

# EXPOSURE DRAFT

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Inserts for  
**Treasury Laws Amendment (2017  
Measures No. 2) Bill 2017: limited  
recourse borrowing arrangements**

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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>
1. Schedule #	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	

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## Schedule #—Superannuation integrity measures

### *Income Tax Assessment Act 1997*

#### **1 Subsection 294-25(1) (at the end of the table)**

Add:

- 5           a \*transfer balance           the amount of the credit    at the time provided by  
credit arises under           specified in                   section 294-55  
section 294-55 because       section 294-55  
of a repayment of a  
limited recourse  
borrowing arrangement

#### **2 At the end of Subdivision 294-B**

Add:

#### **294-55 Repayment of limited recourse borrowing arrangement**

- (1) A \*transfer balance credit arises in your \*transfer balance account if:
- (a) a \*superannuation provider makes a payment in respect of a \*borrowing under an \*arrangement that is covered by the exception in subsection 67A(1) of the *Superannuation Industry (Supervision) Act 1993* (which is about limited recourse borrowing arrangements); and
  - (b) as a result, there is an increase in the \*value of a \*superannuation interest that supports a \*superannuation income stream of which you are the \*retirement phase recipient; and
  - (c) the superannuation interest is in a \*superannuation fund that is covered by subsection (4) at the time of the payment.
- (2) The amount of the credit is the amount of the increase in \*value.
- (3) The credit arises at the time of the payment.

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1 (4) A \*complying superannuation fund is covered by this subsection at  
2 a time if any of these requirements are satisfied:

- 3 (a) the fund is a \*self managed superannuation fund at the time;  
4 (b) there are less than 5 \*members of the fund at the time.

### 5 **3 At the end of subsection 307-230(1)**

6 Add:

- 7 ; (d) if you have an LRBA amount under section 307-231 (about  
8 limited recourse borrowing arrangements) in relation to one  
9 or more \*regulated superannuation funds—the sum of those  
10 LRBA amounts.

### 11 **4 At the end of Subdivision 307-D**

12 Add:

### 13 **307-231 Limited recourse borrowing arrangements**

14 (1) You have an amount under this section (an *LRBA amount*), in  
15 relation to a \*regulated superannuation fund in which you have one  
16 or more \*superannuation interests, if:

- 17 (a) the \*superannuation provider in relation to the fund has made  
18 a \*borrowing under an \*arrangement that is covered by the  
19 exception in subsection 67A(1) of the *Superannuation*  
20 *Industry (Supervision) Act 1993* (which is about limited  
21 recourse borrowing arrangements); and  
22 (b) the borrowing has not been repaid at the time of working out  
23 your \*total superannuation balance; and  
24 (c) at that time, the asset or assets that secure the borrowing  
25 support, to an extent, a \*superannuation interest of yours; and  
26 (d) the fund is covered by subsection (3) at the time of the  
27 payment.

28 (2) The amount of your LRBA amount in relation to the \*regulated  
29 superannuation fund is the sum of the amounts worked out using  
30 the following formula for each such \*borrowing:

31 
$$\text{Outstanding balance} \times \frac{\text{Value of your supported super interests}}{\text{Value of all supported super interests}}$$

32 where:

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1            *outstanding balance* means the outstanding balance on the  
2            \*borrowing at the time of working out your \*total superannuation  
3            balance.

4            *value of all supported super interests* means the sum of the \*values  
5            at that time of all \*superannuation interests in the \*regulated  
6            superannuation fund that are supported by the asset or assets that  
7            secure the \*borrowing.

8            *value of your supported super interests* means the sum of the  
9            \*values at that time of each \*superannuation interest of yours that is  
10           supported by the asset or assets that secure the \*borrowing.

11           (3) A \*regulated superannuation fund is covered by this subsection at a  
12           time if any of these requirements are satisfied:

- 13                (a) the fund is a \*self managed superannuation fund at the time;  
14                (b) there are less than 5 \*members of the fund at the time.

## 15            *Taxation Administration Act 1953*

### 16            **6 At the end of subsection 390-5(9) in Schedule 1**

17            Add:

- 18                        ; (d) if the superannuation plan is a \*regulated superannuation  
19                        fund in relation to which the individual has an LRBA amount  
20                        under section 307-231 of the *Income Tax Assessment Act*  
21                        *1997* (about limited recourse borrowing arrangements)—the  
22                        amount of the LRBA amount.

### 23            **7 Application**

24            The amendments made by this Schedule apply in relation to borrowings  
25            entered into on or after the commencement of this Schedule.