



 [Print whole section](#)

## Self-managed super funds

A self-managed super fund (SMSF) is a way of saving for retirement. The members run it for their own benefit.

### Thinking about self-managed super



What to consider when deciding if a self-managed super fund (SMSF) is right for you.

### Setting up



Check if your SMSF is set up correctly for eligible for tax concessions, receive contributions and easy to administer.

### Contributions and rollovers



As an SMSF trustee, accept contributions and rollovers for your members from various sources but there are restrictions.

### Investing



You need to manage your fund's investments in the best interests of fund members and in accordance with the law.

### Tax on income



Taxed at a concessional rate of 15% check if your fund is a

## **Paying benefits**



Work out if you can pay a super benefit to a member and the types of benefits that exist.

## **Winding up**



How to wind up your SMSF, including dealing with members' benefits and finalising your reporting responsibilities.

## **Administering and reporting**



Trustee obligations include arranging an annual audit, keeping appropriate records and reporting fund's operation.

## **Self-managed super fund education products**



Our publications and online education modules will help you navigate the various stages of your SMSF's lifecycles.

## **In detail**



Detailed information about self-managed super funds.

## **SMSF newsroom**



Read the latest updates on tax, super and registry services for self-managed super funds (SMSFs) and approved auditors.

# Thinking about self-managed super

What to consider when deciding if a self-managed super fund (SMSF) is right for you.

Last updated 11 January 2023

## On this page

[Your responsibilities](#)

[Before setting up an SMSF](#)

## Your responsibilities

If you set up an SMSF, you're in charge – you make the investment decisions for the fund and you're held responsible for complying with the super and tax laws. It's a major financial decision and you need to have the time and skills to do it. There may be better options for your super savings.

An SMSF must be run for the sole purpose of providing retirement benefits for the members. Additionally, all decisions you make as trustee of your SMSF must be in the best financial interests of the members.

Don't set up an SMSF to try to get early access to your super, or to buy a holiday home or artworks to decorate your house. This is [illegal and severe penalties apply](#).

Find out how we are [stopping schemes to illegally access super](#).

You also need to be aware of anyone promoting illegal schemes to access your super early. If you have any doubts, contact us on **13 10 20**.

It's best to see a qualified, licensed financial adviser to help you decide if a SMSF is right for you. The Australian Securities and Investments Commission website has information about [choosing a financial adviser](#) [↗](#).

## Before setting up an SMSF

If you're considering setting up an SMSF, make sure it is right for you before making your decision. See more detail on:

- [comparing SMSFs with other super funds](#)
- [considering the costs, time and skills needed](#)
- how to correctly [set up an SMSF](#).

### Compare SMSFs with other super funds



Comparison of the differences between SMSFs and other super funds.

### Consider the cost, time and skills



As a trustee you need to have time and skills to set up an SMSF.

# Compare SMSFs with other super funds

Comparison of the differences between SMSFs and other super funds.

**Last updated** 9 August 2022

There are a lot of differences between SMSFs and other super funds, but the one thing they have in common is to provide retirement benefits to their members.

## Members and trustees

SMSF	Other super funds
<p>SMSFs can have a maximum of 6 members.</p> <p>All members are either individual trustees or directors of a corporate trustee of the fund. This means all members are involved in managing the SMSF.</p> <p>Some State and Territory laws restrict the number of trustees a trust can have to less than 6. As an SMSF is a type of trust, it is important that clients seek professional advice to help understand if their SMSF is impacted by these restrictions. Alternatively, they could restructure/structure their SMSF to have a corporate trustee, where each member is a director of that corporate trustee.</p>	<p>Usually no limit on the number of members.</p> <p>Professional, licensed trustees are responsible for managing the fund.</p>

## Responsibility

SMSF	Other super funds
Trustees are expected to have knowledge of tax and super laws	Compliance risk is borne by the professional

and must make sure their fund complies with those laws. Compliance risk is borne by the SMSF trustees, or the directors of the corporate trustee, who can be personally fined if their fund breaches the law.	licensed trustee.
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## Investments

SMSF	Other super funds
Trustees develop and implement the fund's investment strategy and make all investment decisions.	Most allow you some control over the mix and risk level of your super investments, but you generally can't choose the specific assets your super will be invested in.

## Insurance

SMSF	Other super funds
Trustees must consider whether to purchase insurance for their members. Insurance premiums may be higher than in other super funds.	Most offer insurance cover to members. Member insurance usually costs less as large funds can get discounted premiums.


## Regulation

SMSF	Other super funds
Regulated by the ATO. Trustees are required to engage with us to manage their fund.	Regulated by the Australian Prudential Regulation Authority (APRA). Generally members don't have to engage with APRA.

## Complaints/disputes

SMSF	Other super funds
The ATO is not involved in resolving disputes among members. Disagreements can be resolved through alternative dispute resolution techniques or in court, at the members' own expense. There is no government compensation scheme.	Members have access to the Australian Financial Complaints Authority (AFCA) and may be eligible for statutory compensation.

### Fraudulent conduct or theft

SMSF	Other super funds
<p>No government financial assistance is available to SMSFs.</p> <p>Members may have legal options under Corporations Law but there is no guarantee that compensation will be awarded.</p> <p>Be aware of who you provide your personal information to. If you are approached by a financial adviser, make sure they are registered with <a href="#">ASIC</a> </p> <p>.</p>	Members may be eligible for government financial assistance in the event of fraud or theft.

QC 47220

## Consider the costs, time and skills

As a trustee you need to have time and skills to set up an SMSF.

**Last updated** 1 July 2021

You need to have the time and skills to manage your Self managed super fund, and there are ongoing running costs.

As a trustee of an SMSF you'll be responsible for operating your fund within the law. If you don't, you may face severe penalties and your fund may suffer tax consequences.

You'll also need to make investment decisions for the SMSF that are in the best financial interests of all members. You will need to formulate and give effect to an investment strategy that you review and update regularly, while understanding and complying with the restrictions on the investments an SMSF can make.

It costs money to set up and run an SMSF. You might find that the fees you pay for an SMSF are more than you would pay in another type of super fund. Every year that you have an SMSF, you'll need to pay for an independent audit and the supervisory levy. Most SMSFs also pay for additional help, such as:

- preparing the SMSF annual return
- valuations of the SMSF's assets
- actuarial certificates for SMSFs paying income streams (pensions)
- financial advice
- legal fees, for example if the trust deed needs to be amended
- assistance with fund administration
- insurance for members.

## **Watch**



Duration 3:06. A transcript of [SMSF – You can't do it all yourself](#) is also available.

QC 47221

## Setting up

Check if your SMSF is set up correctly for eligible for tax concessions, receive contributions and easy to administer.


**Last updated** 3 March 2022

Your self-managed super fund (SMSF) needs to be set up correctly so that it's eligible for tax concessions, can receive contributions and is as easy as possible to administer.

To set up an SMSF you need to:

- [Consider appointing professionals to help you](#)
- [Choose individual trustees or a corporate trustee](#)
- [Appoint your trustees or directors](#)
- [Create the trust and trust deed](#)
- [Check your fund is an Australian super fund](#)
- [Register your fund and get an ABN](#)

- [Set up a bank account](#)
- [Get an electronic service address](#)
- [Prepare an exit strategy](#)

Before you set up an SMSF, download [Starting a self-managed super fund \(PDF, 1.6MB\)](#) . It will help you understand if an SMSF is right for you and guide you through how to set one up.

## Consider appointing professionals to help you



A SMSF is a complex undertaking, consider assistance from SMSF professionals to manage yours correctly.

## Choose individual trustees or a corporate trustee



How to choose the right SMSF structure for your situation and understand the requirements, cost and penalties.

## Appoint your trustees or directors



Members of self-managed super funds must be eligible to be trustees or directors and understand their responsibilities.

## Create the trust and trust deed



A trust requires trustees, assets and beneficiaries. Trust deed sets out the rules, establishing and operating the fund.

## Check your fund is an Australian super fund



Your SMSF needs to be a resident regulated super fund at all times during the financial year to receive tax concessions.

## Register your fund



How to register your SMSF. You can elect for your fund to be regulated by us, get a TFN and ABN and register for GST.

## Set up a bank account



How to set up a bank account for your self-managed super fund to accept contributions and pay expenses and liabilities.

## Get an electronic service address



SuperStream electronic service address is required (ESA) to receive contributions from employers and rollovers.

## Prepare an exit strategy



Prepare what happens when the SMSF ends, or winds up. Consider specific wind-up clauses in your fund's trust deed.




# Consider appointing professionals to help you

A SMSF is a complex undertaking, consider assistance from SMSF professionals to manage yours correctly.

**Last updated** 8 March 2018

You can engage self-managed super fund (SMSF) professionals to help you set up and run your fund. You may want to get them involved right from the start since the decisions you make at start-up can affect their ability to help you later on.

If you use an SMSF professional to help you set up your fund, you're still responsible for making sure it's done correctly:

- An accountant can help set up your fund's financial systems and, once you are operating, they can prepare your fund's accounts and operating statements.
- A fund administrator can assist with administrative tasks during start-up and, afterwards, help you manage the day-to-day running of your fund and meet your reporting and administrative obligations.
- A legal practitioner can prepare and update your fund's trust deed.
- A financial adviser can help you prepare an investment strategy and advise you about different types of investment and insurance products. The Australian Securities & Investment Commission (ASIC) has information about [choosing a financial adviser](#)  and things to consider before getting [robo-advice](#) .
- You'll need an [approved SMSF auditor](#) to audit your fund.
- A tax agent can complete and lodge your SMSF annual return, provide tax advice and represent you in your dealings with us. You can [check if your tax agent is registered](#)  at the Tax Practitioners Board.

A transcript of [SMSF – You can't do it all yourself](#) is also available.

- Many SMSF professionals offer packages or kits. If you buy a package or kit, make sure the trust deed complies with the current law and meets the needs of your fund, its objectives and the members' circumstances.

**Next step:**

- [Choose individual trustees or a corporate trustee](#)

QC 23309

## Choose individual trustees or a corporate trustee

How to choose the right SMSF structure for your situation and understand the requirements, cost and penalties.

**Last updated** 16 December 2022

**On this page**

[Differences between SMSF trustee structures](#)

[Member and trustee requirements](#)

[Cost](#)

[Ownership of fund assets](#)

[Separation of assets](#)

[Penalties](#)

[Succession](#)

## Differences between SMSF trustee structures

You can choose one of the following structures for your fund:


- individual trustees (restrictions may apply, see below)
- a corporate trustee (essentially, a company acting as trustee for the fund).

You should discuss this decision with an SMSF professional.

**Note:** Single member funds have different trustee features to funds with 2 to 6 members. Refer to [table 2](#) for information.


## Member and trustee requirements

**Table 1: Comparison of member and trustee requirements for individual and corporate trustees (funds that have more than one member)**

Structure	Features
Individual trustees	<ul style="list-style-type: none"> <li>• 2 to 6 members.</li> <li>• Each member of the fund must be a trustee, and each trustee must be a member of the fund.</li> <li>• A member cannot be an employee of another member – unless they are relatives.</li> <li>• Some state and territory laws restrict the number of trustees a trust can have to less than 6. As an SMSF is a type of trust, it is important that clients seek professional advice to help understand if their SMSF is impacted by these restrictions. Alternatively, they could restructure or structure their SMSF to have a corporate trustee, where each member is a director of that corporate trustee (see below).</li> </ul>
Corporate trustee	<ul style="list-style-type: none"> <li>• 2 to 6 members.</li> <li>• Each member of the fund must be a director of the corporate trustee, and each director of the corporate trustee must be a member of the fund.</li> <li>• Directors of corporate trustees need to have a <a href="#">director identification number</a>  (director ID).</li> <li>• A member cannot be an employee of another member – unless they are relatives.</li> </ul>



**Table 2: Comparison of member and trustee requirements for individual and corporate trustees (single-member funds)**

Structure	Features
Individual trustees	<ul style="list-style-type: none"> <li>• There must be 2 trustees.</li> </ul>

	<ul style="list-style-type: none"> <li>• One trustee must be a fund member.</li> <li>• If the fund member is an employee of the other trustee, the fund member and the other trustee must be relatives.</li> </ul>
Corporate trustee	<ul style="list-style-type: none"> <li>• The corporate trustee company can have one or 2 directors, but no more.</li> <li>• The fund member must be the sole director or one of the 2 directors.</li> <li>• Directors of corporate trustees need to have a <a href="#">director ID</a> .</li> <li>• If there are 2 directors and the fund member is an employee of the other director, the fund member and the other director must be relatives.</li> </ul>

## Cost

**Table 3: Comparison of the costs associated with individual and corporate trustees**

Structure	Features
Individual trustees	<ul style="list-style-type: none"> <li>• There are no <a href="#">Australian Securities &amp; Investments Commission</a>  (ASIC) fees, so establishment costs and ongoing administrative requirements are less.</li> <li>• A trustee cannot be paid for their duties or services as a trustee.</li> </ul>
Corporate trustee	<ul style="list-style-type: none"> <li>• ASIC charges a fee to register a corporate trustee for the first time.</li> <li>• There is an annual review fee, which is lower if the corporate trustee acts solely as a super fund trustee, but higher if the corporate trustee also performs another function, such as running a business.</li> <li>• It's free to apply for a <a href="#">director ID</a> .</li> <li>• A corporate trustee cannot be paid for its services as a trustee, and directors of the</li> </ul>



	corporate trustee cannot be paid for their duties or services as directors in relation to the fund.
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## Ownership of fund assets

The title of fund assets must be in the name of the current trustees 'as trustees for' the fund.

**Table 4: Comparison of ownership of fund assets for individual and corporate trustees**

Structure	Features
Individual trustees	<ul style="list-style-type: none"> <li>• If an individual trustee is removed or another added, you must change the titles of the SMSF's assets. This can be costly and time-consuming.</li> <li>• State government authorities may charge a fee for title changes.</li> <li>• Most financial institutions also charge a fee for title changes.</li> </ul>
Corporate trustee	<ul style="list-style-type: none"> <li>• Recording and registering assets can be simpler, particularly for changes in membership.</li> <li>• When a person starts or stops being a member of the SMSF, they become, or cease to be, a director of the corporate trustee.</li> <li>• You must notify us and ASIC of any change in director.</li> <li>• The corporate trustee doesn't change, so the titles of the SMSF's assets are unchanged.</li> </ul>

## Separation of assets


The fund's assets must be kept separate from any assets members hold personally.

**Table 5: Comparison of the separation of assets for individual and corporate trustees**

Structure	Features
Individual trustees	<ul style="list-style-type: none"> <li>• Fund assets must be in the fund's name.</li> <li>• Fund assets must not be combined with personal assets.</li> </ul>
Corporate trustee	<ul style="list-style-type: none"> <li>• Fund assets must be in the fund's name.</li> <li>• Fund assets must not be combined with director's personal assets.</li> <li>• Companies have limited liability, so a corporate trustee offers greater protection if the trustee is sued for damages.</li> </ul>

## Penalties

**Table 6: Comparison of penalties for individual and corporate trustees**

Structure	Features
Individual trustees	<ul style="list-style-type: none"> <li>• If super laws are breached, administrative <a href="#">penalties</a> are levied on each trustee.</li> </ul>
Corporate trustee	<ul style="list-style-type: none"> <li>• If super laws are breached, administrative <a href="#">penalties</a> are levied on the corporate trustee.</li> <li>• Penalties may be imposed if the directors of a corporate trustee do not have a <a href="#">director ID</a> .</li> </ul>

## Succession

**Table 7: Comparison of succession for individual and corporate trustees**

Structure	Features
Individual trustees	<ul style="list-style-type: none"> <li>Where changes in trustees occur, the fund is not likely to continue to operate as usual unless an appropriate succession plan has been prepared.</li> </ul>
Corporate trustee	<ul style="list-style-type: none"> <li>A corporate trustee continues in the event of a member's death.</li> <li>In the event of the death or incapacity of a member, control of an SMSF and its assets by a corporate trustee is more certain.</li> </ul>

Once you have considered which structure will be most suitable for your fund, [appoint your trustees](#).

QC 23310

## Appoint your trustees or directors

Members of self-managed super funds must be eligible to be trustees or directors and understand their responsibilities.

**Last updated** 16 April 2024

### On this page

[Trustee and director consent](#)

[Ensure members are eligible to be trustees or directors](#)

[Ensure the company can act as a corporate trustee](#)

[What it means to be a trustee or director](#)

[Legal personal representatives](#)

[Trustee declaration](#)

## Trustee and director consent

New funds usually appoint trustees or directors under the fund's trust deed.

You need to ensure that the people who become trustees or directors of the self-managed super fund (SMSF):


- are [eligible to be a trustee or director](#)
- understand [what it means to be a trustee or director](#).

All trustees and directors must:

- consent in writing to their appointment
- sign the *Trustee declaration* stating they understand their responsibilities (this must be done within **21 days** of becoming a trustee or director).

You must keep these documents on file for the life of the SMSF and for 10 years after the SMSF winds up.

We may impose penalties if you don't comply. All trustees and directors are bound by the trust deed and are equally responsible if its rules aren't followed.

To become a director of a corporate trustee, you will need a [director identification number](#)  (director ID). This is a unique identifier that a director will apply for once and keep forever. You can apply for a director ID on Australian Business Registry Services (ABRS) online. You will need to apply for your director ID yourself to verify your identity. No one can apply on your behalf.

## Ensure members are eligible to be trustees or directors

All members of the fund must be individual trustees or directors of the corporate trustee, so make sure they're eligible.

Anyone 18 years old or over can be a trustee or director of a super fund so long as they're not under a legal disability (such as mental incapacity) or a disqualified person.

Members under 18 years old can't be a trustee or director. However, a parent, guardian or [legal personal representative](#) can be a trustee or director on their behalf.

To knowingly act as a trustee, a trustee director or an office holder of a corporate trustee (such as secretary), while being a disqualified person, is an offence.

To be sure you are not a disqualified person you need to be able to answer no to all of the following questions.

### Disqualified person checklist

Checklist	Yes or No
Have you ever been convicted of a dishonest offence, in any state, territory or a foreign country?	Yes or No

<p>Offences of a dishonest conduct are things such as fraud, theft, illegal activity or dealings. These convictions are for offences that occurred at any time, including convictions that have been 'spent' and those that the court has not recorded, due to age or first offender.</p>	
<p><b>Have you ever been issued with a civil penalty order?</b></p> <p>Civil penalty orders are imposed when an individual contravenes a civil penalty provision, this can be an order to pay a fine or serve jail time.</p>	Yes or No
<p><b>Are you currently bankrupt or insolvent under administration?</b></p> <p>You cannot be a trustee of an SMSF while you are an undischarged bankrupt, you cannot remain a trustee if you become bankrupt or insolvent after you are appointed.</p>	Yes or No
<p><b>Have you been previously disqualified by the ATO or Australian Prudential Regulation Authority (APRA)?</b></p> <p>The Commissioner of Taxation as regulator can disqualify a trustee, this disqualification is permanent and is not just specific to the SMSF you were a trustee of at the time.</p> <p>The Federal Court can make an order to disqualify a trustee of an APRA fund. This is permanent and this disqualification does not allow you to operate an SMSF.</p>	Yes or No

## Applying to waive disqualified status

You can apply for a waiver of disqualified status if the offence leading to the disqualification was not an offence involving serious dishonest conduct. This means that the penalty imposed for the offence was **not** either a:

- term of imprisonment for more than two years
- fine of more than 120 penalty units.

The application must be in writing. It must include:

- details of the offence
- court documents about the offence
- consent for us to inquire about the offence to any law enforcement agencies or courts that we think are relevant.


The application should be made within 14 days of the conviction. We will accept applications after this time if you explain the circumstances of your late application.



You cannot become a trustee until we notify you of our acceptance to waive the disqualified status.

Send your signed application and supporting documents to:

**PO Box 3100**

**Penrith NSW 2740**

You can check our [disqualified trustees register](#)  to see if an individual has previously been disqualified by us. The register:

- provides information already publicly available in the [Federal Register of Legislation](#)  and the [Government Notices Gazette](#) 
- has functionality to help you search easily and determine if a potential trustee has been disqualified
- is updated quarterly
- includes all individuals who have been disqualified by us since 2012 (when this information was first published electronically).

## **Ensure the company can act as a corporate trustee**

A company cannot act as a corporate trustee of a superannuation entity, including an SMSF if certain events occur. This can include if:

- the company is aware or has reasonable grounds to suspect that a person who is, or is acting as, a responsible officer of the company is a disqualified person

- an administrator has been appointed in respect of the company
- the company has been deregistered by Australian Securities and Investments Commission (ASIC)
- a receiver, or a receiver and manager, has been appointed in respect of property beneficially owned by the company
- a provisional liquidator or restructuring practitioner in respect of the company has been appointed
- action has started to wind up the company.

## **What it means to be a trustee or director**

Whether you're a trustee or director of a corporate trustee, you are responsible for running the fund and making decisions that affect the retirement interests of each fund member, including yourself.

As a trustee or director, you must:

- act honestly in all matters concerning the fund
- act in the best interests of all fund members when you make decisions
- manage the fund separately from your own superannuation affairs
- know, understand and meet your responsibilities and obligations
- ensure that the SMSF complies with the laws that apply to it.

All trustees and directors are equally responsible for managing the fund and making decisions. You are responsible for decisions made by other trustees, even if you're not actively involved in making the decision.

You can appoint other people to help you or provide services to your fund (for example, an accountant, administrator, tax agent or financial planner). However, the ultimate responsibility and accountability for the SMSF's actions lie with you, as trustee or director.

As an individual trustee or director of a corporate trustee, you may be personally liable to pay an administrative penalty if certain laws relating to SMSFs are not followed.

Other members of the fund can take action against you if you don't follow the terms of the trust deed. Any fund member who suffers loss



or damage because of a breach of any trustee duties may sue any person involved in the breach.

For more information, see:

- [Self-managed super funds](#)

## Legal personal representatives

A legal personal representative can be:

- the executor of the will or the administrator of the estate of a deceased person
- the trustee of the estate of a person under a legal disability or a minor
- a person who holds enduring power of attorney to act on behalf of another person (see also [SMSF ruling 2010/2](#)).

A legal personal representative can act as a trustee or director of a corporate trustee, on behalf of:

- a deceased member, until the death benefit becomes payable
- a member under a legal disability
- a minor (a parent or guardian can also act as a trustee on behalf of a minor).

A legal personal representative can't act as a trustee on behalf of a disqualified person, such as an undischarged bankrupt.

A legal personal representative does not include a registered tax agent or an accountant unless they meet the definition above.

## Trustee declaration

The *Trustee declaration* is signed by trustees and directors of a corporate trustee of an SMSF to declare they understand their obligations and responsibilities.

## How to obtain this form

For more information and to download the form see [Trustee declaration](#).

## Who should complete this declaration

You must complete this declaration if you become a trustee or the director of a corporate trustee of a new SMSF or of an existing SMSF.

This declaration must be signed within 21 days of becoming a trustee or director.

A separate declaration is required to be completed and signed by each and every trustee or director.

You must also complete this declaration if you:

- have undertaken an ATO approved course of education to comply with an education direction
- are a legal personal representative who has been appointed as a trustee or director on behalf of a:
  - member who is under a legal disability (usually a member under 18 years old)
  - member for whom you hold an enduring power of attorney
  - deceased member.

### Next step

- [Create the trust and trust deed](#)

QC 23314

## Create the trust and trust deed

A trust requires trustees, assets and beneficiaries. Trust deed sets out the rules, establishing and operating the fund.

**Last updated** 16 February 2018

### On this page

[Trust deed](#)

## [Assets](#)

A trust is an arrangement where a person or company (the trustee) holds assets (trust property) in trust for the benefit of others (the beneficiaries). A super fund is a special type of trust, set up and maintained for the sole purpose of providing retirement benefits to its members (the beneficiaries).

To create a trust, you need:

- trustees or directors of a corporate trustee
- governing rules (a [trust deed](#))
- [assets](#) (an initial nominal consideration to give legal effect to the trust can be used, for example, \$10 attached to the trust deed)
- identifiable beneficiaries (members).

## Trust deed

A trust deed is a legal document that sets out the rules for establishing and operating your fund. It includes such things as the fund's objectives, who can be a member and whether benefits can be paid as a lump sum or income stream. The trust deed and super laws together form the fund's governing rules.

The trust deed must be:

- prepared by someone competent to do so as it's a legal document
- signed and dated by all trustees
- properly executed according to state or territory laws
- regularly reviewed, and updated as necessary.

## Assets

To establish your fund, assets must be set aside for the benefit of members.

If a rollover, transfer or contribution is expected in the near future, a nominal amount (for example, \$10) can be held with the trust deed. This amount is regarded as a contribution and must be allocated to a member.

If a member can't contribute to the SMSF (for example, they are over 65 or don't meet the work test), an administrative discretion is automatically applied to allow a nominal contribution for the member. The amount must be allocated to the member, solely for the purpose of registering the SMSF.

**Next step:**

- [Check your fund is an Australian super fund](#)

QC 23313

## Check your fund is an Australian super fund

Your SMSF needs to be a resident regulated super fund at all times during the financial year to receive tax concessions.

