SMSF Owners' Alliance
Limited ABN 96 161 052 464
Not-for-profit public company

Media Release

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SMSFs to pay $322 million extra - we ask why?

The Government plans to charge SMSF owners an extra $322 million over the next three years to pay for supervision of them by the Australian Taxation Office.

That's a $322 million reduction in the pool of savings built up by Australia's SMSF owners, continuing and compounding into the future.

An increase in the maximum levy from $200 to $300 is a significant cost to SMSFs. It is, for example, twice as much as the average $150 per member operating cost of APRA regulated funds (*DeLoitte Superannuation Snapshot 5 March 2013*).

Every dollar taken from super funds in tax or compliance costs is a dollar that is not available to fund retirement and to reduce dependence on the publicly funded age pension.

The increased was foreshadowed in the Mid Year Economic and Fiscal Outlook (MYEFO) and is now contained in legislation being examined by the Joint Parliamentary Committee on Corporations and Financial Services.

In a submission to the Committee, SMSFOA says the Government has not provided sufficient information about the cost of the ATO's supervision of SMSFs, what work supervision of SMSFs entails for the ATO and the justification for a 50% rise in the supervisory levy.

SMSFOA says more information is needed on the costs involved in the ATO's supervision of SMSFs and how these costs are distinguished from its regular role of tax collection for which there is no charge to taxpayers.

SMSFOA sees efficiency benefits in having the ATO supervise SMSFs as ancillary to its main role of ensuring taxes are paid. However, as recommended by the Cooper Review, the supervision of SMSFs needs to be minimal. The interests of SMSF trustees and beneficiaries are essentially the same, unlike with managed funds regulated by APRA where members' funds are held in trust.

SMSFOA's submission is attached.

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