

## A new Government - so what now for SMSFs?

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So as you would be aware, we have had a change in our Federal Government to the Coalition and this now opens up a potential change in direction for Superannuation policy.

The reality is that there are any number of changes that could be made in the future, and it is fairly pointless to analyse every conceivable change.

What we do need to do however is look at what we do know and see if there is anything that SMSF trustees need to be aware of right now. So let's look at the stated policies of the Coalition as they apply to SMSF's.

1. "No unexpected detrimental changes to Superannuation policy". This was the big flagship promise. ....or was it just a political statement to neutralize a potential issue. The wording of course is open to a wide interpretation and make no mistake, it will be given a very wide interpretation by the Government when it suits them to do so. We are not being critical. It's just the way it is, so take this one with a grain of salt and move on. There is getting hung up on these sorts of broad statements. It just won't do you any good.
2. Super Guarantee will still increase from 9% to 12% however the gradual increase will be delayed in total by two years.
3. Continued work and consultation with industry on how to address breaches of the contribution caps to ensure trustees are not subject to disproportionate penalties. The previous Government made some good steps in this direction just prior to being booted out, so it will be interesting to see what they come up with here.
4. Look at increasing concessional contribution caps and co-contribution levels back to their previous higher levels - but **ONLY ONCE THE BUDGET IS IN STRONG SURPLUS AGAIN.....mmmmm**, ok, so that could be a while then! Not really a surprise given the state of the fiscal budget.
5. Pay Superannuation on paid parental leave. All we are going to say on this one is that there is an enormous amount of water to go under the bridge yet in terms of the final makeup of the Coalition's paid parental leave scheme (i.e. its affordability) and negotiations in the Senate so we would not be putting this one in the "definitely going to happen" column just yet.
6. Minimum withdrawal amounts from account based pensions have been flagged in the context of 'review' to see if they are adequate or appropriate in light of current market conditions. We really don't have a feel yet as to whether this is fair dinkum or just a bit of pre-election politics. We'll have to wait and see on this one.



7. Review the regulatory barriers restricting the availability of relevant and appropriate income stream products. Now this starts to get interesting, although we're not sure at this stage of the full scope or if this will extend to SMSFs.
8. Streamlining employer super contributions reporting, and implementing a Super clearing house via the ATO.
9. Removal of the low income super contribution (LISC) given it was part of the whole mining tax package which they want to

scrap. We categorically state that this sucks, and hope they will re-think this and keep the LISC. We won't go into the whole back story here by suffice to say politics really gets in the way with this one.

There were a number of other policy positions that apply to APRA regulated super funds so we won't go through those.

Also of interest is the new Government's position on some of the proposals that the former Government announced but did not get passed through parliament in time before the election. Probably the main one is the issue of the tax exemption on pension income only up to \$100,000 pa per member. If they have already counted on that revenue in their budget forecasts then it may be a done deal that it will be adopted. We'll just have to wait and see.