**Last updated** 9 August 2022

### On this page

[Fund residency conditions](#)

[What to do if members go overseas](#)

## Fund residency conditions

An SMSF is an Australian super fund if it meets all 3 of these residency conditions:

1. The fund was established in Australia, or at least one of its assets is located in Australia.
  - The fund was 'established in Australia' if the initial contribution to establish the fund was paid and accepted in Australia.

2. The central management and control of the fund is ordinarily in Australia.

- This means the SMSF's strategic decisions are regularly made, and high-level duties and activities are performed, in Australia. It includes
  - formulating the investment strategy of the fund
  - reviewing the performance of the fund's investments
  - formulating a strategy for the prudential management of any reserves, and
  - determining how assets are to be used for member benefits.
- In general, your fund will still meet this requirement even if its central management and control is temporarily outside Australia for up to 2 years. If central management and control of the fund is permanently outside Australia for any period, it will not meet this requirement.

3. The fund either has no active members or it has active members who are Australian residents and who hold at least 50% of either

- the total market value of the fund's assets attributable to super interests, or
- the sum of the amounts that would be payable to active members if they decided to leave the fund.

## **What to do if members go overseas**

If members are planning to go overseas for an extended period, get professional advice about maintaining the residency status of your SMSF.

If a member of your fund becomes a non-resident but still wishes to make or receive contributions, they should do this outside their SMSF, for example through a retail or industry super fund. They can then rollover the contributions to their SMSF when they return as an Australian resident.

If your SMSF fails the residency test, you should roll over your funds to a resident regulated super fund and wind up the SMSF. Otherwise the fund will become non-complying.

More guidance can be found in, [TR 2008/9](#) *Income tax: meaning of 'Australian superannuation fund' in subsection 295-95(2) of the Income Tax Assessment Act 1997*.

To register your SMSF, see [Register your fund and get an ABN](#).

QC 23312

## Register your fund and get an ABN

How to register your SMSF. You can elect for your fund to be regulated by us, get a TFN and ABN and register for GST.

**Last updated** 3 June 2024

### On this page

[Registrations by tax professionals](#)

[Eligibility to register and get an ABN](#)

[What you need for your registration and ABN application](#)

[Registering for GST](#)

[Check your registration status](#)

[Registration application delays](#)

When your fund is established and all trustees have been appointed (including signing the *Trustee declaration*), you have 60 days to [register the SMSF](#) with us by applying for an Australian business number (ABN).

[Register your SMSF and apply for an ABN](#)

When completing the ABN application, you should:

- ask for a tax file number (TFN) for your fund
- elect for your fund to be an ATO-regulated SMSF. If you don't, your fund will not receive tax concessions and the members' employers can't claim deductions for contributions
- register for GST (if necessary).


Two common errors in applications to register an SMSF and get an ABN are:

- the SMSF trust is not set up correctly before applying for an ABN, including setting aside an asset as the SMSF's property
- the details of the members, trustees or directors of the corporate trustee are incorrect or incomplete.

To avoid common mistakes, refer to:

- [Create the trust and trust deed](#) – offers information about setting up a fund
- [Associate details](#) – outlines the information you'll be asked for
- [Eligibility to register and get an ABN](#)
- [What you need for your registration and ABN application](#)

## Registrations by tax professionals

Tax professionals can use the Australian Business Register's tax professional's services to register SMSFs and [apply for an ABN](#)  on behalf of their clients.

## Eligibility to register and get an ABN

Registering your SMSF isn't the first step in setting up an SMSF.

Before you register, you must already have:

- considered appointing professionals to help you
- chosen individual trustees or a corporate trustee
- in the case of a corporate trustee
  - created the trustee company, or

- ensured that the pre-existing company you have chosen is eligible to act as corporate trustee
- appointed trustees or directors of the corporate trustee
- created a trust (including transferring an asset to the trust)
- checked that your fund is an Australian super fund
- [ensured the company can act as a corporate trustee.](#)

Once you have completed these steps then you are ready to register. Obtaining an ABN is part of the registration process.

#### **See also**

- [Appoint your trustees or directors](#)
- [Setting up an SMSF](#)
- [Create the trust and the deed trust](#)

## **What you need for your registration and ABN application**

The SMSF registration and ABN application form is easier to complete if you have the right information at hand when you apply.

### **Previous ABN or TFN**

You will be asked if the entity you are registering:

- currently has or previously held an ABN
- wants to apply for an ABN
- has a TFN
- wants to apply for a TFN.

New SMSF applicants will not have an existing ABN or TFN and must apply for both to be registered as an SMSF.

If the SMSF previously held an ABN and it was cancelled in error, call us on **13 10 20** if you want it to be reinstated.

### **Type of fund**



## Questions that relate to the type of fund being registered

Question	SMSFs must answer
For taxation purposes which type of entity is the applicant?	Superannuation entity
What type of organisation is the applicant?	An ATO Regulated Self-Managed Superannuation Fund
What type of fund is the applicant?	Do not answer (leave blank)
If the fund is a trust or government organisation, what tier of government does it belong to?	Do not answer (leave blank)
What is the structure of the superannuation entity?	Accumulation fund ( <b>Note:</b> On or after 1 July 2006, new SMSFs must be registered as accumulation funds. Defined benefit funds were only available for a fund that was established before 1 July 2006).

## Resident status

An entity must be an [Australian super fund](#) in order to be an SMSF.

## Tax agent's details

If you are using the services of a tax agent, you can provide their registration number. You can get their registration number:

- by asking them
- from a tax return that they have prepared for you
- on an invoice they have given you.

Recording your tax agent's number against your ABN will enable them to undertake work on your behalf.

## Name of SMSF

The name of the SMSF that you put on the registration form must be the name that you used when you created the fund's trust deed.

Do not use SMSF names that are identical or similar to another fund's name or to an existing company or business name. We will check that you are able to use that name; if the name that you choose has already been used it may delay processing your registration and ABN application.

You can check whether your SMSF's name has been used previously at [Super Fund Lookup](#) .

## Date SMSF came into existence

The SMSF came into existence on the date that you [created the trust](#).

## SMSF business details

You'll need to provide at least one business address for your SMSF. For each address you'll be asked for the:

- street address
- phone and email contacts
- business activity details.

The business location that you provide could be the home address of one of the trustees or the office of a professional that assists with the administration of the SMSF on an ongoing basis.

## Electronic fund transfer details

Your SMSF **must have** a bank account in the name of the fund for your SMSF members' super payments (such as rollovers and contributions) to be paid into. It also needs to have a bank account for tax refunds, this can be the SMSFs bank account or your Tax Agent's bank account, see [Set up a bank account](#).

## Provide your SMSFs bank account

Once you have your SMSFs bank account, you must provide the details to us by using:

- Online services for business
- your registered agent

- phone us on **13 10 20**.

For more information, see [Notify us of changes](#).

## Electronic service address alias

You can provide your [SMSFs electronic service address](#) (ESA) alias when you register for an ABN.

Your SMSF needs a registered ESA:

- to receive non-related employer contributions
- make electronic release authorities
- for members to rollover super to and from your SMSF.

For electronic release authorities and rollovers, the ESA needs to be SuperStream enabled.

For more information, see [register of SMSF messaging providers](#) who can give you an ESA.

To avoid delays **you must** register with an [ESA](#) provider and provide us with your SMSF's ESA before contributions, electronic release authorities or rollovers can be received by your SMSF.

## Authorised contact details

You must nominate at least one [authorised contact](#).

## Associate details

The associates of an SMSF are the:

- individual trustees
- corporate trustee
- members
- directors of a corporate trustee.

For all your associates, you'll need to provide:

- for individuals – their name, date of birth, position held and either their tax file number (TFN) or residential address
- for organisations – their legal name, ACN/ARBN/ABN if applicable, and either their TFN or address and date of formation.

We'll use these details to identify your associates in our existing records. If we can't identify or exactly match details of an associate, your registration and ABN application will be delayed or refused.

## **Election to be regulated**

To register as an SMSF, you need to formally elect for the fund to be regulated by us.

## **Registering for GST**



Most SMSFs don't need to [register for GST](#) because SMSFs mainly make input-taxed sales, and these don't count towards GST turnover.

SMSFs with an annual GST turnover of more than \$75,000 must register for GST. Annual GST turnover doesn't include:

- contributions
- interest and dividends
- residential rent or income generated outside Australia.

However, it does include gross income from the lease of equipment or commercial property.

## **Check your registration status**

Your fund's details will be included in [ABN lookup](#)  and [Super Fund Lookup](#) .

### **ABN lookup**

ABN lookup shows the status of your ABN. Your SMSF will appear on ABN lookup once it has an ABN after your application has been processed and your SMSF is registered.

### **Super Fund Lookup**

Super Fund Lookup shows the status of the SMSF's registration with the regulator (us).

Initially, your SMSF's Super Fund Lookup status may be displayed as 'Pending'.

Employers and other super funds will not transfer benefits to your fund until its status in Super Fund Lookup is displayed as 'Registered'. This takes up to 56 days. An SMSF with this status is treated as complying and is eligible to receive rollovers and employer contributions. Within seven days of the SMSF being displayed on SFLU as 'Registered', a Notice of compliance will issue to the SMSF and their SFLU status will then be displayed as 'Complying'.

If we have any concerns about your SMSF's eligibility, then your Super Fund Lookup status may be displayed as 'Regulation details withheld' while we take a closer look at your application.

## Registration application delays

We do not automatically accept every registration application we receive. We will not accept your registration if we decide that:

- you have not completed the set-up steps listed in [Eligibility to register and get an ABN](#)
- we cannot confirm the identity of all of the SMSF's [Associates](#) (trustees or directors of the corporate trustee)
- you or another trustee (or director) of the SMSF are not able to run an SMSF within the rules.

In many cases, the online registration and ABN application tool will check your answers as you enter them and will let you know that the SMSF cannot be registered (and an ABN cannot be provided) even before you submit the application.

In other cases where we cannot be sure of your eligibility based on your answers alone, we will withhold your registration while we investigate. You will be unable to transfer money from another super fund into your SMSF until we complete our investigation and register your SMSF.

For every SMSF applicant we consider all the trustees and other entities that they have controlled. We consider factors, including but not limited to:

- history of insolvency
- crimes related to dishonesty
- previous SMSF history

- personal lodgment and payment history
- super balance and income
- information about identities that have been used fraudulently.

If we have any concerns about your application, we will withhold your registration and contact you to let you know that we are investigating your application. Most of these cases are resolved in under 2 months, but it can take longer where a more extensive investigation is needed or the applicant trustees do not assist us fully.

QC 23317

## Set up a bank account

How to set up a bank account for your self-managed super fund to accept contributions and pay expenses and liabilities.

**Last updated** 27 June 2022

### On this page

[Why your SMSF needs a bank account](#)

[SMSF bank account requirements](#)

[Notify us of your fund's bank account or any changes](#)

[If you suspect fraud](#)

## Why your SMSF needs a bank account

You need to open a bank account in your self-managed super fund's (SMSF) name to:

- manage the fund's operations

- accept contributions
- accept rollovers of super
- accept income from investments.

This account is also used to pay the fund's expenses and liabilities.

## **SMSF bank account requirements**

As a trustee, you need to make sure the bank account is:

- unique to the SMSF
- recorded correctly with us.

If your SMSF does not have a unique bank account, then your member's retirement benefits may not be protected.

A unique bank account is one not used by any other entity or individual. For example, your tax agent's account for receiving tax refunds is not unique.

Banks usually provide your fund with a bank account after you register it and get an Australian business number (ABN). To enable rollovers into the fund, you will need to notify us of your fund's unique bank account.

The fund's bank account must be kept separate from the trustees' individual bank accounts and any related employers' bank accounts.

You don't have to open a separate bank account for each member, but you must keep a separate record of their entitlement or 'member account'. Each member account shows:

- contributions made by or on behalf of the member
- fund investment earnings allocated to them
- payments of any super benefits (lump sums or income streams).

## **Notify us of your fund's bank account or any changes**

You can notify us of your fund's bank account details or update it at any time:

- through a registered agent
- through Online services for business
- by calling us on **13 10 20**
- by lodging a SMSF Annual Return (SAR).

When a change is made to the SMSF's bank account details held with us, we send you an [email or text message alert \(or both\)](#). If you and other trustees receive an alert and are not aware of the change, contact us immediately on **13 10 20**.

## If you suspect fraud

As a trustee, you also need to check that only people you have authorised are listed as third-party authorities and signatories on your SMSF's bank account.

Giving a third-party authority to your SMSF bank account increases your exposure to fraud such as unauthorised withdrawals from your fund account.

Report suspicious activity to your bank immediately, including if you:

- suspect a third-party has been added as a signatory to your accounts without your authority
- notice suspicious account transactions made by a third party without your consent.

For your fund to accept a rollover, once you set up the bank account the next step is to [get an electronic service address](#).

QC 23316

## Get an electronic service address

SuperStream electronic service address is required (ESA) to receive contributions from employers and rollovers.

**Last updated** 25 May 2021



If your self-managed super fund (SMSF) receives contributions from employers (other than related-party employers), it needs to be able to receive the contributions and associated SuperStream data electronically. From 1 October 2021, your fund will need to use SuperStream to rollover any super to or from your SMSF.

SuperStream is a data and payment standard that applies to super transactions (including contributions made by employers and rollovers between funds) to any super fund, including SMSFs. To receive SuperStream data, you need an electronic service address (ESA), (this is a special internet address, different to an email address).

You can use SuperStream by making sure your SMSF has an ESA and your SMSF details are up to date. To rollover to or from your SMSF, your ESA needs to be compliant to accept rollovers.

Your administrator may provide you with an electronic service address or you can use a [SuperStream message solution provider](#).

When you receive an ESA, you must update your records with us. See [Notify us of changes](#) for how to update your details.

An employer will need the following information about your SMSF:

- Australian business number (ABN)
- bank account details (BSB and account number)
- Electronic Service Address (ESA).

**Next step:**

- [Prepare an exit strategy](#)

**See also:**

- [SuperStream](#)

QC 45556

## Prepare an exit strategy

Prepare what happens when the SMSF ends, or winds up. Consider specific wind-up clauses in your fund's trust

deed.

**Last updated** 20 June 2018

Even when you're setting up your SMSF you need to consider what happens when your SMSF ends, or 'winds up'.

Sometimes SMSFs become difficult to manage because of an unexpected event such as:

- [a relationship breakdown](#) between the trustees
- an illness or accident that leaves a trustee incapacitated (and unable to perform their role as a trustee)
- [a trustee dies](#).

Having an exit strategy may reduce the impact of 'unexpected' events. As part of your exit strategy, some of the things you should consider are:

- ensure all trustees can access the SMSF's records and electronic transaction accounts
- include specific rules in your fund's trust deed that are triggered by events that could otherwise lead to the fund becoming unmanageable
- members to make binding death benefit nominations (and renew them every three years)
- encourage members to appoint an enduring power of attorney
- the likely costs involved in winding up an SMSF.

**See also:**

- [Winding up](#)
- [Death of a member](#)
- [Superannuation and relationship breakdowns](#)
- [Estate planning](#)

QC 42459

## Contributions and rollovers

As an SMSF trustee, accept contributions and rollovers for your members from various sources but there are restrictions.

**Last updated** 15 March 2022

As an SMSF trustee, you can accept contributions and rollovers for your members from various sources but there are some restrictions, mostly depending on the member's age and the contribution caps.

You need to properly document contributions and rollovers, including the amount, type and breakdown of components, and allocate them to the members' accounts within 28 days of the end of the month in which you received them.

From 1 October 2021, to rollover any super to or from your SMSF, you will need to use SuperStream.

### Find out about

- [Contributions you can accept](#)
- [SuperStream Rollovers v3 guide for SMSFs](#)
- [SuperStream rollovers and release authorities for SMSFs](#)
- [Contribution caps](#)
- [Rollovers](#)
- [Personal contributions – deductions](#)
- [Re-contribution of COVID-19 early release superannuation amounts](#)

### See also

- Tax on income - [assessable contributions](#)

## Contributions you can accept



There are minimum standards for accepting contributions into your SMSF.

## Contribution caps



Work out your concessional and non-concessional contribution caps by financial year.

## Rollovers



What you need to know about self-managed super fund (SMSF) rollovers and how to action them.

## Personal contributions – deductions



If a member is eligible, they may be able to claim a deduction for

## Responding to release authorities issued to SMSFs



What a release authority is and how your SMSF needs to respond to them.

QC 23325

## Contributions you can accept

There are minimum standards for accepting contributions into your SMSF.

**Last updated** 15 December 2022

### On this page

[Allowable contribution](#)

[Member's tax file number](#)

[In specie \(asset\) contributions](#)

## Allowable contribution

There are minimum standards for accepting contributions into your self-managed super fund (SMSF), and the trust deed of your fund may have more rules.

Whether a contribution is allowable depends on:

- whether you have the [member's tax file number \(TFN\)](#) – if not, you can't accept member contributions
- the type of contribution – for example, you can accept [mandated employer contributions](#), such as super guarantee contributions from a member's employer, at any time
- the age of the member – for example, you generally can't accept [non-mandated contributions](#) for members 75 years old or older

- whether the contribution exceeds the member's [fund-capped contributions limit](#).

Generally, you can't accept an [asset as a contribution](#) from related parties of your fund, but there are some exceptions.

If your SMSF will receive contributions from employers (other than related-party employers), you'll need an [electronic service address](#) to receive the associated SuperStream data.

## Member's tax file number

When a member joins your fund, you need to ask for their TFN and provide it to us. You can do this when you register the fund or when a new member joins.

A member is not required by law to provide their TFN, however if they don't:

- there may be administrative delays if we can't identify the member from the other information you've provided
- your fund has to pay extra tax on some contributions made to that member's account
- the member may not be able to receive super co-contributions
- your fund can't accept member contributions for them, such as personal and eligible spouse contributions.

If the member hasn't provided their TFN and you've accepted member contributions for them, you'll need to return the contribution within 30 days (of becoming aware of the contribution). However, if they provide their TFN within 30 days of receiving the contribution, you don't have to return the amount.

If you receive employer contributions on behalf of a member and you pay additional income tax because you did not have your member's TFN, you may be able to claim a tax offset in a later financial year if the member later gives you their TFN.

## Mandated employer contributions

Mandated employer contributions are contributions made by an employer under a law or industrial agreement for the benefit of a fund member. They include super guarantee contributions.

You can accept mandated employer contributions for members at any time, regardless of their age or the number of hours they're working.

## Non-mandated contributions

Non-mandated contributions include:

- contributions made by employers over and above their super guarantee or award obligations (such as salary sacrifice contributions)
- member contributions – these are contributions made by or on behalf of a member, such as
  - personal contributions
  - eligible proceeds from primary residence disposal (downsizer contribution)
  - super co-contributions
  - eligible spouse contributions
  - contributions made by a third party, such as an insurer
- [re-contribution of COVID-19 early release superannuation amounts](#).

Non-mandated member contributions can only be accepted if you have their tax file number (TFN). If you receive a member contribution and you don't have the member's TFN, you need to return the contribution within 30 days unless the member's gives you their TFN within that period.

You can accept non-mandated contributions in the following circumstances.

### Members under 75 years old

From 1 July 2022, you can accept all types of non-mandated contributions, except [downsizer contributions](#) (these can only be made if the member has reached eligible age).

For a member turning 75, contributions must be received no later than 28 days after the end of the month they turn 75.

Between 1 July 2020 and 30 June 2022, you could accept all types of non-mandated contributions for members under 67. If they were between 67 and 75, you could only accept non-mandated

contributions if they were gainfully employed on at least a part-time basis.

Before 1 July 2020, you could accept all types of non-mandated contributions for members under 65. If they were between 65 to 75, you could only accept non-mandated contributions if they were gainfully employed on at least a part-time basis.

## **Members 75 years old or over**

You can accept downsizer contributions (there is no maximum age limit) if you have their TFN, but you generally can't accept other non-mandated contributions.

Super co-contributions and employer contributions that relate to a valid contribution period for the member can be accepted at any time.

**Note:** 'Gainfully employed on at least a part-time basis' means the member is gainfully employed for at least 40 hours in a period of 30 consecutive days in each financial year in which the contributions are made. Unpaid work does not meet the definition of 'gainfully employed'.

## **In specie (asset) contributions**

'In specie' contributions are contributions to your fund in the form of a non-monetary asset.

Generally, you must not intentionally [acquire assets](#) (including in specie contributions) from related parties of your fund. However, there are some exceptions to this rule, including:

- listed shares and other securities
- business real property (land and buildings used wholly and exclusively in a business).

QC 23326

## **Contribution caps**

Work out your concessional and non-concessional contribution caps by financial year.



## On this page

[Making contributions to SMSFs](#)

[Concessional contributions](#)

[Non-concessional contributions](#)

## Making contributions to SMSFs

A member whose total contributions exceed the contribution caps in a year may be liable for [additional tax on the excess contributions](#). Contribution caps are indexed annually.

There are minimum standards for [accepting contributions](#) into your SMSF and the trust deed of your fund may have more rules.

See more about what is included in [member contributions and meeting the work test](#).

## Concessional contributions

Concessional contributions are contributions made into your SMSF that are included in the SMSF's assessable income. These contributions are taxed in your SMSF at a 'concessional' rate of 15%, which is often referred to as 'contributions tax'.

The most common types of concessional contributions are employer contributions, such as super guarantee and salary sacrifice contributions. Concessional contributions also include personal contributions made by the member for which the member claims an income tax deduction.

Concessional contributions are subject to a yearly cap:

- From 1 July 2024, the general concessional contributions cap is \$30,000 for all individuals regardless of age.
- For the 2021-22, 2022-23 and 2023-24 financial years, the general concessional contributions cap was \$27,500 for all individuals regardless of age.

- For the 2017–18, 2018–19, 2019–20 and 2020–21 financial years, the general concessional contributions cap was \$25,000 for all individuals regardless of age.
- For the 2014–15, 2015–16 and 2016–17 financial years, the concessional contributions cap was \$30,000 per financial year and is increased to \$35,000 for members 49 or over.
- For the 2013–14 financial year onwards, excess concessional contributions are no longer subject to excess contributions tax. If a member's contributions exceed the cap, the amount will be included in the member's assessable income and taxed at their marginal tax rate.

## Unused concessional cap carry forward

From 1 July 2018, members can make 'carry-forward' concessional super contributions if they have a total superannuation balance of less than \$500,000. Members can access their unused concessional contributions caps on a rolling basis for 5 years. Amounts carried forward that have not been used after 5 years will expire.

For example, a 2019–20 unused cap amount that is not used by the end of 2024–25 will expire.

## Non-concessional contributions

Generally, non-concessional contributions are contributions made into your SMSF that are not included in the SMSF's assessable income.

Non-concessional contributions **include**:

- personal contributions made by the member for which no income tax deduction is claimed - this is the most common type of non-concessional contribution
- excess concessional contributions for the financial year which the member does not elect to remove from the superfund after we send them an excess contributions determination will also count towards your member's non-concessional contributions cap.

Non-concessional contributions **do not include**:

- super co-contributions
- structured settlements

- orders for personal injury or capital gains tax (CGT) related payments that the member has validly elected to exclude from their non-concessional contributions
- [re-contribution of COVID-19 early release superannuation amounts](#) made between 1 July 2021 and 30 June 2030. Individuals can re-contribute amounts they withdrew under the COVID-19 early release of super program without them counting towards their non-concessional contributions cap.

If a member's non-concessional contributions exceed the cap, a tax of 47% is levied on the excess contributions. Individual members are personally liable for this tax and must have their super fund release an amount of money equal to the tax.

## From 1 July 2024

From 1 July 2024, the non-concessional contributions cap is \$120,000. Members under 75 years of age may be able to make non-concessional contributions of up to 3 times the annual non-concessional contributions cap in a single year.

If eligible, when you make contributions greater than the annual cap, you automatically gain access to future year caps. This is known as the 'bring-forward' option.

## Bring-forward arrangements

From the 2022–23 financial year members who are under 75 may be able to access a bring-forward arrangement as outlined in the table below.

**Table: contribution and bring-forward available to members under 75 from 1 July 2024**

Total superannuation balance as at 30 June of the prior financial year	Contribution and bring-forward available
Less than \$1.66 million	Access to \$360,000 cap (over 3 years)
Greater than or equal to \$1.66 million and less than	Access to \$240,000 cap (over 2 years)

\$1.78 million	
Greater than or equal to \$1.78 million and less than \$1.9 million	Access to \$120,000 cap (no bring-forward period, general non-concessional contributions cap applies)
Greater than or equal to \$1.9 million	Nil

See more on [bring-forward arrangements](#).

## 1 July 2021 to 30 June 2024

For the 2021–22, 2022–23 and 2023–24 financial years, the non-concessional contributions cap was \$110,000.

## 1 July 2017 to 30 June 2021

For the 2017–18, 2018–19, 2019–20 and 2020–21 financial years, the non-concessional contributions cap was \$100,000.

## 1 July 2014 to 30 June 2017

For the 2014–15, 2015–16 and 2016–17 financial years, non-concessional contributions were subject to a yearly cap of \$180,000 for members 65 or over but under 75 or \$540,000 over a 3-year period for members under 65.

[Transitional arrangements](#) apply to individuals who brought forward their non-concessional contributions cap in the 2015–16 or 2016–17 financial years.

QC 42460

# Rollovers

What you need to know about self-managed super fund (SMSF) rollovers and how to action them.

