

Submission number: 2014/37

24 October 2014

**Treasury: Division 293 tax and defined benefit funds – ways of reducing compliance costs
and cutting red tape**

ASFA wrote to Treasury setting out its concerns with the operation of Division 293 of the income Tax Assessment Act 1997 which sets out the process for calculating the end benefit cap when defined benefit members take a benefit.

ASFA's concerns centre on the requirement to calculate the end benefit with respect to all defined benefit members who take a benefit when only a very small minority of those members accrue a liability for Division 293 tax and an even smaller proportion will potentially benefit from the application of an end benefit cap.

ASFA suggests that the requirements on funds be changed so that the end benefit cap calculations are only required to be prepared by funds when a member or the Australian Taxation Office specifically requests such a calculation be made or when the fund has objective grounds for believing that the member is likely to benefit from such a calculation.