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**RE: Self-Managed Superannuation Funds (Limited Recourse Borrowing Arrangements – In House Asset Exclusion) Determination 20xx**

The Association of Superannuation Funds of Australia (ASFA) is pleased to provide this submission in response to the request for comments on the draft determination Self-Managed Superannuation Funds (Limited Recourse Borrowing Arrangements – In House Asset Exclusion) Determination 20xx.

**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**

We note the intent of the draft is to address an unintended consequence regarding the application of the in-house asset exemption provided by subsection 71(8) of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) to an investment in a related trust held by a self-managed superannuation fund (SMSF) as a required part of a limited recourse borrowing arrangement (LRBA).

The effect of the draft determination is that where an SMSF invests through an LRBA, the holding trust that needs to be established to hold the legal title to the asset in which the SMSF ultimately is investing is excluded from being an in-house asset of the SMSF in the following circumstances:

- where the supporting borrowing has not yet begun and the related trust does not yet hold the asset, or
- where the borrowing with respect to the asset has been repaid, and
- the investment would not otherwise have been considered an in-house asset under the application of subsection 71(8) of the SIS Act.

ASFA has reviewed the draft instrument and the explanatory statement and considers that they will be effective in meeting the objective of the change.

\* \* \* \*

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 ASFA's Principal Policy Adviser, Robert Hodge, on (02) 8079 0806 or by email [rhodge@superannuation.asn.au](mailto:rhodge@superannuation.asn.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Fiona Galbraith', is positioned above the typed name.

Fiona Galbraith  
Director, Policy