**Last updated** 10 May 2023

## On this page

[About rollovers](#)

[Rollover requirements](#)

[Types of rollovers](#)

[Exceptions from electronic rollovers](#)

[Death benefit rollovers](#)

[Correcting a mistake](#)

[Reporting following rollovers](#)

[Rollovers due to winding up](#)

## About rollovers

A rollover is when you, as a member, transfer some or all of your existing super between super funds, including SMSFs.

It is a legal requirement for rollovers to be processed electronically, using 2 components:

- a data message
- a separate payment transfer.

There are some [exceptions](#).

Before making a rollover, there are several steps you need to complete to ensure it is successful.

Trustees must complete the rollover no later than 3 business days after receiving all the required information. Systems must be in place to action the requests. If your fund doesn't meet this requirement they could receive a compliance breach.

## Rollover requirements

For rollovers to be successful, as trustee you need to ensure:

- you engage an [SMSF messaging provider](#) to obtain an active [electronic service address](#) (ESA) that offers rollover services and update your ATO records to advise us of your ESA.

- your SMSF has an [Australian business number \(ABN\)](#)
- your SMSF has a [complying or registered status](#) on Super Fund Lookup
- member and fund details held by us, the sending fund and the receiving fund are [up-to-date and identical](#)
- you contact the transferring fund to understand any proof of identity (POI) requirements
- you have a unique financial institution account for your SMSF recorded with us.

Where you're rolling out of your SMSF, be aware of the financial institutions daily transaction limit.

The rollover may fail if any of the above requirements are not met. If member details don't match exactly, for example where the member name is recorded as 'Sue' with the fund and 'Susan' with us, this will prevent the rollover.

ESAs can expire over time. It is important to make sure yours is still active with your provider. Contact them for more information.

To record your fund's active ESA details with us, you can:

- use the **Profile** menu in [Online services for business](#)
- contact a registered agent
- phone us on **13 10 20**.

## Types of rollovers

The process for actioning a rollover will depend on whether you're rolling super into or out of your SMSF. Follow the steps for rollovers from:

- [an APRA-regulated fund to your SMSF](#)
- [your SMSF to an APRA-regulated fund](#)
- [your SMSF to another SMSF](#).

## Rollovers from an APRA-regulated fund to your SMSF

Follow these steps to make a rollover from an APRA-regulated fund to an SMSF.

### **Step 1: Member requests a rollover**

Members should engage with their APRA-regulated fund before requesting the rollover to:

- ensure their details held with the APRA-regulated fund and with us are an exact match – any mismatch could delay or prevent processing
- discuss what POI documents may need to be provided – for example a marriage certificate or SMSF bank account details.

Members can request a rollover through:

- the APRA-regulated fund – either whole of balance transfers or partial transfers can be made this way
- ATO online services – only whole of balance transfers can be made this way
- the SMSF messaging provider – issue a rollover initiation request to the APRA-regulated fund.

If the member doesn't provide all required information, the rollover will be delayed or rejected.

If the APRA-regulated fund suspects illegal activity, they will report it to the Australian Transaction Reports and Analysis Centre (AUSTRAC) and any relevant law enforcement agencies.

### **Step 2: APRA-regulated fund undertakes mandatory verification**

The APRA-regulated fund runs mandatory verification checks to ensure the fund and member details match records held by them and us.

To protect against potential fraud, we send members [emails or text message alerts](#) advising of the rollover request. If the member is not aware of the request, they need to contact the transferring fund immediately to stop it.

### **Step 3: Confirm your SMSF has received the rollover**

The APRA-regulated fund will generally process and pay the rollover to your SMSF bank account within 3 business days of receiving all the information required. They will notify your SMSF messaging provider when this occurs.

They may take longer to process your request when the:

- underlying assets are illiquid
- product is a closed or defined benefit product
- pension account is a type other than an account-based pension.

When your SMSF receives the payment and associated data, check that the payment reference number (PRN) in the data message matches the PRN provided with the payment.

Then you must confirm receipt of the rollover by sending an outcome response message through your SMSF messaging provider to the APRA-regulated fund within 3 business days.

## **Rollovers out of your SMSF to an APRA-regulated fund**

Follow these steps to make a rollover out of your SMSF to an APRA-regulated fund.

### **Step 1: Member requests a rollover**

Members can request a rollover by submitting a request:

- to their SMSF – include all relevant details and ensure they are identical to those recorded with us and the APRA-regulated fund
- to their APRA-regulated fund – you may need to provide POI or bank verification documents and then the APRA-regulated fund will send the request to your SMSF messaging provider
- through ATO online services – only for whole of balance transfers (this option may be preferred where a relationship breakdown occurs between trustees of the SMSF).

Trustees must action this within 3 days of receiving all the required information.

### **Step 2: Trustee actions the rollover request**



Regularly reviewing members' needs, changing circumstances and fund performance will mean you're better prepared for a rollover request. Make sure you:

- have enough liquid assets and allow for any fees incurred by your SMSF – you need enough money in your SMSF bank account
- check your financial institution daily transaction limit – if you are rolling over more than your limit, you may need to:
  - increase your daily transaction limit
  - make multiple rollovers of a smaller amount – each rollover must match the amount of each separate payment and have a separate PRN
- engage your SMSF messaging provider or administrator to send the data message ensuring mandatory verification checks are actioned
  - they must do the following checks:
    - validate the member's tax file number (TFN) with [SMSFmemberTICK](#)
    - verify the APRA-regulated fund details using the [Fund Validation Service](#).

After you action a rollover, your SMSF messaging provider will provide a PRN or advise you to generate your own. You need to quote this PRN when making the payment.

### **Creating a PRN**

To generate your own PRN, use the following:

- the SMSF's ABN
- 4 digits to represent the day and month (DDMM)
- a 3-digit sequence based on the number of payments the SMSF has made on this day.

For example, the PRN for an SMSF with an ABN of 12 345 678 910 making a payment on 14 October would be 123456789101410001. This is created by the:

- ABN (12345678910)
- date (1410)
- sequence number (001 – first payment of the day)

It is essential that the PRN on the rollover message exactly matches the one on the payment. The receiving fund can only accept the payment if they can reconcile the PRN from the data message with the one on the electronic funds transfer.

### **Step 3: Trustee pays the rollover**

The payment of the rollover can be made using electronic funds transfer. You must make the payment as soon as possible after sending the data message. Use the [Fund Validation Service](#) to verify the APRA-regulated fund's current banking details.

When you make the payment via your financial institution:

- use the correct PRN provided to you by your SMSF messaging provider or generated by your SMSF
- only make one payment for each PRN
- pay the exact amount allocated to that PRN
- if you need to make multiple payments, you need multiple PRNs to align to the multiple data messages.

Failure to do this will result in the rollover being delayed or rejected, the fund will be non-compliant with the rollover request which can result in a regulatory contravention.

When the APRA-regulated fund receives your payment and associated data, they will send an outcome response message to your SMSF messaging provider to confirm their receipt within 3 business days.

## **Rollovers from your SMSF to another SMSF**

Follow these steps to make a rollover from your SMSF to another SMSF.

### **Step 1: Member requests a rollover**

Members can request a rollover by submitting a request:

- to their SMSF – include all relevant details and ensure they are identical to those recorded with us and the APRA-regulated fund
- through ATO online services – only for whole of balance transfers (this option may be preferred where a relationship breakdown occurs between trustees of the SMSF).

Trustees must action this within 3 days of receiving all the required information.

## **Step 2: Trustee actions the rollover request**

Regularly reviewing members' needs, changing circumstances and fund performance will mean you're better prepared for a rollover request. Make sure you:

- have enough liquid assets and allow for any fees incurred by your SMSF – you need enough money in your SMSF bank account
- check your financial institution daily transaction limit – if you are rolling over more than your limit, you may need to:
  - increase your daily transaction limit
  - make multiple rollovers of a smaller amount – each rollover must match the amount of each separate payment and have a separate PRN
- engage your SMSF messaging provider or administrator to send the data message ensuring mandatory verification checks are actioned
  - they must do the following checks:
    - validate the member's TFN with [SMSFmemberTICK](#)
    - verify the fund and member details using the [SMSF verification service](#) (SVS).

When the SVS is used, the member receives an email or text message alert before the rollover is made. If they did not request the rollover, they need to contact the transferring fund immediately to stop the rollover.

After you action a rollover, your SMSF messaging provider will provide a PRN or advise you to [generate your own](#). You need to quote this PRN when paying the rollover.

## **Step 3: Trustee pays the rollover**

You must make the payment as soon as possible after sending the data message.

When you make the payment via your financial institution:

- use the correct PRN provided to you by your SMSF messaging provider or generated by your SMSF

- only make one payment for each PRN
- pay the exact amount allocated to that PRN
- if you need to make multiple payments, you need multiple PRNs to align to the multiple data messages.

Failure to do this will result in the rollover being delayed or rejected, the fund will be non-compliant and can result in a regulatory contravention.

When the receiving fund receives the payment and associated data, they will send a response to your SMSF messaging provider within 3 business days to confirm their receipt.

## Exceptions from electronic rollovers

Generally, rollovers to or from your SMSF must be processed electronically. There are some exceptions, including:

- in-specie rollovers – these are managed through a process agreed between the relevant parties
- a [foreign super fund transfer](#)
- rollovers to or from a non-complying fund – you must use the [Rollover benefits statement \(RBS\)](#)
- a family law super splitting payment – you must use the RBS.

## Death benefit rollovers

If it is a death benefit rollover and the recipient is a dependent beneficiary, you also need to do the following within 30 days of the rollover payment:

- Complete the [Death benefit rollover statement \(DBRS\)](#).
- Give the DBRS or a statement with the same information to the dependant beneficiary.

The DBRS needs to be sent to the receiving fund for any dependent child beneficiary as soon as possible. See more about [SuperStream death benefit rollovers](#).

Keep a copy of the documentation to show your SMSF Auditor that the rollover process was compliant.

## Correcting a mistake

If you made a mistake with the rollover payment, contact the receiving fund to resolve.

## Reporting following rollovers

In some situations, you may be required to report additional information to us after a rollover.

### Rolling over untaxed elements of benefits

A rollover from another fund is not included in the assessable income of your fund unless the rollover amount includes an untaxed element.

In the financial year the rollover occurs, if it does contain an untaxed element, you need to include the amount of that element in the assessable income of your fund up to the [untaxed plan cap amount](#).

If the untaxed element exceeds the untaxed plan cap, the originating fund should withhold tax (at the top marginal rate plus Medicare levy) from the amount over the cap before releasing the rollover to your fund. You can then add this now-taxed amount to the tax-free component of the rolled-over amount.

#### Example: rollover with an untaxed element

On 5 September 2019, Tom asks his fund to roll over his super interest of \$1.7 million. This is an untaxed element.

The untaxed plan cap amount for 2019–20 is \$1.515 million, meaning that Tom's rollover amount exceeds the cap by \$185,000. The originating fund must withhold tax of \$90,650 (49% of \$185,000).

The amounts reported by the originating fund on the rollover benefits statement will be \$94,350 (\$185,000 – \$90,650) at the **tax-free component** label and \$1.515 million at the **element untaxed in the fund** label.

Tom's SMSF will report the \$1.515 million as income at the **personal contributions** label in the SMSF annual return.

Ensure you report all member contributions in your *SMSF annual return*, even if they were rolled out to another fund later.

## Income streams

If a member of your SMSF was receiving an income stream and starts a new income stream with their new fund following the rollover, you need to [report this to us](#).

You can report this as a commutation through the [transfer balance account report](#).

If you do not report the rollover to us when it happens, double-counting of your member's income streams may occur.

## Rollovers due to winding up

If your SMSF is being wound up:

- a final rollover can be made once the cleared funds have been determined
- after lodging your final annual return, you have approximately 28 days to rollover any funds before the ABN is cancelled.

But don't forget there are other actions you need to take if your SMSF is [winding up](#). Follow all steps to wind your fund up successfully.

QC 23328

## Personal contributions – deductions

If a member is eligible, they may be able to claim a deduction for super contributions they make for their own benefit.

## On this page

[Acknowledging valid notices](#)

[Deadline for varying notices](#)

[If a member is eligible](#), they can claim an income tax deduction for super contributions they make for their own benefit. A member who intends to claim a deduction must notify you of this intent.

The member must give you the notice by the earlier of:

- the time they lodge their personal income tax return for the financial year during which the contribution was made
- the end of the financial year following the year the contribution was made.

The notice is invalid if:

- the person is no longer a member of your SMSF
- you no longer hold the contribution because of a partial rollover that included the contribution
- you have paid a lump sum or have started to pay a super income stream that includes the contribution.

In these circumstances, the member will not be able to claim a deduction for the personal contribution made.

## Acknowledging valid notices

You must acknowledge your member's valid notice. Your acknowledgment should include:

- the date your fund received the notice
- any subsequent variations that your fund received
- member account and fund details
- the total amount of personal contributions that the notice covers

- the amount the member has notified you they intend to claim as a deduction
- the dates the contributions were made or the financial year they were made in.

This ensures that your members are able to claim the deductions they're entitled to and that super co-contributions and excess contributions tax are correctly applied.

You don't have to acknowledge the notice if the value of the relevant super interest on the day you received the notice is less than the tax that would be payable by you for the contribution.

## **Deadline for varying notices**

If the member claiming the deduction has made an error with their notice of intent to claim a deduction, the notice can be varied (including varied to nil). Generally they need to do this by the same deadline as the original notice. After this, the notice can't be varied unless:

- a deduction for the contributions is not allowable (that is, the member was ineligible to claim a deduction)
- the variation reduces the amount shown on the original notice by the amount that is not allowable as a deduction.

### **See also:**

- [Claiming deductions for personal super contributions](#) – information for your member.

QC 42470

## **Responding to release authorities issued to SMSFs**

What a release authority is and how your SMSF needs to respond to them.



## On this page

[What is a release authority?](#)

[Notification of a release authority](#)

[Responding to a release authority](#)

[Types of release authorities](#)

[Tax treatment of release authorities](#)

## What is a release authority?

A release authority is a document we give to a super fund to authorise the release of a member's super.

You may receive a release authority if a member has requested to have some of their super released early from their SMSF where the member has:

- excess concessional contributions
- excess non-concessional contributions
- excess non-concessional contributions tax
- Division 293 due and payable
- Division 293 deferred debt
- requested release under the first home super saver scheme

When an SMSF receives a valid release authority, it is authorised to release the amount from the member's super account based on the instructions of the [specific release authority](#).

A contravention will occur if you release this money before your member lodges an election form and your SMSF receives a release authority.

Depending on the type of release authority, this amount is either paid:

- to us, and we then pay it to the member
- directly to the member.

The release authority includes a release authority statement and instructions for completing it. As trustee, you must provide this information to us to confirm that you have released the member's money in accordance with the release authority.

## Notification of a release authority

How you receive release authorities will depend on whether your SMSF has an [electronic service address](#) (ESA) or not.

If your SMSF:

- has an ESA, we will send the release authority to your ESA and your fund will receive a notification either from your SMSF messaging provider or your fund administrator
- does not have an ESA, we will send a release authority letter and a release authority statement form, which as trustee you will need to complete.

The due date of the release authority will depend on the [type of release authority](#).

## Responding to a release authority

Before responding to a release authority, see [tax treatment of release authorities](#).

### Step 1: Send us the release authority statement (RAS)

How you respond to a release authority will depend on how we issued it to you. If the release authority was issued:

- to your ESA, you must send us the RAS message through your software, SMSF messaging provider or fund administrator
- by paper, you must action the release authority and return the paper RAS to us.

Your RAS should advise:

- the amount to be released to us
- for partial releases, whether any super benefits remain in the account

- where the amount released is less than the authority, why the full amount could not be released.

After you action a release authority and send a RAS using your software, you will either be:

- provided with a payment reference number (PRN) by your software, SMSF administrator or messaging provider
- advised to generate your own PRN.

You will need to include this PRN when paying the release amount. Make sure it matches the one provided in the data message.

If you received a paper release authority, your PRN will be included on the payment slip of the form.

If you are unable to action the release authority, send us either:

- a release authority error message through your ESA, or
- the completed paper RAS.

## Step 2: Make the payment

You will need to electronically pay the lesser of either:

- the amount stated in the release authority, or
- the total amount of the super that could be paid at that time.

The release authority you receive will include the bank account you need to make the payment to.

Remember to include the PRN when making the payment. If you receive multiple release authorities, do **not** send one bulk payment. The amount you advise is being paid in the RAS must match the amount paid and the corresponding PRN.

## Types of release authorities

There are several types of release authorities that we might send you, including:

- excess concessional contributions
- excess non-concessional contributions
- excess non-concessional contributions tax

- Division 293 due and payable
- Division 293 deferred debt
- first home super saver scheme

## **Excess concessional contributions release authority**

Your SMSF will receive an excess concessional contributions release authority when a member:

- exceeds their concessional contributions cap in 2013–14 and later financial years and
- elects to release up to 85% of the excess concessional contributions.

The full amount of excess contributions will be included in your member's taxable income. It will be assessed at the individual's marginal rate of tax and a 15% tax offset will be applied.

Amounts of excess concessional contributions that are not released will be treated as non-concessional contributions.

The released amount must be paid directly to us and is to be treated as a non-assessable, non-exempt benefit payment to your member.

When your fund releases an amount to us, we will:

- offset the balance against any outstanding tax or other Australian Government debts
- pay the remaining amount to your member.

## **Excess non-concessional contributions release authority**

Your SMSF will receive an excess non-concessional contributions release authority when a member exceeds their non-concessional contributions cap and has:

- elected to release the excess non-concessional contributions and 85% of associated earnings from that fund, or
- not made such an election after 60 days and we initiate the process on their behalf.

The released amount must be paid directly to us and is to be treated as a non-assessable, non-exempt benefit payment to your member.

When your fund releases the amount to us, it will be offset against any outstanding tax or other Australian Government debts before any remaining balance is refunded to your member.

You don't need to amend the contributions report you provided for this member in your SMSF annual return for 2017–18 and earlier financial years. Releasing this benefit doesn't change the contributions that led to the excess.

## **Excess non-concessional contributions tax release authority**

Your SMSF will receive this release authority if your member elects to have their excess non-concessional contributions assessed as excess non-concessional contributions tax in order to pay their tax liability.

When your fund releases an amount to us, we will:

- offset the balance against any outstanding tax or other Australian Government debts
- pay the remaining amount to your member.

## **Division 293 tax – due and payable release authority**

When an individual has a Division 293 tax due and payable debt associated with contributions made to accumulation super accounts, the debt must be paid within 21 days of receiving the notice of assessment.

The individual can elect to release an amount from their fund within 60 days of the issue date to pay the debt. We will issue a release authority to their nominated fund. If your SMSF receives a release authority, you must pay us directly.

When your fund releases an amount to us, we:

- offset the balance against any outstanding tax or other Australian Government debts
- pay the remaining amount to the member.

## **Division 293 tax – deferred debt account release authority**

When an individual has a Division 293 tax debt associated with contributions made to a defined benefit account, the debt is deferred until they take their end benefit from their defined benefit account. It can be pre-paid before that time.

The individual can elect to release an amount from their fund within 60 days of the issue date to pay the debt. We will issue a release authority to their nominated fund. A defined benefit fund may voluntarily comply with this version of the release authority. The super fund must pay us directly.

When your fund releases an amount to us, we will allocate the amount to your member's deferred debt account held by us.

## **First home super saver (FHSS) scheme release authority**

Your SMSF will receive an FHSS release authority when one of your members successfully requests us to issue one under the scheme.

The amount released by your fund must be paid directly to us.

When your fund releases an amount to us, we:

- withhold the appropriate amount of tax
- may offset the balance against any outstanding tax or other Commonwealth debts
- pay any remaining amount to your member.

## **Tax treatment of release authorities**

The payment of a release authority is a super benefit. The amount paid is to be treated as a non-assessable, non-exempt benefit payment to your member.

Your SMSF is not required to work out any tax-free or taxable components when the benefit is paid.

The cashing order for benefits paid to satisfy a release authority is:

- unrestricted non-preserved benefits
- restricted non-preserved benefits
- preserved benefits.

For more information about these types of benefits refer to [Preservation of super](#) | [Australian Taxation Office \(ato.gov.au\)](#)


QC 72513

## Investing

You need to manage your fund's investments in the best interests of fund members and in accordance with the law.

**Last updated** 1 July 2021

You need to manage your fund's investments in the best financial interests of fund members and in accordance with the law. You also need to ensure that you separate your fund's investments from the personal and business affairs of fund members, including your own.

Visit our [ATO Community](#)  to ask a question and read moderated answers about investing.

### Find out about:

- [Your investment strategy](#)
- [Sole purpose test](#)
- [Ownership and protection of assets](#)
- [Restrictions on investments](#)
- [Carrying on a business in an SMSF](#)
- [Tax on income](#)

### Your investment strategy



How to develop your self-managed super fund (SMSF) investment strategy and achieve your investment objectives.

### Sole purpose test



Your fund's investments are for the sole purpose of providing retirement benefits to members.

### Ownership and protection of assets

Manage your fund's investments separately from the personal or business investments of members, including your own.

### Restrictions on investments

Check if your investments on a commercial 'arm's length' basis.

### Carrying on a business in an SMSF

SMSF trustees must comply with the trust deed, sole purpose test and other rules when carrying on business activities.

QC 23319

## Your self-managed superannuation fund (SMSF) investment strategy

How to develop your self-managed super fund (SMSF) investment strategy and achieve your investment objectives.

**Last updated** 16 December 2022

### On this page

[What is an SMSF investment strategy?](#)

[What to include in the strategy](#)



[Restrictions to what your SMSF can invest in](#)

[Risks with investing all of your savings in one asset](#)

[Giving effect to your strategy](#)

[Reviewing your strategy](#)

[Auditor's role](#)

[If your strategy isn't compliant](#)

[Getting help with your strategy](#)

## What is an SMSF investment strategy?

**Watch:**

Your investment strategy is your plan for making, holding and realising assets consistent with your investment objectives and retirement goals. It should set out why and how you've chosen to invest your retirement benefits to meet these goals.

The super laws require that you must:

- prepare and implement an investment strategy for your SMSF
- give effect to and review the strategy regularly.

## What to include in the strategy

Your SMSF investment strategy should be in writing and be tailored and specific to your fund's circumstances. It should not be a repeat of the legislation.

It should explain how your investments meet each member's retirement objectives. Relevant circumstances of the members may include (but are not limited to) their:

- age
- employment status
- retirement needs which influence the risk appetite.

Under the super laws, your strategy must consider the following specific factors regarding the whole circumstances of your fund:

- risks involved in making, holding and realising, and the likely return from your fund's investments regarding its objectives and cash flow requirements
- composition of your fund's investments including the extent to which they are diverse (such as investing in a range of assets and asset classes) and the risks of inadequate diversification
- liquidity of the fund's assets (how easily they can be converted to cash to meet fund expenses such as the cost of managing the fund and income tax expenses)
- fund's ability to pay benefits (such as when members retire and require a lump sum payment or regular pension payments) and other costs it incurs
- whether to hold insurance cover (such as life, permanent or temporary incapacity insurance) for each SMSF member.

When formulating your investment strategy, it is not a valid approach to merely specify investment ranges of 0 to 100% for each class of investment. You also need to articulate:

- how you plan to invest your super, or
- why you require broad ranges to achieve your investment strategy requirements.

The percentage or dollar allocation of the fund's assets invested in each asset class should support and reflect your articulated investment approach towards achieving your retirement goals. If you

choose not to use allocated portions or percentages in your strategy, you must list material assets. Also include the reasons why investing in those assets will achieve your retirement goals.

Find more on how to plan, choose and track your investments on [moneysmart.gov.au](https://moneysmart.gov.au) [↗](#).

## Restrictions to what your SMSF can invest in

You are free to choose what type of assets you invest in, providing those investments:

- are permitted by your fund's trust deed
- are not prohibited by the super laws
- meet the [sole purpose test](#).

For instance, be aware of the:

- in-house asset rules
- acquisitions from related party rules
- non-arm's length income rules for income tax purposes.

Where your investments breach the super laws, we can take compliance action against you. Depending on the severity of the breach, we may apply penalties and potentially disqualify you as trustee.

Find out more about your [activity limitations under the super laws](#).

## Risks with investing all of your savings in one asset

While you can choose to invest all your retirement savings in one asset or asset class, risks such as return, volatility and liquidity can be minimised if you invest in a variety of assets. This is called a diversified portfolio which helps to spread investment risk.

Investing the predominant share of your retirement savings in one asset or asset class can lead to concentration risk. In this situation, your strategy should document:

- that you considered the risks associated with a lack of diversification
- how you still think the investment will meet your fund's investment objectives including your return objectives and cash flow requirements.

Asset concentration risk is heightened in highly leveraged funds, such as where the trustee has used a limited recourse borrowing arrangement to acquire the asset. This can expose you to a loss in your retirement savings if the asset declines in value. It could also trigger a forced asset sale if loan covenants (for example, the loan to valuation ratio) are breached.

Super laws also require you to invest in accordance with the best financial interest of all members. You need to be aware of any legal risks that may result from investing in one asset class.

