



14 January 2022

Ms Dalila Vellotti
Australian Taxation Office
PO Box 9990
CANBERRA ACT 2601

Email: dalila.vellotti@ato.gov.au

Dear Ms Vellotti,

SMSF ASSOCIATION SUBMISSION – CONSULTATION PAPER: STREAMLINING TRANSFER BALANCE CAP EVENT-BASED REPORTING ARRANGEMENTS FOR SMSFs

The SMSF Association welcomes the opportunity to provide this submission in response to the Australian Taxation Office Consultation Paper – Streamlining transfer balance cap event-based reporting arrangements for SMSFs.

Broadly, we support the application of a consistent approach across the SMSF sector for Transfer Balance Account (TBA) reporting. As such, we have no objection to moving to quarterly TBA reporting. We do, however, have some concerns, particularly with regards to timing. These are addressed in our responses to the consultation questions below.

1. Where a transfer balance event has occurred, would you prefer that the event is to be reported not later than 28 days after the end of the quarter in which the event occurred started 1 July 2022 or 1 July 2023?

We recommend that any changes to the current reporting approach do not occur before 1 July 2023.

Consideration will be needed for practitioners currently reporting on an annual basis. They will need time to ensure that reporting is up to date for all impacted clients and that systems and processes are in place to make the necessary system changes and client education.

Clear messaging will be needed, including education and guidance for practitioners and trustees alike, well in advance of any changes coming into effect.

Transitional measures will need to be clearly articulated and actively communicated to practitioners. This will be essential in ensuring that tax agents have a clear understanding on how they will apply, what is required by them, allowing time to communicate and educate both staff and their trustee clients, and review and update their business processes accordingly.

Factors external of SMSFs, such as the impacts of COVID-19 must also to be considered. Many of the accountants, administrators and tax agents who provide administration and taxation services for SMSFs also provide accounting and taxation services to other taxpayers.



This sector has been extraordinarily busy since March 2020 with no sign of abatement, as they help their clients battle through the various economic disruptions caused by Covid-19. This pressure continues, with many practitioners reporting extraordinary working hours, and many businesses understaffed or resourced. These are in addition to the issues arising from management and care of their own staff and business.

Concerns are held around the level of burnout that is or will be experienced in this sector. These pressures have been compounded with the latest COVID-19 outbreak which has seen a significant increase in the number of staff becoming infected and clients unable to respond to queries and information in a timely manner.

Accounting and tax agent services provided to SMSFs are a niche or specialist area. Members are reporting that in addition to the broader staffing and resourcing issues currently experienced, there is a particular shortfall in accessing or attracting suitably qualified or experienced staff.

2. [In the future, would you like to see more frequent TBAR reporting for SMSFs, to further reduce reporting delays and improve an individual's experiences to better manage their transfer balance cap? If yes, please provide details. For example, 28 days after the event occurred or 10 days after the event occurred?](#)

At this time, we do not support a compulsory reporting period which would require SMSF trustees to report TBAR events more frequently than 28 days after the end of the quarter in which the event occurred. Further, we believe that it is too soon to be considering an implementation date for such a significant shift.

Whilst earlier reporting should be actively encouraged, this should be through active education and guidance from the ATO in its dual role of tax administrator and regulator of the sector. The benefits of or need for earlier reporting should be clearly articulated. It would be practically difficult for practitioners to effectively administer these shorter time frames more broadly at this time.

Before contemplating any further changes or reforms, first and foremost, the transition and alignment to quarterly reporting across the SMSF sector should be completed. After an appropriate period (2 years in our view would gather meaningful data post transition), further industry consultation could be undertaken to assess the merits of moving the SMSF sector to more frequent TBAR reporting.

3. [Do you have any concerns about streamlining TBAR reporting for SMSF that you would like to raise? If yes, provide details.](#)

We believe that at present the law covering the issuance of Excess Transfer Balance Determinations and Excess Transfer Balance Assessments is extremely complex and restrictive. We would welcome the opportunity to discuss with the ATO how these provisions could be simplified so that administration of this area could be improved for the ATO, SMSF members, trustees, administrators, and tax agents.



If you have any questions about our submission, please do not hesitate to contact us, and we thank you again for the opportunity to provide this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Peter Burgess', written over a faint, light blue circular watermark or background.

Peter Burgess
Deputy CEO/Director of Policy and Education
SMSF Association

ABOUT THE SMSF ASSOCIATION

The SMSF Association is the peak body representing SMSF sector which is comprised of over 1.1 million SMSF members who have more than \$700 billion of funds under management and a diverse range of financial professionals servicing SMSFs. The SMSF Association continues to build integrity through professional and education standards for advisors and education standards for trustees. The SMSF Association consists of professional members, principally accountants, auditors, lawyers, financial planners and other professionals such as tax professionals and actuaries. Additionally, the SMSF Association represents SMSF trustee members and provides them access to independent education materials to assist them in the running of their SMSF.