1 After section 306-10

Insert:

#### **306-12 *Involuntary roll-over superannuation benefit***

A \*roll-over superannuation benefit is an *involuntary roll-over superannuation benefit* if it is:

(a) a payment transferring a \*superannuation interest of:

(i) a member of a \*superannuation fund; or

(ii) a depositor with an \*approved deposit fund; or

(iii) a holder of an \*RSA;

to a \*successor fund (other than a \*self managed superannuation fund); or

(b) a payment transferring an \*accrued default amount of a member (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) of a \*complying superannuation fund to another complying superannuation fund:

(i) as a result of an election under paragraph 29SAA(1)(b) of that Act; or

(ii) under section 388 of that Act;

if:

(iii) that member becomes a member (within the meaning of that Act) of the other fund immediately after the transfer; and

(iv) the transfer happens during the period beginning on 1 July 2013 and ending on 1 July 2017; or

(c) a payment of consideration for the issue to a person of a beneficial interest in an eligible rollover fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) in accordance with an application on behalf of that person under section 243 of that Act.

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## 2 Paragraph 307-125(3)(c)

Omit “\*superannuation income stream”, substitute “superannuation income stream”.

## 3 At the end of subsection 307-125(3)

Add:

; (d) despite paragraphs (a) and (b), if:

(i) the superannuation benefit is an \*involuntary roll-over superannuation benefit paid from a superannuation interest; and

(ii) that interest was supporting a superannuation income stream immediately before that benefit was paid;

when that superannuation income stream commenced.

## 4 Section 307-210

Before “The”, insert “(1)”.

## 5 Section 307-210 (note)

Repeal the note, substitute:

*Tax free component reduces if a benefit is paid*

(2) If a \*superannuation benefit is paid from the \*superannuation interest:

(a) the \*crystallised segment of the interest is reduced (but not below zero) by an amount equal to the \*tax free component of the benefit; and

(b) if any of that amount remains, the \*contributions segment of the interest is reduced (but not below zero) by that remaining amount.

Note: This has the effect of reducing the interest’s tax free component by the amount of the benefit’s tax free component.

## 6 Subsections 307-220(1) and (2)

Repeal the subsections, substitute:

(1) The *contributions segment* of a \*superannuation interest is the total amount of the contributions to the interest:

(a) that were made after 30 June 2007; and

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1 (b) to the extent that they have not been and will not be included  
2 in the assessable income of the \*superannuation provider in  
3 relation to the \*superannuation plan in which the interest is  
4 held.

5 This section has effect subject to subsection 307-210(2).

6 Note: This segment may be reduced if a superannuation benefit is paid from  
7 the superannuation interest: see subsection 307-210(2).

8 (2) For the purposes of this section:

9 (a) in determining whether contributions are included in the  
10 contributions segment under subsection (1):

11 (i) disregard the \*taxable component of a \*roll-over  
12 superannuation benefit paid into the interest; and

13 (ii) disregard the \*tax free component of an \*involuntary  
14 roll-over superannuation benefit paid into the interest  
15 from another superannuation interest (the *earlier*  
16 *interest*) (other than an earlier interest that was  
17 supporting a \*superannuation income stream  
18 immediately before that benefit was paid); and

19 (iii) if subparagraph (ii) applies—include as a contribution  
20 an amount equal to the sum of the contributions  
21 segment, and crystallised segment, of the earlier interest  
22 immediately before that benefit was paid; and

23 (iv) for a \*superannuation plan that is a \*constitutionally  
24 protected fund—treat the superannuation plan as if it  
25 were not a constitutionally protected fund; and

26 (b) disregard section 295-180 and Subdivision 295-D.

## 27 **7 Subsection 307-225(2)**

28 Omit “so much of the \*value of the interest as consists of the total of”,  
29 substitute “the total amount of”.

## 30 **8 At the end of subsection 307-225(2)**

31 Add:

32 This section has effect subject to subsection 307-210(2).

33 Note: This segment may be reduced if a superannuation benefit is paid from  
34 the superannuation interest: see subsection 307-210(2).

## 35 **9 Subsection 995-1(1)**

36 Insert:

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1 *involuntary roll-over superannuation benefit* has the meaning  
2 given by section 306-12.

## 3 **10 Subsection 995-1(1) (definition of *successor fund*)**

4 Repeal the definition, substitute:

5 *successor fund*, in relation to a transfer of a \*superannuation  
6 interest of:

- 7 (a) a member of a \*superannuation fund; or
- 8 (b) a depositor with an \*approved deposit fund; or
- 9 (c) a holder of an \*RSA;

10 means another superannuation fund, approved deposit fund or RSA  
11 if the following conditions are met:

- 12 (d) that other fund or RSA confers on that member, depositor or  
13 holder equivalent rights to the rights he or she had under the  
14 first-mentioned fund or RSA in respect of the interest;
- 15 (e) the conferral of these equivalent rights was agreed, before the  
16 transfer, between:
  - 17 (i) the \*superannuation provider of that other fund or RSA;
  - 18 and
  - 19 (ii) the superannuation provider of the first-mentioned fund  
20 or RSA.

## 21 ***Taxation Administration Act 1953***

### 22 **11 Paragraph 390-10(2)(b) in Schedule 1**

23 Repeal the paragraph, substitute:

- 24 (b) unless the benefit is an \*involuntary roll-over superannuation  
25 benefit, give the individual in respect of whom the benefit is  
26 paid a statement in relation to the benefit within 30 days after  
27 the day on which the benefit is paid.

### 28 **12 Application of amendments**

29 The amendments made by this Schedule apply in relation to  
30 superannuation benefits paid on or after 1 July 2015.