## **Giving effect to your strategy**

The super laws require that you as trustee must formulate and regularly review your fund's investment strategy. You must also give effect to an investment strategy that has regard to the whole of the fund's circumstances.

This means ensuring your fund's investments are in accordance with your investment strategy so that you are on track to meet your retirement goals. To help meet this requirement, you could consider specifying appropriate allocations, percentages or dollar ranges for each class of investment. This typically allow some flexibility for market fluctuations.

However, broad investment ranges between 0% to 100% in a broad range of assets do not reflect proper consideration in satisfying the strategy requirements. Your strategy must articulate how you plan to invest your super to meet your retirement goals.

We don't consider that short term variations to your articulated investment approach, including to specified asset allocations, constitute a variation from the investment strategy.

## **Reviewing your strategy**

Your investment strategy should not be a 'set and forget' document. Review it regularly to ensure it continues to meet the current and future needs of your members depending on their personal circumstances.

Certain significant events should also prompt you to review your strategy, such as:

- a market correction
- when a new member joins or departs the fund
- when a member starts receiving a pension – this ensures the fund has sufficient liquid assets and cash flow to meet minimum pension payments before 30 June each year.

Review your strategy at least annually and document that you have undertaken this review and any decisions made arising from the review.

For example, you could do this as part of the annual trustee meeting minutes. Provide these minutes or other evidence of a review to your auditor. This shows that you met the requirement to review regularly and, where necessary, revised your investment strategy.

## **Auditor's role**

When conducting the annual audit on your fund, your auditor will check whether it meets the investment strategy requirements under the super laws for the relevant financial year. This means they will check that your:

- SMSF had an investment strategy in place for the relevant financial year that considered the factors outlined above
- fund's investments during the relevant financial year were in accordance with that strategy
- strategy had been reviewed at some stage during the relevant financial year.

Where you don't comply with the investment strategy requirements, your auditor may need to notify us about this by lodging an auditor contravention report (ACR).

## **If your strategy isn't compliant**

If your auditor identifies that you have breached the investment strategy requirements, then you should fix the breach.

If your strategy failed to adequately address some of the factors mentioned above, such as the risk of inadequate diversification, fix this by attaching a:

- signed and dated addendum to the strategy
- trustee minute which adequately addresses the requirements.

Show this to your auditor before the audit is finalised.

If you failed to invest in accordance with your strategy, revise it to ensure it reflects your fund's investments and how they will meet your retirement objectives. Then make sure you regularly review and adhere to your new strategy in the future.

Your auditor only needs to lodge an ACR notifying us of the breach if it meets the ACR reporting criteria. For most funds, the criteria will be met if either:

- the auditor has identified the same breach in a previous income year and it has been repeated in the current income year
- it is a breach from a previous year that remains unrectified at the time of audit.

However, the criteria may also be met if the fund is less than 15 months old and the value of any single breach exceeds \$2,000.

## **After your auditor lodges an ACR**

If your auditor is required to lodge an ACR and the breach has not been rectified, we will ask you to rectify it.

A [penalty](#) can be applied on each individual trustee or the corporate trustee for a breach of the investment strategy requirements. The directors of a corporate trustee are jointly and severally liable to pay this penalty.


## **Getting help with your strategy**

We cannot help you prepare your SMSF investment strategy as this could amount to the provision of financial advice. If you need help, reach out to your usual SMSF adviser or a licensed financial adviser.

Note that your usual adviser may not be a licensed financial adviser and legally capable of assisting you. They may be able to guide you on where to find resources such as an investment strategy template.

Take care with standard investment strategy templates because they:

- may not satisfy the super rules
- must be appropriately tailored to your fund's circumstances as discussed above
- must be reviewed regularly as required by the super rules.

For more on how to find a licensed financial advisor, see [moneysmart.gov.au](https://moneysmart.gov.au) .

## Insurance for members

Check your investment strategy, consider whether to hold insurance cover for one or more members of your SMSF.

QC 23320

# Insurance for members

Check your investment strategy, consider whether to hold insurance cover for one or more members of your SMSF.

**Last updated** 16 June 2015

When preparing your investment strategy you're required to consider whether to hold insurance cover for each member of your SMSF.

Your SMSF can generally provide insurance for a member for an event that is consistent with one of these conditions of release of the member's super:

- death
- terminal medical condition
- permanent incapacity (causing the member to permanently cease working)

- temporary incapacity (causing the member to temporarily cease working).

## Trauma insurance

Trauma insurance typically pays a lump sum if the insured person is diagnosed with a critical illness or injury as specified in the policy, such as cancer, stroke, coronary bypass or heart attack. The lump sum is paid regardless of whether the insured person ceases work or becomes permanently disabled. This is not consistent with one of the conditions of release of the member's super, so SMSFs generally cannot provide trauma insurance for their members.

However, SMSFs can continue to provide trauma insurance benefits to a member if it is a continuation of insurance benefits for that member that existed before 1 July 2014. In this situation the member can vary the level of the cover, and any associated premiums, after 1 July 2014.

To meet the sole purpose test, the following conditions must be met:

- any benefits payable under the policy must be paid to a trustee of the SMSF
- those benefits will become part of the assets of the SMSF at least until such time as the relevant member satisfies a condition of release
- the policy was not acquired to secure some other benefit for another person, such as a member or member's relative.

QC 42469

## Sole purpose test

Your fund's investments are for the sole purpose of providing retirement benefits to members.

**Last updated** 22 November 2019

Your SMSF needs to meet the sole purpose test to be eligible for the tax concessions normally available to super funds. This means your fund needs to be maintained for the sole purpose of providing



retirement benefits to your members, or to their dependants if a member dies before retirement.

Contravening the sole purpose test is very serious. In addition to the fund losing its concessional tax treatment, trustees could face civil and criminal penalties.

It's likely your fund will not meet the sole purpose test if you or anyone else, directly or indirectly, obtains a financial benefit when making investment decisions and arrangements (other than increasing the return to your fund).

When investing in collectables such as art or wine, you need to make sure that SMSF members don't have use of, or access to, the assets of the SMSF.

Your fund fails the sole purpose test if it provides a pre-retirement benefit to someone – for example, personal use of a fund asset.

**See also:**

- Self-managed superannuation funds ruling [SMSFR 2008/2](#): sole purpose test
- [Fractional property investment - ATO guidance on approach](#)

### **Fractional property investment – ATO guidance on approach**



Guidance for SMSFs on our approach to the sole purpose test for fractional property investment products.

QC 23323

## **Fractional property investment – ATO guidance on approach**

Guidance for SMSFs on our approach to the sole purpose test for fractional property investment products.

**Last updated** 21 November 2019

## On this page

[Our compliance approach for the DomaCom Fund](#)

[Our broader administration of the sole purpose test](#)

This guidance is for self-managed super funds (SMSFs) considering the sole purpose test implications of fractional property investments following the recent Full Federal Court decision in [Aussiegolfa Pty Ltd \(Trustee\) v Commissioner of Taxation \[2018\] FCAFC 122](#) [↗](#).

As indicated in our [Decision impact statement](#) for that case, a trustee of an SMSF could potentially breach the sole purpose test by investing in a sub-fund of the DomaCom Fund if the facts and circumstances indicate the SMSF was maintained for the collateral purpose of providing accommodation to a related party.

This is consistent with our long-standing views in [SMSF Ruling 2008/2](#). The ruling states that the purpose an SMSF is maintained for is determined by considering all the facts and circumstances surrounding the trustee's behaviour.

To address this, DomaCom Australia Ltd (DomaCom) have updated their product requirements to include a 'Sole Purpose Test Declaration' for SMSF trustee investors.

By signing this declaration, the trustee agrees to avoid behaviour that may be of concern to us relating to a breach of the sole purpose test. This includes avoiding:

- entering into an investment based on its potential to provide related-party accommodation
- influencing DomaCom or a relevant property manager to engage a related party as a tenant of the property
- influencing a related party to become tenant of the property.

A sample copy of the declaration can be found in [DomaCom's ASX 31 October media release \(PDF 377KB\)](#) [↗](#).

## Our compliance approach for the DomaCom Fund

We won't undertake compliance activities where an SMSF trustee has breached the sole purpose test in section 62 of the *Superannuation Industry (Supervision) Act 1993* (SISA) through their investment in the DomaCom Fund, if the SMSF trustee has signed the 'Sole Purpose Test Declaration' and:

- retains a copy of this declaration
- provides a copy to their approved auditor
- we're not subsequently made aware of evidence that indicates the trustee has acted inconsistently with the terms of the declaration.

We'll continue to look closely at whether SMSF trustees breach other provisions of the SISA, or whether they've breached the sole purpose test through other transactions or behaviour.

## **Our broader administration of the sole purpose test**

We welcome others offering similar fractional investment products (who are considering the sole purpose test implications of their product) to engage with us to explore a similar approach by supporting our continued commitment to provide practical and administrative certainty to SMSF trustees.

If you have any questions about fractional property investment and the sole purpose test, contact us via our [Request for specific advice](#) form.

### **See also:**

- [Sole purpose test](#)
- [How to contact us for specific advice](#)

QC 60675

## **Ownership and protection of assets**

Manage your fund's investments separately from the personal or business investments of members, including

your own.

**Last updated** 15 March 2024

## On this page

[Corporate trustees](#)

[Trustees joining or leaving](#)

[Assets unable to be held in fund's name](#)

[Limited recourse borrowing arrangements](#)

You need to manage your fund's investments separately from the personal or business investments of members, including your own. This includes ensuring the fund has clear ownership of its investment assets.

Duration 2.20. A [transcript of Separation of assets](#) is also available.

To protect fund assets in the event of a creditor dispute, and prevent costly legal action to prove who owns them, assets should be recorded in a way that:

- distinguishes them from your personal or business assets
- clearly shows legal ownership by the fund.

Fund assets (other than money) should be held in the name of either:

- the individual trustees 'as trustees for' the fund
- the corporate trustee 'as trustee for' the fund.

The assets can't be held in the name of a trustee or a member as an individual. Nor can they be held by a standard employer-sponsor or their associate.

In some circumstances, assets of the fund can be leased to a related party of your fund, such as [business real property](#) and [in-house assets](#). There are restrictions on the types of assets your fund can invest in. It's a good idea to speak to an SMSF professional to make sure your investments comply with the law.

## Corporate trustees

The easiest way to comply with the ownership rules is for your fund to have a company set up solely for the purposes of being the corporate trustee of the fund.

If there is a change in directors of the company, you don't have to change the name on the ownership documents for each fund asset as the trustee of the fund has not changed. A separate corporate trustee reduces the chance of personal assets becoming intermingled with fund assets.

## Trustees joining or leaving

If an individual trustee joins or leaves your SMSF you must change the names on the ownership documents (such as a title deed) for each fund asset. Document this change in your records, along with clear evidence to support the fund's ownership of the asset.

Some systems, such as some share trading accounts, will not allow more than three names to be recorded on the online share application form as trustees of a super account. If there are four trustees, document the names of all individual trustees in your fund's records as owners of the shares.

## Assets unable to be held in fund's name

An unavoidable restriction (such as state law) may prevent your SMSF from holding assets using the fund's name.

If assets cannot be held in the fund's name, ownership by the fund must be clearly established. You can do this by executing a caveat, or creating an instrument or declaration of trust to enable the fund to assert its ownership.

If possible, documents such as sale agreements should be executed in the name of the trustees 'as trustees for' the fund.

## **Limited recourse borrowing arrangements**

If you enter into a limited recourse borrowing arrangement, ensure correct asset ownership before and after transfer of the trust asset.

QC 23322

## **Restrictions on investments**

Check if your investments on a commercial 'arm's length' basis.

**Last updated** 30 September 2016

All investments by your SMSF must be made on a commercial 'arm's length' basis. The purchase and sale price of fund assets should always reflect true market value, and the income from fund assets should always reflect a true market rate of return.

Generally:

- you can't buy assets from, or lend money to, fund members or other related parties (there are some exceptions to this rule)
- your fund can't borrow money.

If you don't comply with the investment restrictions we may impose significant penalties, including disqualifying you as a trustee and even prosecution. It's a good idea to speak to an SMSF professional to make sure your investments comply with the law.

**Find out about:**

- [Related parties and relatives](#)
- [Loans and early access](#)
- [Acquiring assets from related parties](#)
- [In-house assets](#)
- [Business real property](#)
- [Collectables and personal use assets](#)
- [Borrowing](#)

**Related parties and relatives**



Several investment restrictions apply to 'related parties' of your

### **Loans and early access**



You can't lend money or provide direct or indirect financial help from your fund to a member, or a member's relative.

### **Acquiring assets from related parties**



Your fund can't acquire an asset from a related party unless it meets obligations.

### **In-house assets**



Check to see why in-house assets can't be more than 5% of your self-managed super fund's (SMSF's) total assets.

### **Business real property**



Business real property is an exception to the in-house asset and related party acquisition rules.

### **Collectables and personal use assets**



Check if your fund invests in collectables or personal use assets.

### **Borrowing**



Check borrowing, your fund can borrow money only in very limited circumstances.

QC 23321

## **Related parties and relatives**



Several investment restrictions apply to 'related parties' of your fund and 'relatives of members'.

**Last updated** 31 July 2020

Several investment restrictions apply to transactions involving 'related parties' of your fund and 'relatives of members'. No one associated with your fund should get a present-day benefit from its investments.

Your fund needs to be maintained for the sole purpose of providing death or retirement benefits to your members or their dependants.

**Watch:**

**A 'related party' of your fund includes:**

- all members of your fund
- associates of fund members, which include
  - the relatives of each member
  - the business partners of each member
  - any spouse or child of those business partners
  - any company the member or their associates control or influence
  - any trust the member or their associates control.

- standard employer–sponsors, which are employers who contribute to your super fund for the benefit of a member, under an arrangement between the employer and a trustee of your fund
- associates of standard employer–sponsors, which include
  - business partners and companies or trusts the employer controls (either alone or with their other associates)
  - companies and trusts that control the employer.

**A relative of a member means any of the following:**

- a parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child of the member or their spouse
- a spouse of any individual specified above.

## **Dealing with the impact of COVID-19**

Some landlords are giving their tenants rent relief as a rent reduction, waiver or deferral because of the financial effects of COVID-19 and we understand that your fund may wish to do so as well.

Charging a related party a price that is less than market value usually breaches a number of SMSF rules.

Our compliance approach for the 2019–20 and 2020–21 financial years is that we will not take action if an SMSF gives a tenant – even one who is also a related party – a temporary rent reduction, waiver or deferral because of the financial effects of COVID-19 during this period.

If your fund holds an interest in an interposed entity such as a non-geared company or unit trust and that interposed entity leases property to a tenant, we will not treat the investment in the interposed entity as an in-house asset for the current and future financial years as a result of a deferral of rent being provided to the tenant due to the financial effects of COVID-19.

**Note:** If there are temporary changes to the terms of the lease agreement in response to COVID-19, it is important that the parties to the agreement document the changes and the reasons for the change. You can do this with a minute or a renewed lease agreement or other contemporaneous document.

**See also:**

- [COVID-19 frequently asked questions – self-managed super funds](#)

QC 42467

## Loans and early access

You can't lend money or provide direct or indirect financial help from your fund to a member, or a member's relative.

**Last updated** 9 February 2016

You can't lend money or provide direct or indirect financial assistance from your fund to a member, or a member's relative. For example, you can't use fund assets to guarantee a personal loan for a member.

Loans made by your SMSF must be in the best interests of members and comply with your investment strategy. If a loan arrangement is not in your members' best interests, your SMSF could be made non-complying and ineligible for concessional tax rates.

Get advice before entering into loan arrangements. If you still decide to lend money from your SMSF, make sure the loan is conducted on a commercial, arm's length basis.

Remember, you are ultimately responsible for running your SMSF.

**See also:**

- [Taxpayer Alert 2010/5: The use of an unrelated trust to circumvent superannuation lending restrictions](#)

QC 42466

## Acquiring assets from related parties

Your fund can't acquire an asset from a related party unless it meets obligations.

**Last updated** 3 July 2024



Your fund can't acquire an asset from a related party unless it is acquired at market value and is:

- a listed security (for example, shares, units or bonds listed on an approved stock exchange)
- [business real property](#)
- an [in-house asset](#), provided the market value of your fund's in-house assets does not exceed 5% of the total market value of your fund's assets
- an asset specifically excluded from being an in-house asset.

If the asset is acquired at less than market value (including any 'in specie' contribution value), the difference between the market value and the amount actually paid is not considered to be a contribution. Income generated by the asset will be non-arm's length and will be taxed at the highest marginal rate.

The [Valuation guidelines for self-managed super funds](#) will help you comply with these requirements.

For more information, see:

- [Employee share scheme \(ESS\)](#)
- [Tax Ruling 2010/1](#)  Income tax: superannuation contributions
- [Law Companion Ruling 2021/2](#) .

QC 42465

## In-house assets

Check to see why in-house assets can't be more than 5% of your self-managed super fund's (SMSF's) total assets.

**Last updated** 22 November 2022

### On this page

[What is an in-house asset?](#)

[What to do if in-house assets exceed 5%](#)

[Dealing with the impact of COVID-19](#)

## What is an in-house asset?

An in-house asset is any of the following:

- a loan to, or an investment in, a [related party of your fund](#)
- an investment in a related trust of your fund
- an asset of your fund that is leased to a related party.

There are some exceptions, including:

- [business real property](#) that is leased between your fund and a related party of your fund
- some investments in related non-g geared trusts or companies.

In-house assets can't be more than 5% of your fund's total assets.

## What to do if in-house assets exceed 5%

At the end of a financial year, if the level of in-house assets of a SMSF exceeds 5% of its total assets, trustees must prepare a written plan to reduce the market ratio to 5% or below.

This plan must be prepared before the end of the next year of income. For example, if an SMSF exceeds the 5% in-house asset threshold as at 30 June 2018, a plan must be prepared and implemented on or before 30 June 2019.

Note: There were [transitional rules](#) that applied to certain assets owned before 11 August 1999 which meant they were not considered to be an in-house asset. This 10-year transitional period ended on 30 June 2009.

## Dealing with the impact of COVID-19

Many SMSFs will experience a drop in [asset values](#) due to the economic impact of COVID-19. This could result in:

- the in-house assets being more than 5% of the total assets
- breaching the in-house assets rules as at 30 June 2020.

These funds are required to prepare and implement a rectification plan by 30 June 2021.

We will not undertake compliance activity if you were unable to execute the rectification plan for your fund before 30 June 2021. This is because the market has not recovered, or it was unnecessary to implement the plan as the market had recovered.

Our compliance approach also applies where the SMSF exceeded the 5% in-house asset threshold as at 30 June 2019 but has been unable to rectify the breach by 30 June 2020.

For more detail, see [SMSFR 2009/4](#) *Self Managed Superannuation Funds: the meaning of 'asset', 'loan', 'investment in', 'lease' and 'lease arrangement' in the definition of an 'in-house asset' in the Superannuation Industry (Supervision) Act 1993*.

## Unpaid trust distributions

If your SMSF is entitled to a distribution from a related trust but you allow it to remain unpaid, you may contravene the:

- in-house-asset rules
- arm's length rule
- sole purpose test.

For more detail, see [SMSFR 2009/3](#): *Self Managed Superannuation Funds: application of the Superannuation Industry (Supervision) Act 1993 to unpaid trust distributions payable to a Self Managed Superannuation Fund*.

QC 42464

## Business real property

Business real property is an exception to the in-house asset and related party acquisition rules.

**Last updated** 15 March 2022

Business real property generally means land and buildings used wholly and exclusively in a business.

If business real property is used in a primary production business such as a farm, it can still meet the test of being used wholly and exclusively in a business even if it contains a dwelling used for private or domestic purposes. The dwelling must be in an area of land no more than two hectares and the main use of the whole property can't be for domestic or private purposes.

You need to ensure the level of investment in business real property still meets the investment strategy of your fund, including diversification of assets, liquidity and maximisation of member returns in your fund.

As with other super fund assets, there can't be a loan or covenant (charge) over an asset (unless the asset was acquired under a limited recourse borrowing arrangement).

See self-managed superannuation funds ruling [SMSFR 2009/1](#): business real property for more information.



# Collectables and personal use assets

Check if your fund invests in collectables or personal use assets.

**Last updated** 7 June 2021

## On this page

[Definition of collectables and personal use assets](#)

[Definition of private residence](#)

[Usage](#)

[Display or storage](#)

[Insurance](#)

[Leasing](#)

[Selling](#)

Collectables and personal use assets are things like:

- artworks
- jewellery
- vehicles
- boats
- wine.

Investments in such items must be made for genuine retirement purposes, not to provide any present-day benefit.

Collectables and personal use assets can't be:

- leased to, or part of a lease arrangement with, a related party
- used by a related party
- stored or displayed in a private residence of a related party.

In addition:

- your investment must comply with all other relevant investment restrictions, including the sole purpose test
- the decision on where the item is stored must be documented (for example, in the minutes of a meeting of trustees) and the written record kept
- the item must be insured in the fund's name within seven days of the fund acquiring it
- if the item is transferred to a related party, this must be at market price as determined by a qualified, independent valuer
- as with all fund assets, check prior to purchase that they are not encumbered in any way (you can use the Australian Financial Security Authority's Personal Properties Security Register to ensure that collectables and personal use assets have no security interests over them prior to your purchase).

For collectables and personal use assets you held before 1 July 2011 you had until 30 June 2016 to comply with these rules.

## **Definition of collectables and personal use assets**

Collectables and personal use assets are:

- artwork – including
  - paintings
  - sculptures
  - drawings
  - engravings
  - photographs
- jewellery
- antiques
- artefacts
- coins, medallions or bank notes

- coins and banknotes are collectables if their value exceeds their face value
  - bullion coins are collectables if their value exceeds their face value and they are traded at a price above the spot price of their metal content
- 
- postage stamps or first-day covers
  - rare folios, manuscripts or books
  - memorabilia
  - wine or spirits
  - motor vehicles and motorcycles
  - recreational boats
  - memberships of sporting or social clubs.

## **Definition of private residence**

A private residence includes all parts of a private dwelling (above or below ground), the land on which the private residence is situated and all other buildings on that land, such as garages or sheds.

## **Usage**

Collectables and personal use assets can't provide a present-day benefit, so they can't be used by members or related parties.

For example, if your SMSF owns a vintage car, related parties can't drive it for any reason – not even for maintenance purposes or to have restoration work done – because this constitutes use of the asset.

## **Display or storage**

Collectables and personal use assets must not be stored in the private residence of any related party. If they were acquired before 1 July 2011 you had until 1 July 2016 to meet this requirement.

You can store (but not display) collectables and personal use assets in premises owned by a related party, provided it is not their private

residence. They can't be displayed because this means they are being used by the related party.

For example, if your SMSF invests in artwork, it can't be hung in the business premises of a related party where it is visible to clients and employees.

Remember to keep a record of the reasons for deciding where to store the assets.

## Insurance

Collectables and personal use assets owned by the fund must be insured in the name of the fund within seven days of acquiring them.

The assets may be insured under separate policies or collectively under the one policy, but the fund must be the owner and beneficiary of the policy. It is not sufficient for:

- the trustee or member to include the assets in their own policy (for example, as part of a home and contents insurance policy)
- a third party to own the policy (for example, a business owner or custodian who is storing, displaying or leasing the asset)
- the fund to be noted on a policy owned by a third party as a named insured or beneficiary.

It is important that the fund owns the insurance policy so that:

- the fund's assets are adequately protected against financial loss or liability
- you have control over negotiating the terms of the policy and other important aspects such as arbitration in the event of a dispute
- you can make a claim under the policy, and any insurance proceeds are payable directly to the fund.

Having the fund as the owner of the policy also helps to provide evidence of ownership of fund assets.

If you acquired a collectable or personal use asset prior to 1 July 2011, you must have insured it in the name of the fund prior to 1 July 2016 to comply with the rules.

You should consider the availability and cost of insurance as part of your decision to invest in collectables and personal use assets. If your

fund has made the investment and you can't obtain insurance we encourage you to use our SMSF early engagement and voluntary disclosure service to notify us.

## Leasing

You can only lease collectables and personal use assets to an unrelated party and the lease must be on arm's length terms.

For example, your SMSF can lease artwork to an art gallery provided the gallery is not owned by a related party and the lease is on arm's length terms.


## Selling

Collectables and personal use assets can be sold to a related party provided the sale is at market price as determined by a qualified, independent valuer.

- A valuer is qualified either through holding formal valuation qualifications or by being considered to have specific knowledge, experience and judgment by their particular professional community.
- A valuer is independent if they are independent of the interests of the fund. This means the valuer should not be a member of the fund or a related party of the fund (for example, an investment partner).

If your fund acquired the collectable or personal use asset before 1 July 2011 and sold it before 1 July 2016, the transaction does not need to be supported by a valuation determined by a qualified independent valuer. However, the transaction must still have taken place on arm's length terms.

### See also:

- [Valuation guidelines for self-managed super funds](#)
- [Personal Property Securities Register](#)  – search to find out if the collectable is subject to a security interest that may see it repossessed
- [Related parties and relatives](#)
- [SMSF early engagement and voluntary disclosure service](#)

## Borrowing

Check borrowing, your fund can borrow money only in very limited circumstances.

