

File Name: 2014/02

22 January 2014

SASG Secretariat
Australian Taxation Office

Email: SSAGSecretariat@ato.gov.au

RE: Review of the NAT 21121 Deduction for personal superannuation contributions approved form

The Association of Superannuation Funds of Australia (ASFA) is pleased to provide the brief comments below on the proposed changes to NAT 21121.

About ASFA

ASFA is a non-profit, non-politically aligned national organisation. We are the peak policy and research body for the superannuation sector. Our mandate is to develop and advocate policy in the best long-term interest of fund members. Our membership, which includes corporate, public sector, industry and retail superannuation funds, plus self-managed superannuation funds and small APRA funds through its service provider membership, represent over 90% of the 12 million Australians with superannuation.

General comments

ASFA considers that the proposed changes enhance the usability of the form and particularly the clear distinction on the form between an original notice and a variation notice.

Specific comments

ASFA requests that consideration be given to making the following minor changes:

Page 3, section headed 'Will I be eligible for a deduction?'

- 1) After each of the first four dot point place a comma and the word 'and'. The change would make it very clear that the applicant has to meet all five conditions.
- 2) In the last paragraph in column 1 replace the words 'A transfer to a MySuper account' with the words 'A MySuper transfer'. This would better tie the paragraph back to the important information box which uses the words 'MySuper transfer'.

Page 4, section headed 'How do I change an amount previously included on a valid notice?'

- 3) In the first paragraph bold the word 'increase'.
- 4) In the third paragraph bold the words 'reduce', 'new notice' and 'replaces'.

These words are the key operative words in the paragraphs and distinguish clearly the difference between the processes to be followed. (I note that 'new notice' and 'replaces' are both in bold font on the current form.)

Page 4, section headed 'Claiming a deduction after a partial rollover or withdrawal.'

- 5) The first sentence states that 'Special rules apply if you made a withdrawal or rolled over part of your super during the year.' In fact the relevant consideration is whether a withdrawal or rollover has occurred **after** the date of the contribution. If the withdrawal is made **before** the date of the relevant contribution then the whole of the relevant contribution is still in the fund.

It is recommended that the first and second sentences in this section be reworded, perhaps as follows:

'Special rules apply if during the year, but after the date you made the contribution, you made a withdrawal or rolled over an amount.'

A superfund will no longer hold a contribution, or at least a part of it, if the member has chosen to rollover or withdraw a part of their super account held by the fund after the contribution was made.'

- 6) The calculations in the example are split into two parts. The first part calculates the amount of the tax free component that was contained in the rollover.

In the paragraph immediately before the first calculation the word 'an' should be inserted before the word 'interest.'

- 7) The purpose of the first calculation is to determine the tax free component of the rollover for the purpose of then determining the tax free component of the interest following the rollover. In this case the tax free component of the rollover is calculated as \$44,000. Having determined that amount, the figure is ignored in the following paragraph when determining the tax free component of the remaining interest.

ASFA considers that the example would be easier to follow if the sentence 'The tax free component of that remaining super interest is \$66,000 (that is \$90,000 x \$110,000/\$150,000).' was replaced with 'The tax free component of that remaining super interest is \$66,000 (that is \$110,000 - \$44,000).'

Page 5, box headed More information

- 8) This box needs combining with the box immediately following (this appears to be just is a formatting error)

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I trust that the information contained in this submission is of value.

If you have any queries or comments regarding the contents of our submission, please don't hesitate to contact me on (02) 8079 0806 or by email rhodge@superannuation.asn.au.

Yours sincerely

Robert Hodge
Principal Policy Adviser