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File Name: 2012/35

9 May 2012

The Commissioner of Taxation
Australian Taxation Office

Email: SPRFundReportingStrategies@ato.gov.au

Dear Commissioner,

ROLLOVER BENEFIT STATEMENT - EXPOSURE DRAFT

The Association of Superannuation Funds of Australia (ASFA) would like to provide this submission in response to the call for comments on the above exposure draft form and guide.

About ASFA

ASFA is a non-profit, non-political national organisation whose mission is to protect, promote and advance the interests of Australia's superannuation funds, their trustees and their members. We focus on the issues that affect the entire superannuation industry. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self-managed superannuation funds (SMSFs) and small APRA funds (SAFs) through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

General comments on the form and guidelines

ASFA understands that the revised Rollover Benefit Statement form (RBS form) is required as a result of the ATO's need to anticipate changes to the information that funds will need to provide to the ATO on the 2013 MCS if it is to be able to administer the government's announced superannuation policy changes.

That said, ASFA has concerns about the ability of many in the industry to meet the new requirements from 1 July 2012. By way of example, two large superannuation providers have advised ASFA that a 1 July 2012 implementation date is not possible, particularly given that this document is only a draft and that the final form will not be available until mid June. One fund noted that industry consultation commenced in February 2012, the month in which its July 2012 IT release was signed off.

Whilst the ATO has noted that the design of the new RBS aligns with the recent consultation undertaken with industry representatives concerning data requirements for the 2012-13 MCS and SAR there was a general lack of appreciation that the outcome would be a change from 1 July 2012 in the data that funds are required to provide to other funds as part of the rollover process. That the ATO is only now exposing this more detailed draft of the RBS to all super providers, administrators, software developers and other representatives is a matter of concern.

A more specific concern is that the changes to the RBS include new fields for data for which there is no current legal requirement for a fund to record or hold and for which funds' have no legislative detail to facilitate the systems design. Additionally, there is no advice in the draft material as to how and when these changes will feed through to the Rollover Data Standard. Given where we are at in the implementation of the rollover standard, details on the linkage of the RBS form with the standard would appear to be required information for superannuation funds and their administrators and service providers..

Specific comments

Item 15 current year contributions

The final sentence of the final dot point says, '...the total at 15K is a gross amount (before tax, fees and earnings) and so will not reconcile with the net amount of the rollover payment'

Is this statement necessary? 15K is the total of current year contributions and as such It obviously bears no relationship to the rollover amount whatsoever. We suggest the statement be revised to make clear the message intended.

BACKGROUND MATERIAL

Other Third Party Contributions

The notes include 'government co-contribution payments made from the Superannuation Holding Account (SHA)'. ASFA requests that this be reviewed as it is our understanding that such a contribution retains its character as a government co-contribution and should be reported as such.

First Home Saver Account Contributions

ASFA questions the need for funds to report this amount. The ATO already holds this information and, as part of the consultation on the introduction of the FHSA regime it was agreed by the ATO that there would be no need for Funds to report this data. ASFA finds it somewhat disappointing that the ATO finds it cannot properly capture and collate data from two sources.

Notional taxed contributions and 'employer contributed amount'

Confirmation is required as to whether or not the 'Notional taxed contributions amount' is included or excluded from the existing 'Employer contributed amount' field.

QROPS

On a final note, ASFA is aware that many Australian superannuation funds, including SMSFs, have obtained Qualifying Recognised Overseas Pension Schemes (QROPS) status from Her Majesty's Revenue and Customs (HMRC) department in order to receive transfers from United Kingdom pension schemes. In return for QROPS a range of obligations are imposed on the pension plan including the following:

The scheme manager of a QROPS that receives a transfer from another overseas pension scheme will need to check whether or not the transferring member has a UK tax-relieved fund (see RPSM13102150) or a relevant transfer fund in the transferring scheme. This is in order to establish if HMRC will have to be provided with information about payments made in respect of the individual. **It would be reasonable for the scheme manager to ask the individual to declare whether or not the transferred funds include any amounts that have received UK tax relief or have originated in a UK registered pension scheme.** If the answer is "yes" more detailed information will need to be obtained by the QROPS scheme manager to establish if the individual will have a relevant transfer fund in their receiving scheme.

As the aim of the Rollover Benefit Standard is to improve the administration of rollovers and transfers and to speed up the transfer of funds for members it would appear advantageous to include information about the QROPS status of a fund and an account in the Rollover Benefit Standard, the register of superannuation funds and the RBS.

Whilst noting that acceptance of a KiwiSaver amount will be an Australian legislated matter, ASFA considers that in addition to the RBS and rollover data standard accommodating the KiwiSaver amounts, also recognising QROPS amounts is not too far removed from this. ASFA seeks ATO advice as to whether the inclusion of QROPS information is possible under current legislative arrangements.

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Thank you for providing us with the opportunity to make this submission and to participate in the consultation process.

If you have any queries or comments regarding the contents of our submission, please contact Robert Hodge, Principal Policy Adviser on (02) 8079 8030 or by email rhodge@superannuation.asn.au

Yours sincerely
Margaret Stewart



General Manager, Policy and Industry Practice