**Last updated** 16 June 2015

Your fund can borrow money only in very limited circumstances. These circumstances include:

- borrowing money for a maximum of 90 days to meet benefit payments due to members or to meet an outstanding surcharge liability (the borrowings can't exceed 10% of your fund's total assets)
- borrowing money for a maximum of seven days to cover the settlement of security transactions if the borrowing does not exceed 10% of your fund's total assets (you can only borrow to settle security transactions if, at the time the transaction was entered into, it was likely that the borrowing would not be needed)
- borrowing using instalment warrants or limited recourse borrowing arrangements that meet certain conditions.

A trustee can use a limited recourse borrowing arrangement to fund the purchase of a single asset (or collection of identical assets that have the same market value) to be held in a separate trust.

Any investment returns earned from the asset go to the SMSF trustee. If the loan defaults, the lender's rights are limited to the asset held in the separate trust. This means there is no recourse to the other assets held in the SMSF.

**See also:**

- [Limited recourse borrowing arrangements by SMSFs – questions and answers](#)

QC 42461

## Carrying on a business in an SMSF

SMSF trustees must comply with the trust deed, sole purpose test and other rules when carrying on business activities.

**Last updated** 23 September 2016

### On this page

[Sole purpose test](#)

[Other regulatory provisions](#)

Self-managed super funds (SMSFs) are not prohibited from carrying on a business, but the business must be:

- allowed under the trust deed
- operated for the sole purpose of providing retirement benefits for fund members.

The rules governing SMSFs prohibit or limit some activities available to other businesses, such as entering into credit arrangements or having

overdrafts. You should get professional advice before carrying on a business through your SMSF.

## Sole purpose test

If the trustee of an SMSF carries on a business, we examine the activities closely to ensure the [sole purpose test](#) is not breached. Cases that attract our attention include those where:

- the trustee employs a family member (we look at things such as, the stated rationale for employing the family member and the salary or wages paid)
- the 'business' is an activity commonly carried out as a hobby or pastime
- the business carried on by the fund has links to associated trading entities
- there are indications the fund's business assets are available for the private use and benefit of the trustee or related parties.

## Other regulatory provisions

As a trustee, ensure a business conducted through your SMSF complies with investment rules and restrictions applying to SMSFs.

Your [investment strategy](#) – the nature of the business activities and the way they are conducted must be in accordance with the SMSF's investment strategy.

[Restrictions on investments](#) – all investments by your SMSF must be made on a commercial 'arm's length' basis. If you don't comply with the investment restrictions, penalties could apply.

[Loans and financial assistance](#) – the business activities must not involve:

- selling an SMSF asset for less than its market value to a member or relative of a member
- purchasing an asset for greater than its market value from a member or relative of a member
- acquiring services in excess of what the SMSF requires from a member or relative of a member



- paying an inflated price for services acquired from a member or relative of a member.

[Acquiring assets from related parties](#) – purchasing assets (such as plant and equipment) for use in business activities from a member or other related party could contravene the related party acquisition rules.

[Borrowing](#) – drawing on a bank overdraft or margin lending account to fund the business activities could contravene the borrowing restrictions. Borrowing money and placing a mortgage on an asset would contravene the borrowing and charge-over assets restrictions.

[Arm's length dealings](#) – employing a member, or relative of a member, in the business at a salary higher than an arm's length rate could contravene the arm's length provisions.

[Collectables and personal use assets](#) – these type of assets owned by the SMSF can't be displayed at the business premises.

QC 42474

## Tax on income

Taxed at a concessional rate of 15%, check if your fund is a 'complying fund' that follows the laws and rules for SMSFs.

**Last updated** 16 June 2015

The income of your SMSF is generally taxed at a concessional rate of 15%. To be entitled to this rate, your fund has to be a 'complying fund' that follows the laws and rules for SMSFs. For a non-complying fund the rate is the highest marginal tax rate.

See also:

- [Individual income tax rates](#)

The most common types of assessable income for complying SMSFs are assessable contributions, net capital gains, interest, dividends and rent.

**Find out more:**

- [Assessable contributions](#)
- [Capital gains](#)
- [Deductions](#)
- [Non-arm's length income](#)
- [Tax exemptions in the retirement phase](#)

See also:

- [Exempt current pension income](#)

## Assessable contributions



Check certain contributions received by a complying SMSF are included in its assessable income and taxed at 15%.

## Tax exemptions in the retirement phase



If a SMSF is paying retirement phase income streams, some or all of its income may exempt from tax.

## Capital gains



Capital gains tax discount of one-third if the relevant asset was owned for more than 12 months for complying SMSFs.

## Non-arm's length income



How non-arm's length income is taxed at the highest marginal rate.

## Deductions



QC 23341

## Assessable contributions

Check certain contributions received by a complying SMSF are included in its assessable income and taxed at 15%.

**Last updated** 16 June 2015

Certain contributions received by a complying SMSF are included in its assessable income and are usually taxed as part of the SMSF's income at 15% (or 47% for non-complying SMSFs). These 'assessable contributions' include:

- employer contributions (including contributions made under a salary sacrifice arrangement)
- personal contributions that the member has notified you they intend to claim as a tax deduction
- generally any contribution made by anybody other than the member, with limited exceptions such as spouse contributions and government co-contributions.

## No-TFN-quoted contributions

If the member has not quoted their TFN, you will have to pay additional tax on their mandated employer contributions and you cannot accept other types of contributions. The additional tax rate is 34% for complying SMSFs and 2% for non-complying SMSFs.

If you pay the additional tax and, at a later stage, your member gives you their TFN, you may be able to claim back the additional tax as a no-TFN tax offset in your SMSF annual return. You can only claim this offset within three years from the end of the financial year that the contributions subject to the additional tax were made.

If you have debited the amount of additional tax from your member's account and you claim the tax offset in a later year, you need to re-credit this money to their account.

QC 23342

## Tax exemptions in the retirement phase

If a SMSF is paying retirement phase income streams, some or all of its income may exempt from tax.

**Last updated** 15 August 2018

A complying self-managed super fund (SMSF) normally pays tax at the concessional rate of 15%.

An SMSF can receive further tax concessions once it begins paying superannuation income streams (commonly known as pensions) that are in the retirement phase.

Investment income a SMSF receives from its assets is tax exempt to the extent that those assets are supporting retirement phase income streams. This income is called exempt current pension income (ECPI).

You can claim ECPI in your SMSF annual return once your SMSF begins paying one or more retirement phase income streams. However, your SMSF is not automatically entitled to ECPI – there are steps that you must take to be able to claim it.

### **Next step:**

- Visit – [Exempt current pension income](#) – for detailed information about how to claim ECPI and what is required.

QC 23343

## Capital gains

Capital gains tax discount of one-third if the relevant asset was owned for more than 12 months for complying SMSFs.

**Last updated** 25 January 2019

Your SMSF's assessable income includes any net capital gains, unless the asset is a segregated current pension asset. Complying SMSFs are entitled to a capital gains tax (CGT) discount of one-third if the relevant asset had been owned for at least 12 months.

A net capital gain is:

- the total capital gain for the year  
less
- total capital losses for that year and any unapplied capital losses from earlier years  
less
- the CGT discount and any other concessions.

A capital loss (for example, losses on the sale of commercial premises) is not an allowable deduction and is only able to be offset against capital gains. If capital losses are greater than capital gains in a financial year, they must be carried forward to be offset against future capital gains.

## **Transitional CGT relief**

Transitional CGT relief is temporary relief available to trustees of superannuation funds – including SMSFs – that adjust their asset allocations to comply with the transfer balance cap, and transition-to-retirement income stream (TRIS) reforms that commenced on 1 July 2017.

To prepare for the transfer balance cap reforms, individuals may have needed to reduce amounts currently supporting superannuation income streams. They might have done this by transferring value from the retirement phase to the accumulation phase. Additionally, where individuals have a TRIS that is not in retirement phase, earnings on assets supporting these superannuation income streams became taxable from 1 July 2017.

The relief ensures that for certain assets that were supporting superannuation income streams in retirement phase prior to 1 July 2017, a trustee can still receive a tax exemption on capital gains accrued but not realised.

Applying CGT relief will reset the cost base of an asset to its market value. The market value would be determined under the [Valuation guidelines for self-managed super funds](#) on the date the relief applies.

Applying CGT relief will also allow you to defer a capital gain that arises when resetting the cost base for assets where you use the proportionate method.

**Find out about:**

- [Transitional CGT relief in detail](#)

**See also:**

- [Capital gains tax](#)

QC 23344

## Non-arm's length income

How non-arm's length income is taxed at the highest marginal rate.

Last updated 3 July 2024

### On this page

[Income tax purposes](#)

[Definition of non-arm's length income](#)

[Non-arm's length component](#)


## Income tax purposes

For income tax purposes, self-managed super funds (SMSFs) and parties to any scheme should deal with each other on an arm's-length basis to avoid any application of the non-arm's length income (NALI) provisions.

There may also be [regulatory consequences](#)  if SMSFs do not act at arm's length.

## Definition of non-arm's length income

Broadly, income is NALI for a complying SMSF if:

- an amount of ordinary or statutory income was derived as a result of a scheme in which the parties weren't dealing with each other at arm's length in relation to the scheme and one or more of the following applies:
  - that income is more than the SMSF might have been expected to derive if the parties had been dealing with each other at arm's length in relation to the scheme
  - from 1 July 2018, in gaining or producing the income, the SMSF incurs a loss, outgoing or expenditure (including nil expense) that is less than what the SMSF might have been expected to incur if the parties were dealing on an arm's-length basis in relation to the scheme. The types of expenses are:
    - specific expenses - are in relation to a particular asset or assets of the fund (for example, maintenance expenses for a rental property)
    - when an SMSF incurs a specific expense, all income in relation to the particular asset or assets will be NALI
    - general expenses - have a sufficient nexus to the entirety of the income of the fund. These expenses usually relate to the operation or obligations of the fund as a whole (for example, accountancy fees).
    - when an SMSF incurs a general expense, the NALI will be calculated as twice the difference between the amount of the actual expense and the expected market value of the expense.
- dividends are paid to a SMSF by a private company (unless the dividend is consistent with arm's length dealing - see [TR 2006/7](#) )
- income is derived by an SMSF as a beneficiary of a trust, other than because of holding a fixed entitlement to the income. For example income derived as a beneficiary of a discretionary trust

- income is derived by an SMSF as a beneficiary of a trust through holding a fixed entitlement to the income of the trust if, as a result of a scheme in which the parties were not dealing at arm's length in relation to the scheme and one or more the following applies:
  - income that is more than the SMSF might have been expected to derive if the parties had been dealing with each other at arm's length in relation to the scheme
  - from 1 July 2018, in acquiring the entitlement or in gaining or producing the income, the SMSF incurs a loss, outgoing or expenditure (including a nil expense), that is less than what the SMSF might have been expected to be incurred if the parties were dealing on an arm's length basis in relation to the scheme.



## Non-arm's length component

Any NALI forms part of the non-arm's length component (NALC) of the SMSF's taxable income which is taxed at the highest marginal tax rate. However, the SMSF's total NALC can't exceed the SMSF's assessable income minus deductions, excluding assessable contributions and deductions against them.

For more information about how the NALC is calculated, refer to the return instructions for the relevant year.

See: [Self-managed superannuation fund annual return instructions](#) 

For more information see:

- [TR 2006/7 Special income](#) (special income was the predecessor to non-arm's length income)
- [LCR 2021/2 Non-arm's length income - expenditure incurred under a non-arm's length arrangement](#) 
- [PCG 2020/5 Applying the non-arm's length income provisions to 'non arm's length expenditure](#) .



# Deductions

Complying SMSFs are entitled to deductions of any losses or outgoings to gain assessable income.

**Last updated** 30 July 2015

A complying SMSF is entitled to deduct – from its assessable income – any losses or outgoings that are:

- incurred in gaining or producing assessable income
- necessarily incurred in carrying on a business for the purpose of gaining or producing such income.

Losses and outgoings relating to exempt current pension income are generally not deductible because they are incurred in earning exempt income. If the fund has both accumulation and pension members, the expense may need to be apportioned to determine the amount that the fund can deduct.

**See also:**

- [How are expenses treated when an SMSF has ECPI?](#)

QC 23346

## Paying benefits

Work out if you can pay a super benefit to a member and the types of benefits that exist.

**Last updated** 10 October 2023

### On this page

[Before paying benefits](#)

[Types of payments](#)

## Before paying benefits


Generally before you pay a member's super benefits, you need to ensure the:

- member has reached their [preservation age](#)
- member has met one of the [conditions of release](#)
- governing rules of your fund allow it.

Benefit payments to members who have not met a condition of release are not treated as super benefits. Instead, they will be taxed as ordinary income at the member's marginal tax rate. This is also known as [illegal early release of super](#).

If a benefit is unlawfully released, we may apply significant penalties to:

- you
- your SMSF
- the recipient of the early release.

In addition we may disqualify the trustees involved. This is published in the [Federal Register of Legislation](#)  as a notifiable instrument.

Operating standards, investment restrictions and other rules and regulations that apply to SMSFs in the accumulation or growth phase, continue to apply when members begin receiving a pension from the SMSF.

## Types of payments

Where your member has met a condition of release, you can either pay the benefit as a [lump sum or super income stream](#).

If a member has died, you will generally pay a death benefit to their dependant or other beneficiary of the deceased. There are [additional rules to consider](#).

You should also consider if the income stream is an [innovative retirement income stream](#) which covers a range of lifetime products.

## Preservation of super



Most of the super held in your fund will be in the form of preserved benefits.

## Lump sum and income stream (pension)



SMSF can pay benefits as a lump sum, a pension or a combination if the payment is under the laws and the trust deed.

## Conditions of release



What are the conditions of release a member must satisfy to receive self-managed super fund (SMSF) benefits.

## Death of a member



When an SMSF member dies, the SMSF generally pays a death benefit to a dependant or other beneficiary of the deceased.

QC 23335

# Preservation of super

Most of the super held in your fund will be in the form of preserved benefits.

Last updated 1 December 2015

### On this page

[Preservation age](#)

[Preserved benefits](#)

[Restricted non-preserved benefits](#)

## [Unrestricted non-preserved benefits](#)

Most of the super held in your fund will be in the form of preserved benefits. These must be preserved in the fund until the time the law and your fund's trust deed allows them to be paid.

## Preservation age

Access to super benefits is generally restricted to members who have reached preservation age. A person's preservation age ranges from 55 to 60, depending on their date of birth.

### Preservation date of birth and age

Date of birth	Preservation age (years)
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
After 30 June 1964	60

## Preserved benefits

All contributions made by or on behalf of a member, and all earnings since 30 June 1999, are preserved benefits.

Preserved benefits may be cashed voluntarily only if a condition of release is met and subject to any cashing restrictions imposed as part of the condition of release.

Cashing restrictions tell you what form the benefits need to be taken in.

## Restricted non-preserved benefits

These benefits generally stem from employment-related contributions (other than employer contributions) made before 1 July 1999.

Restricted non-preserved benefits can't be cashed until the member meets a condition of release specific to these benefits such as a nil cashing restriction or where the employment they relate to has been terminated.

## Unrestricted non-preserved benefits

These benefits don't require a condition of release to be met, and may be paid on demand by the member. They include, for example, benefits for which a member has previously satisfied a condition of release and decided to keep the money in the super fund.

Certain employer termination payments (ETPs) received by the fund before 1 July 2004 may also be included in this category of benefits.

**See also:**

- [Conditions of release](#)

QC 23336

## Lump sum and income stream (pension)

SMSF can pay benefits as a lump sum, a pension or a combination if the payment is under the laws and the trust deed.

**Last updated** 21 December 2020

A self-managed super fund (SMSF) can pay benefits in the form of a [lump sum](#), an [income stream](#) (pension) or a combination of both, provided the payment is allowed under super law and the fund's trust deed.

When you pay a benefit, you need to decide what type of payment it is (lump sum or pension) and the account it will be paid from (if

applicable). You need to document this at the time the payment is requested. You can record it in trustee minutes.

You have to [withhold tax](#) from benefit payments to members who are:

- under 60 years old
- under 60 years old and your member receives a reversionary capped defined benefit income stream, where the deceased was 60 years or over when they died
- 60 years old or over if the benefit is from a capped defined benefit income stream.

**Watch:**

Duration 2:27. A [transcript of Planning for retirement](#) is also available.

**See also:**

- [Schedule 13 – Tax table for superannuation income streams](#) for more information on when to withhold.

## Lump sum



Check if your fund allows a lump sum, a member may be paid all or some of their super benefit as a single payment.

## Income stream (pension)

SMSF can pay benefits to a member as an income stream (pension) if the member has met one of the conditions of release.

## PAYG withholding obligations

SMSFs may have PAYG withholding obligations when paying retirement income streams (pensions) to members.

QC 23340

## Lump sum

Check if your fund allows a lump sum, a member may be paid all or some of their super benefit as a single payment.

**Last updated** 16 June 2015

If your fund allows it, you may be able to pay a member all or some of their super benefit as a single payment. This payment is called a 'lump sum'.

The member may be able to access their super benefit in several lump sums. However, if the members asks to set up a regular payment from the SMSF it may be an income stream (pension).

As a trustee, you need to work out the taxable and tax-free components of the member's super benefit and how much (if any) tax to withhold.

### See also:

- [How tax applies to your super](#)
- [PAYG withholding obligations](#)

# Income stream (pension)

SMSF can pay benefits to a member as an income stream (pension) if the member has met one of the conditions of release.

**Last updated** 13 May 2021

## On this page

[Starting an income stream](#)

[Standards for income streams](#)

[Records to keep](#)

[Minimum payments](#)

[Managing assets that support a pension](#)

[Ending a pension](#)

Your self-managed super fund (SMSF) can pay benefits to a member as an income stream (pension) if the member has met one of the conditions of release.

## See also:

- [Conditions of release](#)

## Starting an income stream

An income stream is a series of periodic benefit payments to a member. Income streams from an SMSF are usually account-based, which means the amount supporting the pension is allocated to a member's account.

An income stream is a pension if the payments occur at least annually and, for an account-based pension, a minimum amount is paid to the member each year.



If a member starts an income stream after 1 July 2017 or the income stream was in existence just prior to 1 July 2017 then the SMSF is required to report the value of the income stream via the transfer balance account report (TBAR).

**See also:**

- [Event-based reporting for SMSFs](#)

## Standards for income streams

If these standards are not met in a financial year, the income stream ceases for income tax purposes and we consider the SMSF has not paid an income stream at any time during the year.

Transition to retirement account-based income streams need to meet the same standards as ordinary account-based income streams. Additionally, there is a maximum annual payment limit of 10% of the account balance. These income streams can only be commuted to a lump sum in limited circumstances.

Income streams started before 1 July 2007 such as market linked pensions, which complied with the rules applicable at the time, are deemed to satisfy the new requirements and may continue to be paid under the former rules.

**See also:**

- [Funds: starting and stopping a pension](#)
- [Transition to retirement income streams](#)
- [Pension standards for SMSFs](#)

## Records to keep

You must maintain appropriate records while running an account-based pension, including records of:

- the value of the pension at commencement
- the taxable and tax-free components of the pension at commencement
- the earnings from assets set aside to support the pension
- the pension payments made

- any commutations (lump sums) made from the pension account. Document these at the time the payment is requested. You can record them in trustee minutes.

## Minimum payments

You must make payments at least annually and meet the [minimum pension payment amounts](#). The minimum pension payment amount for an account-based pension is a set percentage of the member's account balance at commencement or at 1 July for every subsequent year. The percentage varies according to the member's age and the year the pension is paid.

To ensure the pension standards are met, you need to consider the time a member's benefit is cashed. As a general rule, a benefit is cashed when the member receives an amount and the member's benefits in the SMSF are reduced.

### See also:

- [Minimum pension payment requirements - frequently asked questions](#)
- [Timing of a pension payment](#)

## Managing assets that support a pension

Once the pension has started:

- You may be able to claim a tax exemption in the SMSF annual return for certain income earned from assets held to provide for super income stream benefits. This is called exempt current pension income (ECPI). However, from 1 July 2017, earnings from assets supporting a transition to retirement income stream (TRIS) that is not in retirement phase will not be eligible for ECPI and will be taxed at 15%. This will apply to all TRIS regardless of the date the TRIS started.
- You can't increase the capital supporting the pension using contributions or rollover amounts.
- You can't use the capital value of the pension or the income from it as security for borrowing.

- Before you can commute a pension (for example, into a lump sum), you must pay a minimum amount in certain circumstances.

**See also:**

- [Self-managed super funds and tax exemptions on pension assets](#)
- [Transition to retirement income streams](#)

## Ending a pension

The most common circumstances for a pension ceasing are:

- the pension capital is exhausted
- the member dies (but the pension may continue if a dependent beneficiary is automatically entitled to a reversionary pension)
- failure to meet the super pension standards
- the pension is fully commuted to a lump sum.

If you stop an income stream due to either failing to meet the super pension standard or you commute an amount to a lump sum, you are required to report the amount to the ATO via a transfer balance account report.

**See also:**

- [Funds: starting and stopping a payment](#)
- [Transfer balance account](#)

QC 42480

## PAYG withholding obligations

SMSFs may have PAYG withholding obligations when paying retirement income streams (pensions) to members.

**Last updated** 10 June 2021

## On this page

[Withholding obligations](#)

[Provide information to the recipient of the benefit](#)

[Withholding obligations – income streams](#)

[Lump Sum Payments](#)

[When is tax not withheld](#)

If you are the trustee of a self-managed super fund (SMSF), you have pay as you go (PAYG) obligations to withhold tax for superannuation benefit payments you pay to members who are:

- under 60 years old and the benefit is an income stream (pension) or a lump sum
- under 60 years old and the death benefit is a pension which is a capped defined benefit income stream where the deceased was 60 years old or over when they died
- 60 years old or over and the benefit is a pension which is a capped defined benefit income stream.

Capped defined benefit income streams include life expectancy and market linked pensions which were payable before 1 July 2017 and reversionary income streams paid to beneficiaries.

If the member is receiving a capped defined benefit income stream, the member's defined benefit income cap may need to be taken into consideration when working out the member's withholding.

You also have obligations to withhold tax from superannuation benefits you pay to a non-dependant in the event of another person's death.

You must provide a PAYG payment summary when you pay superannuation benefits to the trustee of a deceased estate, even though the amount of tax withheld is nil. This allows the trustee of the deceased estate to withhold the correct amount of tax from payments they make.

## Withholding obligations

If you have obligations to withhold tax, you need to:

- [register for PAYG withholding](#)
- obtain a [tax file number declaration](#) (TFN) from the member
  - if they do not provide their TFN before the payment is made you must withhold tax at the top marginal rate (47% for residents or 45% for non-residents from 1 July 2017) from the taxable component
- calculate the rate of withholding that applies in accordance with [Schedule 13 – Tax table for superannuation income streams](#)
- pay withheld amounts to the ATO
- issue a PAYG payment summary to the recipient of the benefit
  - [PAYG payment summary – superannuation lump sum](#)
  - [PAYG payment summary – superannuation income stream](#), even if the amount you needed to withhold from the income stream was nil.
- lodge a PAYG withholding payment summary statement with us, usually by 14 August following the end of the financial year in which the payment was made, even if the amount you needed to withhold from the income stream was nil.

## **Provide information to the recipient of the benefit**

You should provide the recipient with the details of each income stream or lump sum payment on a PAYG payment summary where the:

- super lump sum is paid to
  - a member who was under 60 years old
  - a non-dependant in the event of another person's death
  - the trustee of a deceased estate.
- super income stream
  - you pay the member up until they turn 60 years old

- capped defined benefit income stream you pay a member after they turn 60 years old
- capped defined benefit income stream is a death benefit income stream where the you pay a member who is 59 years old or younger and the deceased was aged 60 years old or over at the time of death. The payment summary will need to show that this is a death benefit (reversionary income stream).

Each pension payment summary needs to include details of the payment, including the:

- tax-free component
- taxable component
- tax offset (if applicable)
- tax withheld (if applicable).

Payment summaries should be issued in the situations listed above even if no tax has been withheld.

**Find out about:**

- [When tax is not withheld](#)

## **Withholding obligations – income streams**

SMSFs have obligations to withhold tax from income streams they pay to members who are:

- under 60 years old
- under 60 years old and the income stream is both
  - a death benefit income stream and the deceased member was 60 years old or over when they died
  - a capped defined benefit income stream
- 60 years old or over and the income stream is also a capped defined benefit income stream.

You must provide your member with a PAYG payment summary by 14 July following the end of the financial year in which the payment

was made.

You must lodge a PAYG withholding payment summary statement with us by 14 August following the end of the financial year in which the payment was made.

You must provide this information even where you are paying an income stream and the rate of withholding is nil. This allows us to ensure the individual pays the correct rate of tax once all their pension income from all their funds is taken into consideration.

### **Example 1: SMSF with a capped defined benefit income stream withholding obligation**

The SMSF pays member Maryanne an income stream of \$15,000 per month.

The income stream is a capped defined benefit income stream.

Maryanne's annual pension payments will be \$180,000, made up of a:

- a tax-free component of \$80,000
- a taxable component - taxed element of \$100,000.

The defined benefit income cap is \$100,000 and as Maryanne is aged over 61 years old and has received the income stream for the full year there are no factors to reduce the defined benefit income cap.

