
Chapter 1

Expanded Superannuation Reporting

Outline of chapter

1.1 Schedule ## to this Bill amends Subdivision 390-A of Schedule 1 to the *Tax Administration Act 1953* (TAA) to expand the information required to be reported to the Commissioner of Taxation. Under the revised reporting obligations, superannuation providers will be required to provide statements for all members who held an interest in the superannuation plan at any time during a reporting period, not just those for whom contributions are received.

Context of amendments

1.2 The purpose of these amendments is to expand the existing reporting obligation for superannuation providers to support a range of superannuation reform measures including enhanced online services for individuals and funds, consolidation of superannuation (within a fund and between funds) and the increased concessional contributions cap for members over 50 whose interests or accounts are valued at less than \$500,000 (from 1 July 2014).

1.3 The amendments expand the existing reporting obligation for superannuation providers to all superannuation interests held in respect of an individual, regardless of whether a contribution has been received on their behalf by the superannuation provider within the reporting period. Under the revised reporting obligations superannuation providers may also be required to report information in relation to the value of members' accounts or interests via the approved form.

1.4 Currently, under section 390-5 of the TAA a superannuation provider must give the Commissioner a statement in relation to contributions (if any) made to the superannuation plan for an individual during the financial year. In order to support a number of the Government's Stronger Super announcements in relation to account consolidation and enhanced online services for individuals and funds, the current superannuation reporting

requirement needs to be expanded to include inactive interests, that is interests that have not received a contribution or rollover within the financial year.

Summary of new law

1.5 Schedule ## amends the operation of Schedule 1 to the TAA to require superannuation providers to give the Commissioner of Taxation a statement in relation to all individuals who held an interest in the superannuation plan at any time during the reporting period. Currently, for superannuation plans that are not self- managed superannuation funds, member statements are required only in respect of members who received a contribution during the reporting period.

1.6 These amendments will allow the ATO to display more comprehensive superannuation information to individuals and facilitate the consolidation of inactive accounts with a balance below \$1,000.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
Superannuation providers must give the Commissioner a statement in respect of members who hold an interest in a superannuation plan at any time during the period irrespective of whether contributions were made.	Superannuation providers (other than trustees of self- managed superannuation funds) must give the Commissioner a statement in respect of members who have received contributions during the reporting period and either the interest is held at the end of the period or the member received a benefit (other than rollovers) during the period. Trustees of self-managed superannuation funds must give the Commissioner a statement irrespective of whether a contribution has been received.

Detailed explanation of new law

1.7 Currently, subsection 390-5(1) of Schedule 1 to the TAA imposes an obligation on superannuation providers, other than self-managed superannuation funds to lodge a statement in respect of members who have received contributions during the reporting period and *either* the superannuation interest is held at the end of the period, *or* the member received a benefit (other than a rollover) during the relevant reporting period. This means, for example, that no statement is presently required in respect of members who have not received any contributions throughout the year or who have received contributions but do not still hold the interest at the end of the reporting period.

1.8 Subsection 390-5(1) of Schedule 1 to the TAA requires trustees of self- managed superannuation fund to give the Commissioner a statement irrespective of whether a contribution has been received.

1.9 To administer the measures being introduced as part of the Stronger Super reforms, the Commissioner will need information to be reported where an individual was a member of a superannuation plan at any time during the year to ensure that the ATO:

- is able to display to individuals through the enhanced online services for individuals and funds, information that is accurate and useful, including being able to remove information with confidence when the Commissioner becomes aware that the superannuation provider ceases to hold an interest or account for that member;
- can properly identify the superannuation interests or accounts that are eligible to be rolled over or transferred under the consolidation measure (between funds) and therefore prevent unnecessary administrative costs for the members, ATO and funds; and
- can assess whether the total value of an individual's superannuation interest or account is below the \$500,000 balance threshold criteria for the higher concessional contributions cap.

