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To whom it may concern

Exposure Draft – Roll-overs to SMSF

The Institute of Public Accountants (the Institute) takes this opportunity to respond to the Exposure Draft on Roll-overs to Self-Managed Superannuation Fund (SMSF). The Institute has over 22,000 members and students throughout Australia and internationally. As trusted advisers to SMSF, accountants play an important role.

The Institute does not support the proposed amendments to bring roll-overs into an SMSF within the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (AML). While the Institute appreciates the need to ensure that funds transferred into superannuation are not misused for ulterior purposes, this does not mean we support unnecessarily increasing the administrative burden on superannuation, particularly SMSF.

Larger funds often delay transfers into an SMSF in order to maintain the income from those funds as long as possible. The proposed measures will further extend this transfer process, and may provide a “legitimate” excuse for larger funds to defer roll-overs for as long as possible and delay transfer to the SMSF.

The Institute also believes that the costs of administering the new requirement are high compared to the threat abated. The potential for SMSF to be misused in the way foreshadowed is extremely low, while the costs will be significant given the number of annual SMSF transfers.

In 2010 over \$14 billion in assets were rolled over into an SMSF. Even a small administrative cost of 1% of the value of funds would give rise to incremental administrative costs of \$ 14 million. These costs are borne by all the members of the fund and not those whose assets are being rolled-over.

We believe the costs are excessive and disproportionate to the threat highlighted and will only serve to complicate the roll-over of legitimate funds. For these reasons we do not support the proposed reforms.

Please contact our Senior Policy Adviser, Reece Agland, via e-mail at reece.agland@publicaccountants.org.au should you wish to discuss the details of this submission further.

Kindest Regards



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