Maryanne has exceeded her defined benefit income cap and the SMSF trustee will need to work out the rate of withholding.

Withholding applies to 50% of the amount over the cap.

- $\$180,000 - \$100,000 = \$80,000$
- $50\% \text{ of } \$80,000 = \$40,000$

Therefore withholding applies to \$40,000 per annum, the SMSF trustee should follow [Schedule 13 – Tax table for superannuation income streams](#) to work out the amount to withhold from each payment.

The SMSF trustee will need to provide Maryanne with a PAYG payment summary - superannuation income stream by the

14 July and lodge a PAYG payment summary statement with the ATO by 14 August.

### **Example 2: SMSF with a capped defined benefit income stream withholding obligation where the withholding rate is nil**

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The SMSF pays member Richard an income stream of \$2,000 per month.

The income stream is a market linked pension which was payable to Richard just before 1 July 2017

Richard's annual pension payments will be \$24,000, made up of a:

- a tax-free component of \$10,000
- a taxable component - taxed element of \$14,000.

The defined benefit income cap is \$100,000 and as Richard is aged over 61 and has received the income stream for the full year there are no factors to reduce the defined benefit income cap.

As Richard has not exceeded this cap the rate of withholding which applies is nil.

The SMSF trustee will need to provide Richard with a PAYG payment summary - superannuation income stream by the 14 July and lodge a PAYG payment summary with the ATO by 14 August.

### **Example 3: SMSF has an obligation to provide multiple pension payment summaries**

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The SMSF pays Greg an income stream of \$7,000 per month.

An income stream of \$9,000 per month is paid to him following the death of his spouse, Julie who was 62 years old at the time of death.



The death benefit income stream payable to Greg is a capped defined benefit income stream.

Greg is 58 years old.

As different rates of tax apply to the two pensions Greg receives, the SMSF trustee will need to calculate the rate of withholding for each income stream and provide Greg with a separate pension payment summary in relation to each income stream and report the details of each income streams in the Payment summary annual report.

## Lump Sum Payments

For lump sums you must provide the recipient with a *PAYG payment summary – superannuation lump sum* within 14 days of making the lump sum payment.

## When is tax not withheld

Tax is not withheld if the member:

- is 60 years old or over and the benefit is from an income stream which is not a capped defined benefit income stream
- has died and the benefit is paid to a dependent beneficiary as a lump sum
- has died and the benefit is paid to a dependent beneficiary as an income stream which is not a capped defined benefit income stream and either the dependant or member were 60 years old or over
- has a terminal medical condition.

### See also:

- [PAYG withholding](#)
- [Taxation of super benefits](#)
- [PAYG withholding payment summary statement](#)
- [Withholding rates for super lump sums](#)

- [Withholding rates for super income streams](#)

QC 42475

## Conditions of release

What are the conditions of release a member must satisfy to receive self-managed super fund (SMSF) benefits.

**Last updated** 10 October 2023

### On this page

[About conditions of release](#)

[Illegal early release of super](#)

[Retirement under super laws](#)

[COVID-19 early release of super](#)

## About conditions of release

To pay benefits, a member must satisfy one of the conditions of release. As a trustee, you must:

- ensure the member has met a condition of release before you release any funds
- check that the governing rules of your fund allow it.

If the member has met a condition of release, make sure you keep [records and proof](#) that show they have met all the requirements. Your auditor will need to make sure you haven't illegally released any benefits.

It's possible that a benefit may be payable under the super laws, but not under the rules of your SMSF.

Some conditions of release restrict the:

- form of the benefit – for example, lump sum or pension
- amount of benefit that can be paid.

These are known as 'cashing restrictions'.

**Watch:**

## Common conditions of release

The most common conditions of release are that the member:

- has reached their preservation age and retires
- has reached their preservation age and begins a transition-to-retirement income stream
- ceases an employment arrangement on or after the age of 60
- is 65 years old (even if they haven't retired)
- [has died.](#)

## Special circumstances

In certain circumstances, where a member meets the eligibility requirements, they may have at least part of their super benefits released before they reach preservation age. These circumstances include if they:

- have terminated gainful employment

- are temporarily or permanently incapacitated
- have suffered severe financial hardship
- meet conditions for compassionate grounds
- have a terminal medical condition
- are taking part in the [first home super saver scheme](#).

Benefits could previously be released as part of the COVID-19 early release of super program. This program closed on 31 December 2020.

Generally, rollovers to other super funds don't require the member to satisfy a condition of release, subject to the governing rules of your SMSF.

## **Unrestricted non-preserved benefits**

Unrestricted non-preserved benefits don't require a condition of release to be met and may be paid at any time. They include, for example, benefits for which a member has previously satisfied a condition of release and decided to keep the money in the super fund. Certain employer termination payments (ETPs) received by the fund before 1 July 2004 may also be included in this category of benefits.

**Watch:**



## **Illegal early release of super**

Releasing benefits to members who have not met a condition of release is illegal. If you do this, you are liable for administrative penalties in your capacity as a trustee.

The withdrawn amount will be included in the member's assessable income, even if they pay it back later. This means they may pay:

- additional income tax
- tax shortfall penalties
- interest.

Both the trustee who released the super and the member who accessed it may also be disqualified as trustees of the SMSF. If disqualified:

- you cannot operate as a trustee of an SMSF
- your name will be published in the [Federal Register of Legislation](#)  as a notifiable instrument and on our [Disqualified Trustees Register](#) .

This means your disqualification will be on public record. This can have an adverse impact on you professionally, personally or financially.

If you illegally access your super or have been involved in a scheme promoting illegal early access to your super, contact us immediately. When we determine penalties, we will take your circumstances and [voluntary disclosure](#) into account.

See more about [illegal early release of super](#) and [TA 2009/1 Superannuation illegal early release arrangements](#).

## Retirement under super laws

If the member is:

- under 60 years old – they can access their preserved benefits only when they
  - reach preservation age
  - cease gainful employment (see more about [establishing whether gainful employment has ceased](#))
  - have no intention to become gainfully employed in the future

- at least 60 years old – they can access their preserved benefits when they retire.

For retirement, there are no restrictions on the form in which the benefits can be taken.

## Transition to retirement (TRIS)

An SMSF can pay a [transition to retirement income stream](#) to a member who has reached [preservation age](#) and is still working, provided the trust deed of the fund allows this type of income stream to be paid.

A transition to retirement income stream must be an account-based pension. The amount paid to the recipient each year must meet a [specified minimum](#) and must not exceed 10% of the account balance on the commencement of a TRIS for the year it starts or on 1 July for each subsequent year. For frequently asked questions, see [SMSFs: Minimum pension payment requirements](#).

The transition to retirement measure can be complex. It's best to get advice from a financial adviser, accountant or tax professional.

## Ceasing an employment arrangement on or after 60

If a member who is 60 years old or over gives up one employment arrangement but continues in another employment relationship, they may:

- cash all benefits accumulated up to that time
- not cash any preserved or restricted non-preserved benefits accumulated after that condition of release occurs – these benefits can't be cashed until a fresh condition of release occurs.

## Turning 65

A member who has reached 65 years old may cash their benefits at any time. There are no cashing restrictions, which mean the benefits can be paid as an income stream or a lump sum.

A fund member is not compelled to draw down their super once they reach a particular age. They can keep their benefits in the fund indefinitely. The only time it is compulsory for an SMSF to pay out a member's benefit is when a member dies.

## **Early release of super**

Only in very limited circumstances can super be accessed early. These are mostly related to specific expenses.

## **Terminating gainful employment**

Subject to the governing rules of your fund, where a member (who has not met another condition of release) has ceased employment with an employer who had contributed to the member's fund, on termination:

- All preserved benefits may be paid, but they must be taken as a lifetime pension or annuity, which can't be commuted into a lump sum (unless the preserved benefits are less than \$200, in which case the member can cash the benefits without restriction).
- All unrestricted non-preserved benefits can be cashed out on request from the member (no cashing restrictions).

## **Permanent incapacity**

A member's benefits may be released if they cease gainful employment and you're satisfied that the member is unlikely, because of ill health, to engage in gainful employment that they are reasonably qualified for by education, training or experience. There are no cashing restrictions on payment of benefits.

## **Temporary incapacity**

A member's benefits may be paid if you're satisfied that the member has temporarily ceased work due to physical or mental ill health that does not constitute permanent incapacity. In general, temporary incapacity benefits may be paid only from the insured benefits or voluntary employer funded benefits.

It's not necessary for the member's employment to fully cease but, generally, a member would not be eligible for temporary incapacity benefits if they were receiving sick leave benefits. The benefit must be paid as an income stream for the period of the incapacity and can't be commuted to a lump sum.

## **Severe financial hardship**

To release benefits under severe financial hardship you need to be satisfied that the member:

- can't meet reasonable and immediate family living expenses
- has been receiving relevant government income support payments for a continuous period of 26 weeks and was receiving that support at the time they applied to the trustees.

The payment must be a single gross lump sum of no more than \$10,000 and no less than \$1,000 (or a lesser amount if the member's benefits are less than \$1,000). Only one payment is permitted in any 12-month period.

Alternatively, if the member has reached their preservation age, you need to be satisfied that the member:

- has been receiving relevant government income support payments for a cumulative period of 39 weeks since reaching their preservation age
- was not gainfully employed on a full-time or part-time basis at the time of applying to the trustees.

If you release benefits under these circumstances, there are no cashing restrictions.

## Compassionate grounds

For benefits to be released on compassionate grounds, a member must meet certain criteria and receive ATO approval prior to the trustee releasing any funds (see [Early access to your super](#)). Circumstances the member must meet to qualify are where:

- a member does not have the financial capacity to meet an expense to pay for
  - medical treatment and medical transport for you or your dependant
  - palliative care for you or your dependant
  - making a payment on a home loan or council rates so you don't lose your home
  - accommodating a disability for you or your dependant
  - expenses associated with the death, funeral, or burial of your dependant
- the member has not yet paid the expense



- the member is or has been a citizen or permanent resident of Australia or New Zealand
- release is allowable under the governing rules of your fund.

The amount of super that you can pay on compassionate grounds is limited to what is reasonably needed. It is paid as a lump sum.

## **Terminal medical condition**

If a member has a terminal medical condition and 2 medical professionals certify that the condition is likely to result in the member's death in the next 24 months, the balance of their super account may be paid as a tax-free lump sum benefit. There are no cashing restrictions, see [Access to super for members with a terminal medical condition](#).

## **First home super saver scheme**

The [first home super saver \(FHSS\) scheme](#) allows your fund members to save for their first home inside their super. Your members can do this by making voluntary concessional and non-concessional contributions to their super. When your members are ready to receive their FHSS amounts, they can request a release from us to withdraw personal contributions they have made into super since 1 July 2017, along with associated earnings.

If your member's request to release a FHSS amount is successful, we will issue you with a release authority letter showing the amount you are required to send to us. We will also send you a release authority statement form, which you will need to complete (which must be completed in all cases, including partial releases or where you are unable to release any amounts). You are required to comply with this release authority within 10 business days of the date on the letter.

Even if your member has not made voluntary contributions to your fund, the FHSS amount can still be released from their account subject to the applicable cashing order of benefit rules. Once you have sent any FHSS release amounts to us, we will withhold the appropriate amount of tax, and in some cases offset the remaining amount against any outstanding Commonwealth debts. We will then pay the balance of the FHSS release amount to your member.

## COVID-19 early release of super

The COVID-19 early release of super program closed on 31 December 2020; applications can no longer be accepted.

Eligible individuals were able to access up to \$10,000 of their super between 19 April 2020 and 30 June 2020 and then a further \$10,000 between 1 July and 31 December 2020 to help deal with the adverse economic effects of COVID-19.

If you withdrew money from your super fund through the COVID-19 early release of super program, you can [re-contribute COVID-19 early release super amounts](#).

QC 23338

## Death of a member

When an SMSF member dies, the SMSF generally pays a death benefit to a dependant or other beneficiary of the deceased.

**Last updated** 22 May 2023

### On this page

[Death benefit or member benefit](#)

[Dependants](#)

[Who to pay the death benefit to](#)

[Calculating tax on super death benefits](#)

[Tax saving amount](#)

When a self-managed super fund (SMSF) member dies, the SMSF generally pays a death benefit to a dependant or other beneficiary of the deceased. This should be done as soon as possible after the member's death.

If the recipient is a dependant of the deceased, the death benefit can be paid as a lump sum or income stream. The income stream can be new or a continuation of an existing income stream.

If the recipient is not a dependant of the deceased, the death benefit must be paid as a lump sum.

Duration 3:01. A [transcript of What happens when a member dies](#) is also available.

**See also:**

- [Notify us of changes](#)

## Death benefit or member benefit

If a member requested an amount to be paid from their fund before they died, but died before they received it, it may be a member benefit in some limited cases. This is determined by the facts and circumstances surrounding the payment.

A trustee of a regulated super fund can only pay super benefits according to the governing rules of the fund, including the:

- fund's trust deed
- relevant legislation.

The governing rules set out when benefits can be paid and who they can be paid to, including after a member's death. The governing rules

of the fund must be read carefully to determine a member's benefit entitlements in the event of death.

At the time of payment, the trustee must assess whether it is a member or death benefit based on the facts known at the time, including:

- terms of the request from the member
- terms of the trust deed and any other governing rules
- knowledge at the time the payment is made (including whether they are aware that the member has died)
- the entity that the payment is being paid to
- circumstances and timing of the payment
- whether the payment is made because of and in line with the request made by the member.

For advice on specific circumstances, the executor or legal representative of a member's estate can apply for a [private ruling](#).

#### Example: SMSF paying a death benefit

Jack and Jill are spouses, and members and trustees of the Hill SMSF. Jack has a terminal medical condition. He makes a request to his SMSF for release of his super.

Before the benefit payment is made, Jack passes away. It is then paid to an account belonging to his legal personal representative, forming part of Jack's deceased estate.

At the time of payment Jill, as the surviving trustee, considered the above factors and determined that the payment is a death benefit. Notably:

- the terms of the trust deed of the Hill SMSF allow for release where a member meets a condition of release, including both the terminal medical and death conditions
- the trustee of the SMSF knew Jack had passed away before authorising the payment
- Jack's super benefits are being paid to his legal personal representative's account

- the payment is being made as soon as reasonably practicable to satisfy the compulsory cashing requirement that applies when a member dies, rather than in accordance with Jack's prior request.

Example: APRA-regulated fund paying a member benefit

Satine is a member of an Australian Prudential Regulation Authority (APRA) regulated super fund. She has a terminal medical condition. Satine makes a request to her fund for release of her super benefits.

Before the benefit payment is made, Satine passes away. The trustee does not become aware of this until after the benefit is paid to the account in Satine's request.

The terms of the trust deed allow for release where a member meets a condition of release under Schedule 1 of the *Superannuation Industry (Supervision) Regulations 1994* (SISR) with a nil cashing restriction.

At the time of payment, the trustee considers the above factors and determines that the payment is a member benefit. Notably, the trustee:

- is not aware that Satine has passed away
- makes the payment to Satine's personal bank account and expects she is alive to personally receive it
- makes the payment in line with Satine's request to release money and not any other requirement.

## Dependants

A person is a dependant of a deceased member if, at the time of death, that person was:

- the deceased's spouse

- a child of the deceased – this includes a child less than 18 years old or a child that was financially dependent on the deceased and less than 25 years old or the child has a disability
- in an interdependency relationship with the deceased – this is a close personal relationship between two people who live together, where one or both provides for the financial, domestic and personal support of the other.

For income tax purposes, a person is death benefits dependant of a deceased member if, at the time of death, that person was:

- the deceased's spouse or former spouse
- the deceased person's child, aged less than 18
- any other person whom the deceased had interdependency relationship

Also included in the definition of a death benefit dependant is someone receiving a super lump sum because the deceased died in the line of duty as a:

- member of the defence force
- the Australian Federal Police
- the police force of a state or territory
- a protective service officer
- or they are the deceased member's former spouse or de facto spouse.

## **Who to pay the death benefit to**

The member may have made a death benefit nomination asking the SMSF trustees to pay their death benefit to their nominated beneficiaries.

The nomination may be binding or non-binding. While having regard to the member's nomination, the SMSF trustees must ensure the nominated beneficiaries are entitled to receive death benefits under the trust deed and super law.

If the deceased member did not nominate a beneficiary, the trustee may pay it to the deceased's estate for the executor to distribute it

according to the instructions in their will.

**See also:**

- [SMSFD 2008/3: Binding death nominations](#)
- [Super death benefits](#)

## Calculating tax on super death benefits

If the death benefit is paid as a lump sum to a dependant of the deceased, it's tax free. It's not assessable income or exempt income. The SMSF doesn't withhold tax from the payment and the recipient doesn't include it in their income tax return.

If the death benefit is paid as an income stream, or is paid to a non-dependent or the trustee of a deceased estate, there may be tax to pay. Your SMSF will need to determine the taxed and untaxed elements of the benefit, calculate the applicable tax and, if appropriate, withhold tax from payments.

**See also:**

- [How tax applies](#)

## Tax saving amount

A tax saving amount is an additional lump sum payment that increases the deceased member's lump sum death benefit to negate the effect of tax while the member's benefit was accumulating in the fund. It can be made to a:

- trustee of the deceased estate
- spouse or former spouse of the deceased
- child (including an adult child) of the deceased.

The SMSF can claim an income tax deduction for the payment.

**Note:** From 1 July 2017, funds may only include a tax saving amount as part of a death benefit if the member has died on or before 30 June 2017. The fund must make this payment by 30 June 2019. From 1 July 2019, no tax saving amount will be available for funds members, regardless of when the member has died.

**See also:**

- [ATO interpretive decision 2010/05 – Complying superannuation fund: deduction for increased amount of superannuation lump sum death benefit](#)

QC 42473

## Winding up

How to wind up your SMSF, including dealing with members' benefits and finalising your reporting responsibilities.

**Last updated** 20 July 2022

### On this page

[Reasons to wind up a fund](#)

[Exit plan](#)

[Winding up your fund](#)

[After winding up](#)

## Reasons to wind up a fund

At some point, you may need to wind up your self-managed super fund (SMSF), so it's useful to plan early.

It's important to wind up your fund correctly, if you don't meet all your obligations you may incur penalties. There are some key tasks you need to perform, such as dealing with members' benefits and finalising your reporting responsibilities.

The content on this page is also available in our 'Winding up an SMSF' publication. Download [Winding up a self-managed super fund \(PDF, NAT 75417, 860KB\)](#) [📄](#). It helps you understand the steps you need to take to correctly wind up your SMSF.

### Watch



Duration 2:41. A [transcript of When should I wind up my SMSF](#) is also available.

There are varied reasons why trustees may decide to wind up their SMSF which often come about due to a change in circumstances, such as:

- death of a trustee
- disability or illness, resulting in the trustees being incapable of running an SMSF
- a lack of time to manage the SMSF
- your fund is unable to meet ongoing costs
- all members want to leave the fund.

The breakdown of a relationship between one or more members of your SMSF may affect the ability of a member to effectively undertake their trustee/member obligations.

If a member chooses to leave your SMSF due to a relationship breakdown, their benefits must be rolled over to another complying super fund. Your SMSF does not have to be wound up, but it may need to be restructured to continue to meet the definition of an SMSF.

Before exit planning or winding up, you should [consider appointing professionals to assist you](#). Even if you use a professional to help you, it is still your responsibility to ensure the SMSF successfully winds up.

## Exit plan

It's important for all funds to have an exit plan in place even if you're not ready to wind up now, as this will make it easier when the time does come.

Your plan should consider all the circumstances of your members and be signed off by all trustees. You should also keep this plan with the fund's records.


When developing your exit plan you should consider:

- how to deal with members benefits upon their death
- appointing an enduring power of attorney
- estimated costs of winding up
- liquidity of funds' assets
- being [SuperStream](#) ready to enable roll out of benefits
- who will keep copies of the fund's records and transactions.

Make sure you review your exit plan regularly, assess your fund and each member's circumstances to decide if an SMSF is still right for you. You may want to speak with an SMSF professional to help you decide.

## Winding up your fund

There are some key tasks you need to complete in order to wind up your fund properly:

- Review the [Winding up checklist](#) 
- Check your trust deed to understand requirements that it specifies about winding up the fund.
- Get written agreement by organising a meeting with all trustees to ensure everyone agrees with the decision. Keep minutes and get every trustee to sign the agreement to wind up.
- Sell or dispose of all the fund's assets. Ensure you deal with all assets in accordance with the super laws and trust deed.
- Finalise outstanding tax and compliance obligations, including

- transfer balance account report (TBAR): if you were paying any members an income stream you must cease it before winding up and lodge your final TBAR with us as soon as possible
  - pay as you go (PAYG) payment summary: if you paid benefits to members, or a lump sum to a deceased estate even if you didn't withhold tax, you may need to issue a PAYG payment summary (if the benefits paid are not assessable income and not exempt income, then no withholding tax or a payment summary is required).
- Pay outstanding expenses and tax liabilities.
    - These may include
      - final invoices
      - expenses due to asset sales
      - outstanding tax liabilities (such as PAYG instalments and PAYG withholding).
    - Log in to Online services for business or contact us or your tax professional to find out the balance of accounts we hold for your fund. Request refunds if they are due. You can't close your fund if there are credit or debit balances remaining on the accounts.
    - If you receive a refund that you are not eligible to access, ensure you roll it over using SuperStream immediately after receiving it and before we cancel the fund's Australian business number (ABN). Trustees can rely on the valid response received from the SMSFmemberTICK service when they rolled over the member's benefits.
  - [Calculate and distribute member benefits](#). How you distribute benefits will depend on if they are a member and if they meet a [condition of release](#).
    - If they are a member and meet a condition of release, you can [pay them their benefits](#).
    - If they are a member and do not meet a condition of release, you must roll over their benefits to another complying super fund. To make a [rollover](#) you need to use [SuperStream](#).

- You can pay benefits to someone other than a member, in the event of that member's death. There are additional checks you need to make when paying benefits due to the [death of a member](#).
- Make sure you leave enough money in the SMSF to pay amounts outstanding after you lodge your annual return, such as audit fees and tax expenses.
- [Appoint an SMSF auditor to complete the final audit](#). You must do this before lodging your final return.
- Complete and lodge all outstanding [SMSF annual returns](#) and the fund's final return. Answer all sections relevant to the fund's wind up to let us know it's your final return and we will adjust your SMSF supervisory levy.
- Notify third parties that your fund is winding up.
  - These may include
    - employers making contributions to your fund
    - SMSF professionals.
  - If your fund has a corporate trustee structure and the corporate trustee was only set up for the purposes of the SMSF, you need to notify ASIC that the company needs to be deregistered.
- Close your fund's bank account. First ensure:
  - expected liabilities have been settled
  - refunds have been received
  - you have completed rollovers using SuperStream
  - you have received confirmation from us that your fund has been wound up.

**Note:** If you need help winding up your fund or preparing a plan to wind up your fund, you can contact a professional to help.

## After winding up

Once a fund is wound up, it can't be reactivated.

By completing and lodging your final SMSF annual return, you have informed us that the fund is winding up. You don't have to write to us in order to wind up your SMSF.

Don't cancel the fund's ABN. Once we have processed your annual return we will confirm your fund has been wound up by sending you a letter stating we have:

- cancelled the fund's ABN
- closed your SMSF records on our system.

### Deal with members' benefits

Ensure members' benefits are dealt with in accordance with the super law and trust deed, no assets left once wound up.

### Arrange a final audit and complete your reporting

When winding up a self-managed super fund (SMSF), arrange a final audit and complete a transfer balance account report.

QC 23348

## Deal with members' benefits

Ensure members' benefits are dealt with in accordance with the super law and trust deed, no assets left once wound up.

**Last updated** 4 September 2018

When winding up a self-managed super fund (SMSF), you need to make sure that:

- you deal with members' benefits according to the super law and the trust deed
- your fund has no assets left once it has been wound up.

When you wind up your SMSF and pay benefits to a member, they must meet a condition of release allowing them to access their benefits. If they don't meet this condition or don't want to access their benefits when the fund winds up, you'll need to roll over the benefits to another complying super fund.

There are serious penalties for accessing your super before you are legally allowed.

There may be capital gains tax (CGT) implications for your SMSF on the disposal of assets to enable the payment of benefits or the rollover of benefits to another fund.

If one or more of your members are in retirement phase you will need to consider if you have any transfer balance account reporting obligations when winding up your fund.

All SMSFs must report events that affect their member's transfer balance account. Your member's account is debited when they fully or partially commute a retirement phase income stream. This can be paid out of the super system in a lump sum, or it can be transferred to another fund. The value of this commutation needs to be reported to us on a [super transfer balance account report](#) (TBAR) at the time it occurs.

**Next step:**

- [Arrange a final audit and complete your reporting](#)

**See also:**

- [Conditions of release](#)
- [Capital gains tax](#)
- [Event-based reporting for SMSFs](#)

# Arrange a final audit and complete your reporting

When winding up a self-managed super fund (SMSF), arrange a final audit and complete a transfer balance account report.

**Last updated** 15 February 2022

## On this page

[Complete your final SMSF return](#)

[Complete your transfer balance account reporting](#)

[Confirmation your fund has been wound up](#)

There are few things you need to complete before winding up a self-managed super fund (SMSF) and finalising your reporting obligations.

