



**Bramelle**  
PARTNERS

**BRAMELLE PARTNERS  
2018 SMSF UPDATES**

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**CHARTERED ACCOUNTANTS**  
AUSTRALIA • NEW ZEALAND

# Concessional and non-concessional contributions caps

## Concessional contributions cap

Income year	Age at the end of previous financial year	Concessional contributions cap
2016-17	<49	\$30,000
2016-17	49+	\$35,000
2017-18	All ages	\$25,000
2018-19	All ages	\$25,000

- Excess concessional contributions are included as taxable income, taxed at the marginal tax rate plus an excess concessional contributions charge

## Non-concessional contributions (NCC) cap

Income year	NCC cap
2015-16	\$180,000
2016-17	\$180,000
2017-18	\$100,000
2018-19	\$100,000

## Unused concessional cap carry forward

Description	2017-18	2018-19	2019-20	2020-21	2021-22
Concessional cap	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Super balance 30 June prior year	N/A	\$480,000	\$490,000	\$505,000	\$490,000
Maximum cap available	\$25,000	\$25,000	\$47,000	\$25,000	\$94,000
Concessional contributions	Nil	\$3,000	\$3,000	Nil	Nil

- Starts on 1 July 2018
- Total super balance of < \$500,000 on 30 June of previous financial year
- Carry forward for a maximum of 5 years

# NCC bring-forward arrangement

## 2017-18 bring-forward period

Total super balance 30 June 2017	Max NCC cap first year	Bring-forward period
< \$1.4 mil	\$300,000	3 years
\$1.4 - \$1.5 mil	\$200,000	2 years
\$1.5 - \$1.6 mil	\$100,000	No bring-forward period
\$1.6 mil	Nil	No bring-forward period

- Must be under 65 years of age for 1 day during the triggering year
- Total super balance must be < \$1.5 million at the end of previous FY
- Bring-forward periods (0-3) depending on total super balance at the end of previous FY
- Cannot make NCC if balance  $\geq$  \$1.6 million at the end of previous FY

### Transitional period (where bring-forward period has been triggered in FY16 or FY17)

- Maximum amount of bring-forward NCC cap available will reflect the reduced annual caps

# Personal super contributions deductions

## **Eligibility (from 1 July 2017)**

- Contribute to a complying super fund
- Meet the age restrictions
- Notify your fund in writing of the amount you intent to claim as a deduction
- Your fund acknowledges your notice in writing
- 10% maximum earnings condition has been removed

# Transfer balance account report (TBAR)

## Transfer balance account (TBA)

- Capped at \$1.6 mil, subject to annual indexation
- Applies to all retirement income streams commenced before and after 1 July 2017

## Purposes of TBAR

- Reporting transfer balance cap events
- Reporting information for a member's total super balance

## TBAR events

- Change in your transfer balance only occurs when a credit or debit event occurs
- Credits increase transfer balance and reduce available cap space
  - ❖ Examples: commencement of super income streams, excess TBA earnings, **any death benefits or death benefit pensions received.**
- Debits reduce excess transfer balance and/or increase available cap space
  - ❖ Examples: commutations, commutation authorities, family law settlements
- Pension payments and investment earnings/losses do not need to be reported

# TBAR report

## Reporting requirements

- Not required for funds where all members are in accumulation phase
- Trustees are required to self assess all members total super balances
- Total super balances - sum of accumulation & retirement phase values less structured settlement contributions

## Reporting dates – up to 5 penalty units (\$1,050) for late lodgement

- Annually due with the tax return (for SMSFs that do not have any member with total super balance of \$1 mil or more)
- Within 28 days after the end of the quarter in which the event occurs (for SMSFs that have members with total super balance of \$1 mil or more)
- Earlier reporting dates if a member exceeds their transfer balance cap
  - ❖ Commutation in response to an excess transfer balance determination - 10 business days after the end of the month in which the commutation occurs.
  - ❖ Responses to commutation authorities – legislated due date as stated on authority

## Death benefits & TRIS

### Reversionary & binding death benefit nominations

- Automatic reversionary pensions – **impacts beneficiary's TBC** 12 months after member's death
  - ❖ Commute own pension to remain under TBC & keep funds within super environment
  - ❖ Take a lump sum death benefit payment (tax free if beneficiary is a dependant)
- Binding death benefit nominations – **impacts beneficiary's TBC** when surviving beneficiary becomes entitled to be paid the death benefit income stream
  - ❖ Can include accumulation interests and non-reversionary pensions

### TRIS

- Earnings from assets supporting a non-retirement phase TRIS taxed at 15%
- Removal of election to treat super income streams as lump sums
  - ❖ Taxable component of TRIS treated as assessable income
  - ❖ Taxed at marginal tax rate
  - ❖ Receives tax offset of 15%



## General tax updates

### **Death taxes on super death benefits**

- Paid to dependants – tax free
- Paid to non-dependants – taxable component will be subject to 15% tax plus Medicare levy. No medicare levy is applicable if paid to estate.

### **Enduring Power of Attorney**

- Allows a fund to continue to operate & qualify as an SMSF should a trustee loses capacity to make decisions. Will allow greater flexibility to structure existing superannuation to minimise impact on \$1.6m transfer balance cap and potential death taxes.

### **Other updates**

- Actuarial certificate required for funds that have both accumulation and pension accounts
- Minimum pension drawdowns based on a max pension balance of \$1.6 mil
- Minimum drawdown from pension account and additional drawdowns to come from accumulation accounts

## 2018-19 Budget – Superannuation related announcements

### **Superannuation announcements in May 2018**

- SMSF member limit to be increased to 6 members from 4 members.
- Increased compliance to ensure notice of intention to deduct superannuation contributions are completed and forwarded to the superannuation provider so the 15% tax is deducted from the superannuation contributions.
- Taxpayers aged 65-74 with superannuation balances below \$300,000 will be exempt from the work test in the first year they do not meet the work test requirements. This measure will apply from 1 July 2019.
- Individuals whose income exceeds \$263,157 and have multiple employers to nominate their wages from certain employers not being subject to superannuation guarantee from 1 July 2018 so taxpayers do not inadvertently breach the annual concession cap of \$25,000.
- SMSF's with a clear audit history and have lodged their tax returns in a timely manner will only be required to undertake an audit every three years. This measure will start on 1 July 2019.
- All inactive superannuation accounts with balances below \$6,000 will be consolidated by the ATO and will proactively consolidate superannuation accounts for members and seek out members with lost superannuation. This measure will commence from 1 July 2019.

## Your Team Contact Profiles



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### Bradley Seeto

#### Experience

- Bradley has over 19 years experience in Australia and the United Kingdom in public practice accounting and has also worked in a number of investment banks.
- Bradley advises large corporate groups, online business, start ups and entrepreneurs in growing their businesses and is responsible for managing their day to day business, financial and tax affairs.
- Bradley provides a vast array of tax services that includes corporate tax compliance, fringe benefits tax, GST compliance, structuring, employee share schemes and is able to meet his clients needs by drawing on his large network of contacts.
- Bradley has an AFSL limited licence which allows him to provide advice relating to superannuation and SMSF's. Bramelle Partners manages the accounting, taxation and compliance needs of a significant portfolio of SMSF's representing members across various stages of their life cycle from accumulation accounts to account based pensions which are invested across a large range of investments.

#### Professional Background

- Bachelor of Commerce
- Member of the Institute of Chartered Accountants
- Registered tax agent
- Certificate of public practice
- Masters in Applied Finance
- Corporate Authorised Representative of Australian Unity Personal Financial Services Limited.

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