1.10 Accordingly, subsection 390-5(1) of Schedule 1 to the TAA is amended to require a statement to be made where a superannuation interest is held by a member of a fund at any time during the period irrespective of whether contributions were made

during the reporting period and irrespective of whether an interest is still held by the member at the end of the period *[Schedule xx item 3, subsection 390-5(1)]*

1.11 The new approved form for the expanded reporting obligation may require new information to be reported. This may include the nature of a member's interest or accounts in a fund (for example, whether it is in accumulation phase or pension phase), features attaching to the interest or account such as insurance coverage, balances or values, whether an amount can be rolled into the fund, and the ability of the fund to accept contributions from the Government. The precise details of what is to be reported will be captured in the approved form subject to consultation with industry. To provide certainty, however, paragraph 390-5(9) (b) is expanded to specify that the information required to be reported may include the value of any of a member's superannuation interests or accounts. *[Schedule x, item 5 paragraph 390-5(9)(b)]*

1.12 It is anticipated that superannuation providers will be able to continue existing reporting practices in some situations but may be required to alter their current practice for others. The provisions allow sufficient flexibility to cater for different practices that already occur within industry. For example:

- The superannuation provider maintains one account which records the value of two different superannuation interests in the same plan. For example the XYZ fund holds an account 001 for Joe Bloggs under which they record his defined benefit interest and his accumulation interest. It is intended that a fund report details of the interests separately.
- The member has one superannuation interest in the fund but the superannuation provider maintains two accounts. This may occur simply because the address details for the member differ as a result of contributions being made for the member by different employers at different times. For example the XYZ fund holds accumulation accounts 001 and 002 for Joe Bloggs. If the benefits payable in respect of each account are the same, the Commissioner would consider the member to have one interest in the fund. As such the member has one superannuation interest recorded under two accounts and the superannuation provider continues to report the accounts to the Commissioner separately.

Consequential Amendments

1.13 The headings of Subdivision 390-A and section 390-5 of Schedule 1 to the TAA are amended to better reflect that the information that is to be reported now relates to the member and their accounts or interests in the fund, rather than focusing on contributions as the driver of the reporting obligation. *[Schedule x., items 1 and 2, subdivision 390-A and subsection 390-5]*

1.14 Section 390-5(3) clarifies that rollovers are not to be treated as superannuation benefits for the purposes of the members contributions statement. Under the expanded reporting obligations this section is no longer required and is therefore repealed. *[Schedule xx, item 3]*

1.15 Subsection 390-5(2) of Schedule 1 to the TAA ensures that certain amounts that are not actual contributions made to a superannuation provider are reported by deeming them to be contributions for the purposes of the section. These amounts are needed to ensure that the ATO can properly administer the excess contributions tax provisions of the *Income Tax Assessment Act 1997* (ITAA).

1.16 The existing paragraph 390-5(2)(b) of Schedule 1 to the TAA refers to amounts that subsection 292-25(3) of the ITAA treats as concessional contributions for the purposes of the excess contributions tax. To improve readability of the and clarity of the legislation subsection 390-5(2)(b) is repealed and reinserted as subsection 390-5(9).

1.17 To correct a technical error, paragraph (9A) is added to subsection 390-5(9) to add a reference to paragraphs 292-90(4)(a) and (c) of the ITAA which perform a similar function to 292-25(3) of the ITAA in relation to non-concessional contributions. *[Schedule x, items 3 and 6, subsection 390-5(9)].*

1.18 A consequential amendment is made to the wording of paragraph 390-5(9)(a) to provide clarification in relation to contributions that may require to be included in the member information statement *[Schedule x, items 4, subsection 390-5(9)(a)].*

Application

1.19 These amendments apply to reporting periods starting on or after 1 July 2012 i.e. the first year the amendments are to

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apply is the 2012-13 financial year for which member information statements are due by October 2013. *[Schedule xx, item 7]*