## Complete your final SMSF return

You need to have an audit completed by an approved SMSF auditor before you can [lodge your final SMSF annual return](#).

You need to lodge your SMSF annual return and complete Question 9 **Was the fund wound up during the income year?** in Section A.

You should also complete question M **Supervisory levy adjustment for wound up funds** in Section D. This reduces the SMSF supervisory levy that you must pay so that you do not pay the levy for the following year. You must also pay any outstanding tax liabilities and lodge any outstanding returns.

By lodging your final annual return, you have informed us that you are winding up your SMSF. You do not need to write to us to advise us of this.

If you don't wind up your fund correctly you may be selected for compliance activities and subject to penalties.

## Complete your transfer balance account reporting

If one or more of your members are in retirement phase you will need to consider if you have any [transfer balance account reporting](#) obligations when winding up your fund.

All SMSFs must report events that affect their member's transfer balance account. Your member's account is debited when they fully or partially commute a retirement phase income stream. This lump sum can be paid out of the super system, or it can be transferred to another fund.

Where your member is rolling over their income stream to another fund, we strongly encourage you to report this commutation to us as early as possible.

For example, if an SMSF member rolls their super benefit into an APRA-regulated fund and starts an income stream there – and it is not reported to us by the SMSF at the time it happens – a double-counting of the member's income streams will occur. This is because there will be a mismatch in timing of the reporting done by the APRA-regulated fund and the SMSF. In this instance, an SMSF is encouraged to report the commutation as it occurs, or no later than at the time of the rollover.

To find out more, visit [Event-based reporting for SMSFs](#).

## Confirmation your fund has been wound up

To confirm that you have met all of your reporting and tax responsibilities, we'll send you a letter stating that we have:

- cancelled your SMSF's ABN
- closed your SMSF's record on our systems.

Do not close your bank accounts until all expected final liabilities have been settled and requested refunds are received. Tax liabilities can be paid when you lodge the final SMSF annual return.



## Administering and reporting

Trustee obligations include arranging an annual audit, keeping appropriate records and reporting fund's operation.

**Last updated** 16 January 2018

As a trustee you have a number of administrative obligations. You need to:

- [appoint an SMSF auditor](#)
- [value the fund's assets](#)
- [lodge SMSF annual returns](#)
- [report transfer balance cap events](#)
- [lodge Superannuation transfer balance account reports](#)
- [keep records](#)
- [notify us of changes](#).

You should also regularly check your [SMSF registration status](#).

**See also:**

- [How we help and regulate SMSFs](#)

**Watch:**

**Duration 01:37**

### **Appoint an SMSF auditor**



You must appoint an approved SMSF auditor no later than 45 days before you need to lodge your SMSF annual return.

### **Value the fund's assets**



Value the funds assets for the purpose of preparing your fund's accounts, statements and the SMSF annual return.

### **Nil member account balances**



Check if your SMSF has a nil account balance on 30 June of an income year.

### **Lodge SMSF annual returns**



You need to lodge an SMSF annual return (SAR) once your SMSF's audit has been finalised.

## Event-based reporting for SMSFs

Understand when and how to report transfer balance account retirement events and respond to commutation authorities.

## Record-keeping requirements

How self-managed super fund (SMSF) trustees can meet their responsibility to keep accurate tax and super records.

## Notify us of changes

How to make changes to your SMSF including trustees, directors of the corporate trustee and contact details.

## How we help and regulate SMSFs

We help you understand your duties and responsibilities as a trustee. We also regulate SMSFs to verify their compliance.

## SMSF Super Fund Lookup status

Work out what the SMSF compliance status types mean in Super Fund Lookup (SFLU).

QC 23329

## Appoint an SMSF auditor


You must appoint an approved SMSF auditor no later than 45 days before you need to lodge your SMSF annual return.

**Last updated** 16 February 2021

You must appoint an approved SMSF auditor to audit your fund each year, not later than 45 days before you need to lodge your SMSF annual return (SAR). The auditor examines your fund's financial statements and assesses your fund's compliance with super law.

**Watch:**

Your SMSF auditor must be:

- registered with [ASIC - Search SMSF Auditor register](#)  – if they are, they will have an SMSF auditor number, which you need to provide on your annual return
- independent – they should not audit a fund in which they hold any financial interest, or where they have a close personal or business relationship with members or trustees.

An audit is required even if no contributions or payments are made in the financial year.

Before an SMSF auditor can start an audit, you or your professional adviser need to give them information about your accounts and transactions for the previous financial year. Any additional information requested by your SMSF auditor, in writing must be provided within 14 days.

Your SMSF's audit must be finalised before you lodge your SAR, as you'll need some information from the audit report to complete the SAR. You must also ensure that the correct auditor details are provided in the SAR, otherwise you may be penalised.

Your auditor should advise you of any breaches of the rules. You, as trustee, should rectify any contravention as soon as possible.

Your auditor is also required to report certain contraventions to us. Even if you terminated an auditor engagement or the auditor does not finish the audit, if they have identified a reportable contravention, their obligation to report to us remains.

QC 23330

## Value the fund's assets

Value the funds assets for the purpose of preparing your fund's accounts, statements and the SMSF annual return.

**Last updated** 11 March 2021

You need to value the assets of the fund at their market value for the purpose of preparing your fund's accounts, statements and the SMSF annual return each income year.

Market value is the amount that a willing buyer of the asset could reasonably be expected to pay to acquire the asset from a willing seller if all the following assumptions were made:

- that the buyer and the seller dealt with each other at arm's length in relation to the sale
- that the sale occurred after proper marketing of the asset
- that the buyer and the seller acted knowledgeably and prudently in relation to the sale.

Apart from preparing your annual accounts and statements and lodging the SMSF annual return you will also need to value fund assets:

- when reporting certain events for the purposes of the transfer balance cap, as required, in a transfer balance account report
- if your fund has investment dealings with, or sells assets to or purchases assets from, a related party

- if you need to determine the percentage of in-house assets in your fund
- on the commencement day of a pension
- if your fund transfers a collectable or personal use asset to a related party – in this case the valuation must be done by a qualified independent valuer.

**See also:**

- [Event-based reporting for SMSFs](#)
- [Valuation guidelines for self-managed super funds](#)
- [Market valuation for tax purposes](#)

QC 42472

## Nil member account balances

Check if your SMSF has a nil account balance on 30 June of an income year.

**Last updated** 18 July 2022

### On this page

[Overview](#)

[What you need to do](#)

An SMSF member with a nil account balance on 30 June may indicate issues with the fund's administration.

## Overview

There may be good reasons why a member of your self-managed super fund has a nil account balance recorded on 30 June of an income year.

For example:

- your fund may be [newly established](#), or
- the member was added to the fund just before the end of the income year.

However, in some cases a nil account balance may indicate your SMSF has not been administered correctly especially if:

- your fund has only one member, or
- there are no contributions, rollovers or transfers recorded for a member over several years.

## What you need to do

If a member of your SMSF is showing a nil account balance, you should make sure:

- the fund has been set up correctly
- the member intends to contribute to the fund in the future
- you are complying with the super and tax laws.

Even where there are genuine reasons for a nil account balance, a member who is also a trustee (or director of a corporate trustee) of the SMSF is still responsible for running the fund and making sure the super and tax laws are complied with.

The following situations may lead to a nil account balance:

- [Illegally accessed early release of super](#)
- [Newly established funds](#)
- [Fund not structured correctly](#)
- [Limited recourse borrowing arrangements](#)

Nil account balances need to be reported a certain way when lodging your SMSF annual return:

- [Lodging SMSF annual returns with a nil balance](#)

## Illegally accessed early release of super

If a member recently rolled over their super benefits into a SMSF, a nil account balance may indicate the benefits have been withdrawn from

the fund without the member having met a condition of release. This is commonly referred to as [Illegal early release of super](#).

## Newly established funds

An SMSF is a type of trust. To legally establish your fund, the fund needs to have [assets](#) set aside for the benefit of members. Even if a nominal amount is used to establish the fund until a rollover, transfer or contribution is made, the amount is regarded as a contribution and needs to be allocated to a member.

Therefore, there should always be at least one member showing an account balance of greater than zero in the fund's first year of operation (and later income years).

## Fund not structured correctly

If a member has a nil account balance, and there are no contributions or rollovers recorded for the member, particularly over several years, this may indicate the fund has not been set up and structured correctly. The fund may not meet the [requirements](#) to be an SMSF under the super laws. For example, a trustee (or director of a corporate trustee) may be incorrectly included, or recorded, as a member of the fund (in cases where your fund has more than one member).

## Limited recourse borrowing arrangements

A nil balance may also arise in situations where an SMSF trustee has entered a [limited recourse borrowing arrangement](#) (LRBA):

- that complies with the super laws
- where the loan balance exceeds the value of the asset acquired under the LRBA because of a decrease in the asset's value.

## Lodging SMSF annual returns with a nil balance

You cannot [lodge an SMSF annual return](#) for a [fund with no assets](#) or no closing member balances, unless it is for the income year in which the fund is wound up.

If a member has a nil opening or closing account balance for an income year, this is reported as 'zero' on the SMSF annual return.



# Lodge SMSF annual returns

You need to lodge an SMSF annual return (SAR) once your SMSF's audit has been finalised.

**Last updated** 16 November 2022

## On this page

[Benefits of including your ABN](#)

[How to lodge](#)

[When to lodge and pay](#)

[After lodging](#)

[Assessment](#)

[Funds without assets](#)

[Amend your SMSF annual return](#)

[Failure to lodge](#)

[Supervisory levy](#)

## Benefits of including your ABN

When lodging your SAR we encourage you to report your Australian business number (ABN) so our systems match your members correctly. Members can view the SMSF account details on ATO online services.

Members can choose their SMSF account if they are completing forms online for:

- compassionate release of super
- early release of super
- excess concessional contribution election


- excess non-concessional contribution election
- Division 293 election.



Member's SMSF account details are available on Online services for agents if they use a registered tax agent.

If your fund did not have assets in the first year it was registered, you may not need to lodge a return for that year.

## How to lodge

The SAR is more than a tax return. It is required to report super regulatory information, member contributions and pay the SMSF supervisory levy.

You can lodge your return electronically through [Standard Business Reporting \(SBR\)](#) . You'll need:

- a [machine credential](#) 
- [SBR-enabled business software](#) .

You can lodge a paper annual return by downloading the [SMSF annual return](#) and [SMSF annual return instructions](#) for the relevant year.

Complete the return and post it to:

**Australian Taxation Office**  
**GPO Box 9845**  
**[insert the name and postcode of your capital city]**

For example

**Australian Taxation Office**  
**GPO Box 9845**  
**SYDNEY NSW 2001**

As SMSFs assess their own tax debt or refund, a notice of assessment is not issued.

## When to lodge and pay

Not all SMSFs have the same lodgment due date. Check the due date that applies to your SMSF.

If a due date falls on a weekend or public holiday you can lodge or pay on the next business day. For more payment options, see [How to pay](#).

## Lodging your own return

**If you are a self-preparer lodging a return, find the lodgment type, due date and payment date that applies to you.**

Lodgment type	Lodgment date	Payment due date (if required)
<ul style="list-style-type: none"><li>Newly registered SMSFs</li><li>Overdue SMSF annual returns for prior financial years (excluding deferrals)</li></ul>	31 October	1 December
All other self-preparing SMSFs (unless we asked you to lodge on a different date)	28 February	28 February

## When a tax agent lodges your return

If your return is lodged through a tax agent, they'll provide the due date for lodgment or payment. The due dates are set out in the [tax agent lodgment program](#). For your first year the due date will be 28 February.

If your SMSF is reviewed by us at registration, your first year return due date will be 31 October even if it is prepared and lodged by a tax agent. We will notify you if this is the case.

Before you [lodge](#) your SAR, you must ensure that:

- your [SMSF's audit](#) has been finalised
- the SAR contains the correct auditor details.

Otherwise, you may be penalised.

[Failure to lodge](#) your SAR by the due date can result in penalties and the loss of your SMSF's tax concessions.

## After lodging

Once you or your tax professional have lodged the SAR, if the fund's bank account or electronic service address (ESA) is updated, all members of the SMSF will receive an alert indicating a [change to the SMSF](#).

If you are not aware of the SAR being lodged, or any changes being made to your SMSF, you should get in contact with us as soon as possible.

## Assessment

Under full self-assessment, an SMSF completes and lodges its annual return and pays the amount it is required to pay (if any) to us. An assessment of an SMSF is made on the day the annual return is lodged.

The SMSF will not receive a notice of assessment. However, we will issue a notice of amended assessment if subsequent amendments are made.

## Funds without assets

An SMSF is not legally established until the fund has assets set aside for the benefit of members. Our systems will not accept an annual return for an SMSF that has no assets or no closing member account balances, unless the return is for the year in which the fund is wound up.

If an SMSF does not have assets set aside for the benefit of members in the first year it was registered, you can ask us to either:

- cancel the fund's registration
- flag the SMSF's record as return not necessary (RNN) if the SMSF confirms in writing
  - that although registered, it had no assets and did not receive contributions or rollovers in the first financial year
  - that it has documentary evidence of the date the SMSF first held assets and commenced operating (for example the SMSF's first bank statement)

- that it will be lodging future returns.

If you're a **trustee** your written request must include:

- the SMSF's name, TFN or ABN
- confirmation that it meets all eligibility conditions
- documentary evidence of the date assets were first placed into the fund.

This request can be sent to us at:

**Australian Taxation Office**  
**GPO Box 9990**  
**[insert the name and postcode of your capital city]**

For example

**Australian Taxation Office**  
**GPO Box 9990**  
**SYDNEY NSW 2001**

If you're a **tax agent** you'll need to use the **Online services for agents** mail option, select **Superannuation** as the topic, and choose from the following mail subjects:

- SMSF cancellation of registration – where a fund has not legally established
- SMSF new registrant – Return Not Necessary (RNN) request.

For RNN requests your submission must include:

- the SMSF's name, TFN or ABN
- confirmation that it meets all eligibility conditions
- documentary evidence of the date assets were first placed into the fund.

An RNN is generally only allowed for a newly registered SMSF in its first year of registration.

RNNs for subsequent years will only be granted in limited circumstances and where the fund provides documentary evidence of the date assets were first held by the fund, for example the SMSF's first bank statement.


When an SMSF that has previously advised a return was not necessary is legally established and needs to lodge a return for the first time, the due date of the first return lodged by a tax agent will be 28 February.

## Amend your SMSF annual return

To amend your SAR, you need to resubmit the whole return. Make sure you answer 'yes' in section A at question 5, **Is this an amendment to the SMSF's annual return?**

Because information on the SAR is inter-related, changing one label on the form is likely to require changes to other labels too. You need to complete the form in full, not just the parts you want to amend, and provide contributions information for all members, not just the member whose contributions you may need to change.

## Failure to lodge

If you fail to lodge your SAR on time and you're more than 2 weeks overdue, you risk the compliance status of your SMSF on [Super Fund Lookup](#)  being changed to 'regulation details removed'.

If your status is 'regulation details removed' and you then lodge, your status will be updated to 'complying' on the first business day of the following month and made available on the following day.

In addition to changing the regulation details on Super Fund Lookup, you risk receiving failure to lodge penalties.

## Supervisory levy

You need to pay the [supervisory levy](#) with your SAR. The amount payable is stated on the return.

**From 1 July 2013** – the levy is payable for the financial year in which the annual return is due. For example, when you lodge your 2014–15 annual return you pay the levy for the 2015–16 financial year.

**Up to 1 July 2013** – the SMSF supervisory levy was payable for the financial year to which the SAR related.

**From 2013–14** – the annual SMSF levy is \$259.

To bring collections forward, transitional provisions apply to the levy for the 2013–14 financial year so that it is payable in 2 instalments which are collected upon lodgment of the 2013 and 2014 annual returns.

Label M on the annual return will enable funds that have wound up during a financial year to adjust the levy so they don't pay the levy for the following year.

New funds will also have an adjustment Label **N** on the annual return to add the levy relating to the year of establishment to the amount payable.

QC 23331

## Record-keeping requirements

How self-managed super fund (SMSF) trustees can meet their responsibility to keep accurate tax and super records.

**Last updated** 11 January 2023

### On this page

[Keeping good records](#)

[Signature requirements for financial statements](#)

[Minimum record-keeping requirements](#)

[Records relating to early access to super](#)

## Keeping good records

Keeping good records is more than just knowing which records to keep and for how long. It involves having a system for organising and maintaining records that makes it easier for you, and any SMSF professional you use, to:

- complete the fund's independent audit each year

- lodge your fund's annual return.

It may also help reduce audit and administration costs for your fund.

To help keep your records organised, you may want create separate files for your fund's more permanent records, and for records that relate to a specific financial year.

For example, in your permanent file you may want to keep:

- the fund's trust deed
- the fund's investment strategy
- details of the regular reviews of the fund's investment strategy, including the consideration of insurance for members of the fund
- reasons for decisions on the storage of collectables and personal use assets
- minutes of trustee meetings
- all signed trustee declarations
- records of trustees consenting to their appointment as a fund trustee
- records of all changes in fund members and trustees.

As each SMSF is unique, with its own investment strategies to achieve its objectives, you should consult with a professional licensed adviser when setting up a record-keeping system that suits your fund.

Keeping all relevant records together will simplify the process of compiling the records you need to give to your fund's independent auditor. If your fund regularly holds trustee meetings, you could create a separate folder for them, and sort them by date.

**Watch:**



## Take minutes of all investment decisions

You should take minutes of all investment decisions, including:

- why a particular investment was chosen
- whether all trustees agreed with the decision.

This is because if you, as one of the fund's trustees, invest the SMSF's money in an investment that fails, the other trustees could take action against you for failing to be diligent in your duties.

However, if your investment decision was recorded in meeting minutes signed by the other trustees, you will have a record to show that they agreed with your actions.

## Signature requirements for financial statements

Under the super laws, SMSF trustees must sign their SMSF's financial statements before finalising their annual audit. This includes an operating statement and a statement of financial position which must be signed by the required number of trustees or directors of the corporate trustee, as set out in the tables below.

### For the 2020–21 and earlier financial years

Structure of the fund	Signature
-----------------------	-----------

	<b>requirements</b>
Corporate trustee – single director	That director
Corporate trustee – multiple directors	At least 2 of the directors
Individual trustees	At least 2 of the trustees

### **For the 2021–22 and later financial years**

<b>Structure of fund – number of directors or trustees</b>	<b>Signature requirements</b>
Corporate trustee – one or 2 directors	All directors
Corporate trustee – 3 or more directors	At least half of the directors
Individual trustees – 2 trustees	All trustees
Individual trustees – 3 or more trustees	At least half of the trustees

## **Minimum record-keeping requirements**

The most important reason for keeping good records is that it's a legal requirement for you to do so. You may also need to provide accurate records to us if we ask to see them.

You need to keep the following records for a minimum of 5 years:

- accurate and accessible accounting records that explain the transactions and financial position of your SMSF
- documentation showing decisions made about what benefit payment type was paid (pension, lump sum or a combination of both) and the account the payment was paid from
- an annual operating statement and an annual statement of your SMSF's financial position

- copies of all SMSF annual returns lodged- for more information see [SMSF annual return instructions](#)
- copies of transfer balance account reports lodged
- copies of any other statements you are required to lodge with us or provide to other super funds.

You need to keep the following records for a minimum of 10 years:

- minutes of trustee meetings and decisions (if matters affecting your fund were discussed, for example you reviewed the fund's investment strategy, or the commencement or commutation, in part or in full, of an income stream)
- records of all changes of trustees
- trustee declarations recognising the obligations and responsibilities for any trustee, or director of a corporate trustee, appointed after 30 June 2007
- members' written consent to be appointed as trustees
- copies of all reports given to members
- documented decisions about storage of collectables and personal use assets.

Don't forget you also need to keep track of income tax record-keeping requirements, such as those related to deductions, capital gains and losses.

Keep records in writing and in English. If you keep electronic records, they must be capable of verification by us and be in a form we can access and understand.

For more information see [event-based reporting for SMSFs](#).

## Records relating to early access to super

SMSF members may be eligible for [early access to super](#) in very limited circumstances.

If you are a trustee of an SMSF, you must:

- ensure the member applying for early access of their super meets all the requirements for the particular [condition of release](#) applied for

- keep records and proof that the member met all requirements of the condition of release – this will be needed for your auditor to ensure the member did not illegally access their super
- seek permission from the other trustees and note this in the trustee meeting minutes.

If a fund member does not meet all the requirements of a condition of release, they may face heavy penalties for [illegally accessing their super](#). The SMSF trustee may also face penalties for illegally releasing a member's super.

QC 23333

## Changes to your SMSF

How to make changes to your SMSF including trustees, directors of the corporate trustee and contact details.

**Last updated** 28 November 2022

### On this page

[Notify us of changes](#)

[Alerts for changes](#)

[Adding a new member or trustee](#)

[Changing structure](#)

[Keeping within the definition of an SMSF](#)

[Changes to the status of the corporate trustee](#)

[Removing yourself as a trustee or director](#)



[Becoming a trustee or director again](#)

## Notify us of changes

As a trustee of an SMSF, you need to notify us within 28 days if there is a change in:


- trustees
- directors of the corporate trustee
- members
- contact details (contact person, phone, email address and fax numbers)
- address (postal, registered or address for service of fund notices)
- fund status.

You can update the above details of your SMSF:

- online through the [Australian Business Register](#) 
- through a registered agent
- by phone **13 10 20** – you must be the authorised contact for your SMSF
- by lodging the paper form [Change of details for superannuation entities \(NAT 3036, PDF 1.01MB\)](#) .

You can update your fund's financial institution account details, tax refund account or electronic service address (ESA) using one of the following methods:

- through Online services for business
- by contacting your tax agent
- by contacting us

You can also update the ESA by lodging the paper form [Change of details for superannuation entities \(NAT 3036, PDF 1.01MB\)](#) .

You can't use the SMSF annual return (SAR) to tell us about a change in the structure of your SMSF.

## Alerts for changes

To safeguard your retirement savings and reduce the risk of fraud and misconduct, we send you an email or text alert (or both) when you change your SMSF's:

- financial institution account details
- ESA
- authorised contact
- members.

The alert will also issue if you change your SMSF's financial institution account details or ESA via your SAR.

If you did not authorise or know about the changes outlined in an alert we sent you, find out what [immediate actions you need to take](#).

## **Adding a new member or trustee**

As part of our new registrant program we may review new trustees and members if we find reason to. If you add a new member or trustee and we initiate a review, the SMSF is taken offline. We aim to complete these reviews within 56 days. This is one of the many steps we are taking to safeguard the retirement of Australians.

## **Changing structure**

We review all SMSFs that change from an individual trustee structure to a corporate trustee structure as part of our 'secure front door' process. If you are changing structure, your SMSF may be taken offline while we conduct the review. This process can take up to 56 days to complete.

## **Keeping within the definition of an SMSF**

As a trustee you need to ensure your fund always stays within the legal definition of an SMSF.

If your SMSF no longer meets the definition of an SMSF you have 6 months to either:

- restructure your fund to meet the definition of an SMSF
- voluntarily wind up your SMSF and roll the benefits into an APRA (Australian Prudential Regulation Authority) regulated fund.

If you do not do anything, some of our actions could include:

- making your fund [non-complying](#)
- disqualifying you as a trustee.

## Changes to the status of the corporate trustee

If any of the following occur to your corporate trustee, you need to restructure the fund:

- The company is aware or has reasonable grounds to suspect that a person who is, or is acting as, a responsible officer of the company is a disqualified person.
- The company has been deregistered by the [Australian Securities & Investments Commission](#) [↗](#) (ASIC).
- A receiver, or a receiver and manager, has been appointed in respect of property beneficially owned by the company.
- A provisional liquidator or restructuring practitioner in respect of the company has been appointed.
- An administrator has been appointed in respect of the company.
- Action has started to wind up the company.

Restructuring the fund could involve:

- re-registration of the company
- appointing a new company to operate as trustee
- changing the fund structure to individual trustees.

This process can be complex. Talk to ASIC to ensure assets vested with the corporate trustee can be transferred to the new entity or individuals in trust for the fund.

Find out more on the [effects of deregistration](#) [↗](#).

## Removing yourself as a trustee or director

If you become a disqualified person you must immediately:

- notify us of your disqualification (unless you have been disqualified by us)

- cease being a trustee.

If you are a director of a corporate trustee, you may also have obligations to inform ASIC.

Penalties apply if you act as a trustee or director while disqualified. Other trustees have a responsibility to prevent you acting as a trustee if they know you're disqualified.

If you resign as a trustee your SMSF has 6 months to restructure itself. Generally this will mean rolling your super interest out of the fund.

The other trustees or directors can:

- roll over your benefits to another complying super fund
- appoint an approved trustee who has a licence from APRA (that is, become a small APRA fund)
- wind up the fund by rolling all members' benefits out of the fund.

## Becoming a trustee or director again

If you're disqualified because you've been convicted of a dishonesty offence you can apply to have the disqualification waived. You must apply in writing within 14 days of the conviction to:

**Australian Taxation Office**  
**PO Box 3100**  
**PENRITH NSW 2740**

If you have been disqualified by us you can ask for a review of our decision. You must make your request in writing within 21 days of receiving the notice of disqualification.

