Australian Government

The Treasury

LOSS RELIEF AND ASSET ROLL-OVER FOR TRANSFER OF AMOUNTS TO A MYSUPER PRODUCT

SUMMARY OF CONSULTATION PROCESS

The Government announced on 24 April 2012 that it would provide income tax relief to superannuation funds where there is a mandatory transfer of default member's account balances to a MySuper product in another superannuation fund.

This measure was included in Superannuation Laws Amendment (MySuper Capital Gains Tax Relief and Other Measures) Bill 2013, which was introduced into Parliament on 29 May 2013.

Consultation process

Consultation on the policy design was conducted between 18 May 2012 and 8 June 2012 as part of the consultation for the Taxation Relief for Merging Superannuation Funds measure. Eleven submissions were received (two were confidential).

Consultation on the draft legislation was conducted between 22 April 2013 and 3 May 2013. Six submissions were received (one was confidential).

Submissions can be viewed by clicking on the following link.

Policy design
Draft legislation

Summary of key issues

Key concerns raised by industry:

A key issue raised in submissions on the policy design of this measure was to seek the removal of the 12-month integrity rule, which prevented certain realised losses from being transferred. A number of submissions also suggested that the asset roll-over should be extended to all revenue assets and that members should not lose the ability to claim a personal tax deduction on personal contributions after a MySuper transfer.

The Government announced, in response to these issues that it would remove the 12-month integrity rule, extend the asset roll-over tax relief to all revenue assets and ensure that members do not lose the ability to claim a personal tax deduction on personal contributions after a MySuper transfer.

Submissions recommended that the relief for MySuper transfers should be made permanent. However, this measure is designed to ensure the introduction of MySuper does not adversely affect default members' account benefits where they are mandatorily transferred under the MySuper reforms. Consistent with the timeframes required to transfer these benefits under MySuper, the relief will end on 1 July 2017.

Some submissions proposed that the taxation relief for mandatory transfers and merging superannuation funds should be extended to various other superannuation restructures. However, this is outside the scope of the MySuper relief because such superannuation fund restructures are undertaken voluntarily for commercial reasons and are not mandatory under the MySuper changes.

Several submissions sought to ensure that members transferred as part of a MySuper default member transfer will still be able claim a no–Tax File Number contribution offset, and will not be denied the benefit of the imputation credits under the 45-day rule. Some other submissions were outside the scope of this measure, requesting that the relevant authorities provide stamp duty relief and that superannuation funds be allowed to carry back losses. Also raised was that a receiving fund of a MySuper transfer may not provide the full credit of transferred losses. This issue was outside the scope of the measure as it relates to how industry recognises tax losses.

Feedback

Feedback on the consultation process for this measure can be forwarded to consultation@treasury.gov.au . Alternatively, you can contact Paul McMahon on (02) 6263 3385.

Thank you to all participants in the consultation process.