

# Simplified Superannuation

## ***Fact Sheet — Self-Managed Superannuation Funds***

### *Key Points*

- Additional resources will be provided to the ATO to regulate Self-Managed Superannuation Funds (SMSFs).
- Streamlined reporting requirements with new administrative penalties for late returns and false statements.
- An increase in the supervisory levy from \$45 to \$150 per annum.

### *Why change compliance activity?*

The number of SMSFs has been increasing significantly over the past decade. A benchmarking study by the ATO in the 2002 financial year found that less than 45 per cent of funds were fully compliant, and that 9 per cent had serious compliance issues. There is also evidence that only 70 per cent of SMSFs lodge their tax and regulatory returns on time.

The Government will increase funding to the ATO to regulate SMSFs by \$112 million over the forward estimates period.

Compliance will also be enhanced through improving trustee awareness of their responsibilities, clearer auditor obligations, and administrative penalties for late returns and false statements.

### *Why increase the SMSF levy?*

The Government has previously agreed that regulation of SMSFs should be on a cost recovery basis. The current \$45 levy has not changed since 1999 and no longer adequately covers the reasonable costs of the ATO in regulating these funds.

From the 2007-08 financial year, the supervisory levy will be increased to \$150 with the levy to be reviewed on a regular basis. The increase will enable the ATO to more effectively regulate this rapidly growing and diverse sector.

### *What compliance costs are reduced?*

To reduce compliance costs of SMSFs, a single annual return will be introduced with the levy collected as part of the fund's assessment. Fringe benefits tax will be removed from *in specie* employer contributions to superannuation funds.