Send your request to:

**Australian Taxation Office**  
**PO Box 3100**  
**PENRITH NSW 2740**

If you're disqualified due to being insolvent under administration, you can't have your disqualification waived. However, once you are no longer insolvent under administration, you will no longer be disqualified and can become a trustee or director again.



## How we help and regulate SMSFs

We help you understand your duties and responsibilities as a trustee. We also regulate SMSFs to verify their compliance.

**Last updated** 7 August 2024

We'll help you understand your duties and responsibilities as a trustee and make it as easy as possible for you to comply. We also regulate SMSFs and verify their compliance. We can advise you about complying with the super and tax laws but we don't provide financial or investment advice.

- [Getting help from us](#)
- [How your SMSF is regulated](#)
- [How we deal with non-compliance](#)
- [Early engagement and voluntary disclosure](#)

### Getting help from us



You can contact us for general help with your SMSF obligations. We can't provide financial or investment advice.

### How your SMSF is regulated



As a key regulator of SMSFs, the ATO can help you understand the role of a trustee.

### SMSF early engagement and voluntary disclosure service



How and when to report using the SMSF early engagement and voluntary disclosure service.

## How we deal with non-compliance

What responses can self-managed super fund (SMSF) trustees expect from us if they don't comply with super laws.

QC 42477

## Getting help from us

You can contact us for general help with your SMSF obligations. We can't provide financial or investment advice.

**Last updated** 16 June 2015

- Trustees with general SMSF queries: phone **13 10 20**
- Tax agents with general SMSF queries: phone **13 72 86**
- Written enquiries can be sent to:  
**Australian Taxation Office**  
**PO Box 3100**  
**PENRITH NSW 2740**

## SMSF specific advice

You can write to us for SMSF specific advice about how the super law applies, or will apply, to your particular circumstances. To get SMSF specific advice, you need to describe the facts of the investment or arrangement and ask for specific advice about how the super law applies.

You can ask about actions or investments your SMSF plans to take, or actions and investments your SMSF has already taken.

SMSF specific advice is not legally binding but it will provide a level of certainty to you as the trustee of your SMSF. If we later take the view that the law applies less favourably to your SMSF, the fact that you

acted in accordance with your SMSF specific advice would be a relevant and important factor in your favour.

We can't provide SMSF specific advice about some topics.

**See also:**

- [How to apply for SMSF-specific advice](#)
- [ATO advice and guidance](#)
- [Superannuation enquiries](#)

QC 42476

## How your SMSF is regulated

As a key regulator of SMSFs, the ATO can help you understand the role of a trustee.

**Last updated** 6 December 2018

### On this page

[How we work with ASIC](#)

[ATO as a regulator in the SMSF Sector](#)

As an SMSF trustee you may need to deal with two key government agencies. These are:

- Australian Taxation Office (ATO) – administering the relevant super laws for SMSFs
- Australian Securities & Investments Commission (ASIC) – regulating financial services to protect consumers and manages SMSF auditor registrations.

## How we work with ASIC

The ATO and ASIC are joint regulators of SMSFs.

We assist ASIC by:

- providing SMSF data to assist superannuation sector analysis
- collaborating to develop publications and guidance material
- making referrals to ASIC if we discover potentially unlicensed advice providers, or SMSF auditors who fail to meet their obligations.

## **ATO as a regulator in the SMSF Sector**

As a key regulator for SMSFs, we can help you understand your duties and legal responsibilities as a trustee. We will make it as easy as possible for you to comply with your obligations and protect the future benefits of fund members.

We check compliance with the law to safeguard retirement income. Our activities include:

- checking you manage your fund in accordance with super laws
- implementing and maintaining systems to check the legal compliance
- taking enforcement action to correct matters when there is a breach of the law
- checking SMSF auditors perform their duties to the required standard.
- verifying a fund's primary purpose is to pay retirement benefits to members
- providing information and forms to help set up and manage your fund
- assessing applications for early release of super on compassionate grounds.

We don't:

- develop the law or related policy
- provide financial or investment advice
- evaluate your investment choices
- advise on the structure of your fund, or whether an SMSF is a sensible choice for you

- advise on resolving disputes between trustees
- recommend specific professionals, or intervene if you have a dispute with a professional.

QC 23307

## SMSF early engagement and voluntary disclosure service

How and when to report using the SMSF early engagement and voluntary disclosure service.

Last updated 6 July 2022

### On this page

[What is the SMSF early engagement and voluntary disclosure service](#)

[Who can use the SMSF early engagement and voluntary disclosure service](#)

[When to use the SMSF early engagement and voluntary disclosure service](#)

[How to make a voluntary disclosure of an unrectified contravention](#)

[Accepting voluntary disclosures](#)

[Service expectations](#)

## What is the SMSF early engagement and voluntary disclosure service

Each year an approved self-managed super fund (SMSF) auditor must audit your fund. The auditor is required to report certain regulatory contraventions to us via the *Auditor/actuary contravention report*.

When contraventions have occurred you should work with your appointed SMSF professionals including your [SMSF auditor](#) to rectify them as soon as possible.

However, we encourage you to voluntarily disclose regulatory contraventions that remain unrectified without waiting for your SMSF auditor to advise us.

You can do this at any time via our SMSF early engagement and voluntary disclosure service (the service). The service provides a single-entry point for SMSF trustees and professionals to engage early with us in relation to unrectified contraventions.

We expect that before you use the service, trustees will have already developed a plan to rectify the contravention as soon as possible. You should submit the plan with your [SMSF regulatory contravention disclosure form](#).

If you voluntarily disclose unrectified contraventions before we start an audit, we take your disclosure into account in determining what other actions we need to take.

If you make a disclosure about contraventions that occurred in previous years, you must lodge any outstanding SMSF annual returns.

## **Who can use the SMSF early engagement and voluntary disclosure service**

SMSF trustees and SMSF professionals (such as tax agents, accountants, financial planners, lawyers and fund administrators acting on behalf of SMSF trustees) can use our SMSF early engagement and voluntary disclosure service.

If an SMSF professional lodges the voluntary disclosure, the SMSF regulatory contravention disclosure form must be signed by at least one of the trustees for the fund.

In addition, if the SMSF professional is not registered with the ATO as an authorised contact for the fund, a written authorisation signed by the trustees to allow the ATO to liaise with the representative must also be provided.

## **When to use the SMSF early engagement and voluntary disclosure service**

The SMSF early engagement and voluntary disclosure service should be used when it's clear there has been a contravention of the *Superannuation Industry (Supervision) Act 1993* (SIS Act) or regulations and it remains unrectified.

Before using this service, you should speak to an SMSF professional to receive guidance about rectifying the contravention so you have a rectification proposal to include with your voluntary disclosure.

Your SMSF auditor is still required to report regulatory contraventions via an *Auditor/actuary contravention report* (ACR). However, we will not commence an audit based on an ACR if the issue is attempting to be resolved through a voluntary disclosure, unless we receive additional information that requires further investigation.

You should not use this service if you have already received notification of an ATO audit or review in relation to the contravention. You should also not use this service if you are reporting a contravention that involved another trustee (a whistleblower disclosure) and you want your identity kept confidential. Instead you should use our [making a tip-off- service](#) to report the misconduct.

If you're unsure whether there has been a contravention of the SIS Act or Regulations, or you and your SMSF professional don't agree there has been a contravention, you should apply for [SMSF specific advice](#) first.

SMSF specific advice is a written explanation of our view of how the super laws may apply to your SMSF in relation to a specific transaction or arrangement. For example, you can apply for advice in relation to the investment restrictions, or rules governing in specie contributions/payments and benefit payments.

We can confirm if there has been a contravention as part of this advice.

SMSF specific advice will provide you with more certainty about the contravention and enable you to formulate an appropriate rectification plan for inclusion in your voluntary disclosure.

## **How to make a voluntary disclosure of an unrectified contravention**

You must complete the SMSF regulatory contravention disclosure form and provide us with all relevant facts, supporting documentation, a

rectification proposal or proposed [Enforceable undertaking](#) and actively engage with us throughout the resolution process. If you do not complete the form, we will be unable to accept your disclosure.

The completed form and any relevant supporting documentation should be submitted to us using one of the following methods:

- If you're a tax agent submitting the voluntary disclosure on behalf of your client, you can use secure mail in Online Services for Tax Agents. Tax agents should ensure they attach the SMSF regulatory contravention disclosure form signed by the trustees of the fund to the email.
- If you're an SMSF trustee you can use secure mail in [Online services for business](#), making sure your:
  - *topic* is 'Superannuation'
  - *subject* is 'SMSF Early engagement & voluntary disclosure'.

- Fax: **1300 139 024**.

- Post:

**Australian Taxation Office**  
**PO Box 3578**  
**ALBURY NSW 2640**

- Alternatively, both SMSF trustees and other SMSF Professionals can send an email to [SMSFRegulatoryContraventionVoluntaryDisclosure@ato.gov.au](mailto:SMSFRegulatoryContraventionVoluntaryDisclosure@ato.gov.au).  
(Please note email is an unsecured channel.)

## Accepting voluntary disclosures

When you lodge your SMSF voluntary disclosure you will receive confirmation of receipt.

We may later contact you to request additional information if insufficient information has been provided.

We will assess your voluntary disclosure and depending on the facts and circumstances it may result in an ATO review to consider the undertaking or rectification proposal.



For more information, see our [Early engagement and voluntary disclosure case studies](#).

## Service expectations

### What you can expect from us

SMSF trustees and professionals who engage with us and make a voluntary disclosure in accordance with this service can expect us to:

- engage with you and work with you and your SMSF professionals with the intent to agree on a proposed plan for rectifying the disclosed contravention
- take your voluntary disclosure and your willingness to engage with us at an early stage and throughout the review process into account when
  - determining the level of enforcement action that is required
  - making a decision about the remission of any administrative penalties that may be applicable.

### What we expect from you

We expect you to:

- engage with your SMSF professional to devise a proposed plan of action to rectify the contravention
- provide the proposed plan for rectifying the contravention and relevant supporting documentation with your voluntary disclosure
- provide information that demonstrates that measures have been put in place to mitigate the risk of similar contraventions occurring in the future
- actively engage with us throughout the review process
- bring any outstanding SMSF annual return lodgments immediately up to date
- make any necessary amendments to SMSF annual returns and/or individual members' income tax and pay any outstanding income tax liabilities that may arise.

# How we deal with non-compliance

What responses can self-managed super fund (SMSF) trustees expect from us if they don't comply with super laws.

**Last updated** 25 September 2023

## On this page

[Encouraging compliance](#)

[How we make our decisions](#)

[Enforceable undertaking](#)

[Rectification direction](#)

[Administrative penalties](#)

[Raising income tax assessments](#)

[Disqualification of a trustee](#)

[Civil and criminal penalties](#)

[Winding up won't prevent compliance action](#)

[Notice of non-compliance](#)

[Freezing an SMSF's assets](#)

## Encouraging compliance

We focus on encouraging trustees to comply with the super laws by helping them understand their obligations. We do this with a range of support products, including:

- [guidance](#)
- [SMSF subscription updates](#) 

- [lifecycle publications](#)
- speeches.

There are occasions when stronger responses are required.

## How we make our decisions

To ensure a fair and reasonable outcome in each case, decisions are made according to the statements and principles set out in the:

- *Taxpayers' Charter*, which requires that taxpayers be treated fairly and reasonably.
- Compliance model, which helps in understanding the factors and attitudes that motivate a taxpayer to comply or not comply with the law.
- Good decision-making model, which requires that the decision is legal, ethical, equitable, overt, sensible, timely, and in accordance with the principles of natural justice.

## Enforceable undertaking

An SMSF trustee may initiate an undertaking to rectify a contravention.

The undertaking must be sent to us in writing. We will decide whether or not to accept it.

The undertaking should include:

- a commitment to stop the behaviour that led to the contravention
- what action will be taken to rectify the contravention
- the timeframe to rectify the contravention
- how and when the trustee will report the contravention has been rectified
- the strategies to prevent the contravention from recurring.

We will consider the following when deciding if we will accept the undertaking:

- the compliance history of the trustee
- the nature of the contravention
- whether the contravention can be rectified, and when and how this will be done
- whether the contravention had criminal consequences.

We will write to the trustee and advise if the undertaking has been accepted or not.

We may take further action if the SMSF trustee substantially fails to comply with the terms of the undertaking.

See more about enforceable undertaking in [PS LA 2006/18 Self-managed superannuation funds – enforceable undertakings](#).

## Rectification direction

We may give a trustee or a director of a corporate trustee a written direction to rectify a contravention of the super laws.

A rectification direction requires a person to:

- undertake specified action to rectify the contravention within a specified time
- show proof of compliance with the direction.

Rectification generally involves putting in place managerial or administrative arrangements that could reasonably be expected to ensure those or similar contraventions do not occur again.

A person who fails to comply with the direction commits an offence of strict liability. This can also lead to the:

- trustee or director being disqualified
- fund's complying status being removed, which may result in a significant tax penalty on the fund.

A trustee may request us to vary the direction. The request must:

- be made in writing on or before the period specified in the direction
- be signed and dated
- set out the reasons for the request.

A trustee may also object to our decision to:

- give a rectification direction
- refuse to vary a rectification direction.

## Administrative penalties

Individual trustees and directors of corporate trustees are personally liable to pay an [administrative penalty](#) from 1 July 2014 if they contravene the following provisions of the *Superannuation Industry (Supervision) Act 1993* (SISA).

**Table: SISA provision and associated penalty**

Provision in SISA	Description	Administrative penalty
<b>Subsection 34(1)</b>	Operating standards	20 penalty units
<b>Subsection 35B(1)</b>	Accounts and statements	10 penalty units
<b>Subsection 65(1)</b>	Lending to members and relatives	60 penalty units
<b>Subsection 67(1)</b>	Borrowings	60 penalty units

<b>Subsection 84(1)</b>	In-house assets	60 penalty units
<b>Subsection 103(1)</b>	Duty to keep minutes	10 penalty units
<b>Subsection 103(2)</b>	Duty to keep minutes of meetings	10 penalty units
<b>Subsection 103(2A)</b>	Retention of copy of section 71E election	10 penalty units
<b>Subsection 104(1)</b>	Duty to keep records of changes of trustees	10 penalty units
<b>Subsection 104A(2)</b>	Declaration of recognition of obligations and responsibilities	10 penalty units
<b>Subsection 105(1)</b>	Duty to keep and retain member or beneficiary reports	10 penalty units
<b>Subsection 106(1)</b>	Duty to notify of significant adverse events	60 penalty units
<b>Subsection 106A(1)</b>	Duty to notify of change in status of entity	20 penalty units
<b>Subsection 124(1)</b>	Written appointment of investment managers	5 penalty units
<b>Subsection 160(4)</b>	Education direction	5 penalty units
<b>Subsection 254(1)</b>	Information to be given to the	5 penalty units

	regulator	
<b>Subsection 347A(5)</b>	Participation in the regulator's statistical program	5 penalty units

The penalty cannot be paid or reimbursed from the assets of the fund.

Directors of corporate trustees are jointly and severally liable to the penalty. Individual trustees are each liable to the penalty.

Penalties may be wholly or partially remitted depending on the circumstances of each case.

Administrative penalties may also be imposed on SMSF trustees if they make false and misleading statements to us.

See more about administrative penalties in [PS LA 2020/3](#) *Self-managed superannuation funds – administrative penalties imposed under subsection 166(1) of SISA*.

## Raising income tax assessments

If a member has [illegally accessed their super](#) without meeting a condition of release, the accessed amount will be included in their assessable income, even if they repay it to the fund later. This means the member may have to pay:

- additional income tax
- tax shortfall penalties
- interest.



This is in addition to any administrative penalties and potential disqualification.

## Disqualification of a trustee


We may [disqualify an individual](#) from acting as a trustee or director of a corporate trustee if they've contravened super laws. We can also disqualify an individual if we're concerned about their actions or suitability to be a trustee.

When deciding whether to disqualify a trustee, we take into account how serious the contraventions are, how many contraventions have occurred and how likely it is they will continue to be non-compliant.

An individual may be disqualified as an SMSF trustee for not being a 'fit and proper person'. Personal character is considered along with the circumstances surrounding any contraventions.

We will write to disqualified trustees detailing our decision. This information is published in the [Federal Register of Legislation](#)  as a notifiable instrument. Disqualifications were previously published in the [Government Notices Gazette](#) .

Individuals who have been disqualified from being an SMSF trustee can apply to have the decision reviewed.

You can check our [disqualified trustees register](#) , to see if an individual has previously been disqualified by us.

The register:

- provides information already publicly available on the Federal Register of Legislation and the Government Notices Gazette
- has functionality to help you search easily and determine if a potential trustee has been disqualified
- is updated quarterly no earlier than one month after the end of the quarter to allow trustees to seek a review of their disqualification before their names are added to the register
- includes all individuals who have been disqualified by us since 2012 (when the information was first published electronically).

When an individual is notified they have been disqualified as a trustee or director of the corporate trustee, they must remove themselves from this role.

It is an offence to continue to act as a trustee or director of the corporate trustee if you have been disqualified. Further penalties may apply.

See more about disqualification in [PS LA 2006/17 Self-managed superannuation funds – disqualification of individuals to prohibit them from acting as a trustee of a self-managed superannuation fund](#).

## Civil and criminal penalties



We may apply through the courts for civil or criminal penalties to be imposed.

Civil and criminal penalties apply where SMSF trustees have contravened provisions concerning:

- the sole-purpose test
- lending to members
- the borrowing rules
- the in-house asset rules
- prohibition of avoidance schemes
- duty to notify the regulator of significant adverse events
- arm's-length rules for an investment
- promotion of illegal early release schemes.

We will consider the severity of the contravention, the circumstances that led to it and the actions of the individuals involved before instigating civil or criminal prosecution.

## **Winding up won't prevent compliance action**

Following a contravention, the trustee may decide to wind up the SMSF and roll over any remaining benefits to an Australian Prudential Regulation Authority (APRA) regulated fund.

Depending on the actions of the trustees and the type of contravention, we may continue to issue the SMSF with a notice of non-compliance or apply other compliance treatments.

## **Notice of non-compliance**

Serious contraventions of the super laws may result in an SMSF being issued with a notice of non-compliance. In this case, the fund remains non-compliant until they receive a notice of compliance.

We'll consider the following when deciding whether to issue a notice of non-compliance:

- The tax consequences and financial impact of making an SMSF non-complying.
- The seriousness of the contravention, including
  - trustee's behaviour
  - the effect the contravention has on the SMSF's assets
  - the number and duration of contraventions.
- All other relevant circumstances, including
  - if the trustee has rectified the contravention
  - the trustee's level of skill and knowledge
  - the compliance history of the fund
  - the events which led to the contravention.

Making a fund non-complying can have a significant financial impact on the SMSF because:

- for every year the fund remains non-complying, its assessable income is taxed at the highest marginal tax rate
- in the year it becomes non-complying, it includes in its assessable income an amount equal to the market value of the fund's total assets less any contributions the fund has received that are not part of the taxable income of the fund.

For more on issuing a notice of non-compliance, see [PS LA 2006/19](#) *Self-managed superannuation funds – notice of non-compliance*.

## Freezing an SMSF's assets

We may give a trustee or investment manager a notice to freeze an SMSF's assets where it appears that conduct by the trustees or investment manager is likely to adversely affect the interests of the beneficiaries to a significant extent. This is particularly important when the preservation of benefits is at risk.

The notice may direct the trustee or investment manager not to:

- acquire assets
- dispose of assets

- deal with assets in a particular way.

We may also give a similar written notice to a person, other than a trustee or investment manager, who has possession, custody or control of an asset of the fund.

QC 42478

## SMSF Super Fund Lookup status

Work out what the SMSF compliance status types mean in Super Fund Lookup (SFLU).

**Last updated** 7 November 2022

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## About Super Fund Lookup

[Super Fund Lookup](#)  (SFLU) contains publicly available information about all self-managed super funds (SMSFs) with an ABN. It includes SMSFs as well as funds regulated by the Australian Prudential Regulation Authority (APRA).

SFLU is our external register of SMSFs current compliance statuses.

APRA regulated funds can use this service to find out if rollovers can be made into an SMSF.

Employers can use this service to find out if employer contributions qualify as super guarantee (SG) payments.

In addition to identifying the current compliance status of an SMSF, you can also use SFLU to:

- identify whether a fund has ceased to operate
- access contact details for the fund.

## Newly registered SMSFs

Whilst we undertake checks on all SMSFs which elect to be regulated by us, we also complete checks on new members or trustees if you:

- recently added a new member or trustee
- changed the structure of your trustee (for example, changed from individual to corporate trustees).

These [types of checks](#) can take between 2 to 56 days, which could delay the registration of your fund or prevent you from being added as a new trustee to a fund.

While we complete these checks, your first status for a newly registered SMSF, is 'Election to be Regulated is being processed'. This means:

- We are undertaking checks before we can record the SMSF as ATO-regulated.
- Other super funds cannot make transfers or rollovers.
- Employers cannot make super guarantee contributions.

## SFLU status types

An SMSF will be described as one of 5 different status types on the SFLU:

- registered
- complying
- non-complying
- regulation details withheld
- regulation details removed.

## Registered

A registered SMSF:

- is eligible to receive rollovers, transfers and contributions
- is regulated by us
- has not been issued with a notice of compliance or a notice of non-compliance.

Once the notice of compliance has been issued, we will change the fund's status to 'complying'.

## **Complying**

A complying SMSF:

- is regulated by us
- has been issued with a notice of compliance
- qualifies for a concessional tax rate of 15%
- is eligible to receive rollovers.

Employer contributions made to complying funds can qualify as SG payments.

## **Non-complying**

A non-complying SMSF:

- is not a resident of Australia, or
- has been issued with a notice of non-compliance.

Non-complying SMSFs do not qualify for concessional tax rates. They pay the highest marginal tax rate, which is currently 45%.

Non-complying funds are not eligible to receive a rollover. Employer contributions do not qualify as SG payments.

## **Regulation details withheld**

There are many reasons why an SMSF may have their regulation details withheld. When we have concerns about how an SMSF is operating we usually withhold the regulation details and conduct further enquiries into its operation.

APRA regulated funds will not make rollovers to funds that have regulation details withheld.

We recommend employers don't make contributions to funds that have regulation details withheld because it is not clear if the fund is complying and operating as required.

## **Regulation details removed**

If your annual returns are 2 weeks overdue, your regulation details will be removed on the first business day of the month.

Once you lodge your overdue annual returns, your regulation details will be updated on either the:

- first day of the month
- 15th calendar day of the month, or
- first business day after these dates.

Your fund's updated status will be displayed on SFLU the following day.

APRA regulated funds will not be able to make rollovers to funds that have regulation details removed. We recommend employers don't make contributions to funds that have regulation details removed because it is not clear if the fund is complying and operating as required.

## **SMSF with no ABN**

If an SMSF does not have an ABN, they will not be displayed on SFLU.

This does not necessarily mean that the SMSF is not complying. We will still provide complying SMSFs with a notice of compliance.

QC 64569

## **Self-managed super fund education products**

Our publications and online education modules will help you navigate the various stages of your SMSF's lifecycles.

## On this page

[Starting a self-managed super fund](#)

[Running a self-managed super fund](#)

[Winding up a self-managed super fund](#)



Our publications and online education modules contain key points on what you need to know when starting, running or winding up your self-managed super fund (SMSF). They form a suite of education products aimed at supporting you, as a SMSF trustee, with your regulatory and reporting obligations.

We strongly recommend all SMSF trustees take the opportunity to improve their understanding of their obligations. We have developed these lifecycle publications and online education modules to help you achieve this.

You can use our publications as a reference tool while our online education modules are interactive and provide an excellent opportunity for you to build your knowledge.

With the education modules you can create an account and set up a personalised learning pathway, which will also record course completion.

## Starting a self-managed super fund

The [Starting a self-managed super fund \(PDF, NAT 75397, 1,643KB\)](#)  publication and the [Setting up a self-managed super fund](#)  online education module helps you consider if an SMSF is right for you. They include:

- what is an SMSF
- choosing a structure
- an outline of your obligations
- registering your SMSF
- getting professional advice.

The content in the publication and the education module can also be found in [thinking about self-managed super](#) and [setting up](#).

## Running a self-managed super fund

The [Running a self-managed super fund \(PDF, NAT 75612, 2.12MB\)](#) [📄](#) publication helps you understand your role and obligations to help you manage your fund effectively. It includes:

- accepting contributions and rollovers
- managing your fund's investments
- paying super benefits
- reporting and administration.

We are currently developing the Running a self-managed super fund online education module. It will be available here once completed.

The content in the publication and upcoming education module can be found in [contributions and rollovers](#), [investing](#), [paying benefits](#) and [administering and reporting](#).

## Winding up a self-managed super fund

The [Winding up a self-managed super fund \(PDF, NAT 75417, 860KB\)](#) [📄](#) publication and [Winding up a self-managed super fund](#) [📄](#) education module helps you prepare for when you decide to wind up your SMSF. They include:

- common situations where you may consider winding up
- preparing your exit plan
- how to correctly wind up your SMSF
- getting professional advice.

The content in the publication and the education module can also be found in [winding up](#).

The SMSF online education modules can also be easily accessed from our [small business education portal](#) [🔗](#).



## **Our commitment to you**

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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