

Submission Number: 2014/17

9 April 2014

Division 293 tax – Calculating notional contributions for defined benefit funds

The Association of Superannuation Funds of Australia (ASFA) submission in response to the request for comments on exposure draft regulations prescribing the methodology for determining defined benefit contributions for Division 293 tax purposes in respect of the 2013-14 financial year and subsequent years strongly supports the proposed methodology but raises the following matters:

- As the Division 293 regulations are based on the existing Division 292 regulations, the significant number of outstanding issues associated with the determination of Division 292 NTCs and the operation of the grandfathering rules should be resolved without further delay.
- The drafting of the proposed amendments to the *Income Tax Assessment Regulations 1997* ("ITA Regulations") and specifically with respect to proposed regulation 293-115.15 should be reviewed with a view to adopting the simpler approach of the Division 292 NTC calculation methodology with a small modification to exclude the grandfathering provision.
- The drafting should be reviewed to address the lack of consistency in the drafting approach.
- The following outstanding issues with the Division 293 tax should be addressed through further analysis, clarification and possible amendment via legislative instrument to facilitate the smooth functioning of this new tax:
 - Income stream commutations
 - Social Security Act implications of release authorities
 - Preparation of end benefit cap notice
 - Administration of debt accounts