



Self managed superannuation funds—administrative obligations

There are a range of administrative obligations imposed on self managed superannuation funds (SMSFs) under the law. Trustees are responsible for ensuring these obligations are met. Failure to do so may jeopardise the fund's eligibility for tax concessions.

Record Keeping Requirements

Under superannuation law trustees of SMSFs are required to:

- Keep accurate and accessible accounting records that explain the transactions and financial position of the fund for a minimum of 5 years;
- Prepare an annual operating statement and an annual statement of the fund's financial position and keep these records for a minimum of 5 years;
- Prepare minutes of trustee meetings (where matters effecting the fund were discussed), records of all changes of trustees and member's written consent to be appointed as trustees for a minimum of 10 years;
- Keep copies of all annual returns lodged for a minimum of 10 years;

- Keep copies of all reports given to members for a minimum of 10 years.

Poor and inadequate record keeping has been identified as a major problem for small superannuation funds. As this can pose a compliance risk for funds, trustees need to give this area detailed attention.

Annual Returns & Other Lodgment Requirements

Annual Income Tax and SIS Compliance Returns

In the past all superannuation funds were required to lodge an annual income tax return ('Form F') to the Australian Taxation Office (ATO) and an annual return to the Australian Prudential Regulation Authority [to check the fund's compliance with the *Superannuation Industry (Supervision) Act 1993* (SIS)].

From the 1999/2000 financial year all SMSFs will only need to lodge one combined return with the ATO. The return will be available from the ATO after 1 July 2000 and must be lodged in accordance with the income tax superannuation fund lodgment program.

Superannuation Surcharge

All SMSFs are required to report member contribution information to the ATO. This information is used to





determine whether members of the fund have a superannuation surcharge liability in a particular year.

Trustees must provide this information by 31 October following the end of the financial year (or as otherwise notified). SMSFs can provide this information to the ATO electronically or prepare and lodge a 'Superannuation Surcharge Member Contributions Statement'.

SMSFs that choose to 'self assess' will also be required to pay their surcharge liability at the time of reporting to the ATO.

Reasonable Benefit Limits (RBL)

All SMSFs are required to report payments of benefits (superannuation pensions, annuities and eligible termination payments) made to members. Information relating to payments must be sent to the ATO by the 14th day of the month following the end of the month in which the payment was made. For example, a benefit payment made on 1 July 2002 will have to be reported by 14 August 2002. Information can be lodged electronically or by form. Trustees can contact the Superannuation Infoline on **13 10 20** for further information. The fact sheet titled Payment of benefits (self managed superannuation funds) also outlines some of the procedural requirements when paying benefits.

Supervisory Levy

Trustees of SMSFs must pay the annual \$45 superannuation

[supervisory levy](#) to the ATO with lodgment of the combined annual return. Please note that the first levies payable to the ATO will be due on lodgment of the 2000/2001 annual return. The levy must be paid using the Supervisory Levy Advice that will be sent to all SMSFs in December 2001. The fund will not be invoiced for the amount of the levy payable. The levy must be paid separately from any tax due.

Annual Audit

All SMSFs are required to have the financial accounts and statements of the fund audited each year by an approved auditor. An approved auditor may be a registered company auditor or a member with one of the following bodies:

Professional Organisation	Manner of Association
Australian Society of Certified Practising Accountants	Member
The Institute of Chartered Accountants in Australia	Member
National Institute of Accountants	Member
Association of Taxation and Management Accountants	Member or Fellow
National Tax and Accountants Association Ltd	Fellow





Auditors must provide a certificate to the trustees stating that the fund has been audited.

Auditors are obliged to bring to the attention of trustees any concerns about the funds financial position or with the funds compliance with the law. If an auditor is not satisfied that the trustees have taken appropriate action to rectify the problem then they must inform the ATO of the problem.

Winding Up

Trustees of SMSFs must notify the ATO if a decision is made to close the superannuation fund. Notification must be given to the ATO before the actual winding up begins.

Need more information?

For further information on this topic:

- visit the ATO superannuation website at www.ato.gov.au/super
- phone the Superannuation Infoline on **13 10 20** for the cost of a local call
- obtain A Fax from Tax on **13 28 60**
- if you do not speak English and need help from the ATO, phone the Translating and Interpreter Service on **13 14 50**
- people with a hearing or speech impairment with access to appropriate TTY or modem

equipment can communicate with the ATO by first contacting the Australian Communication Exchange Relay Service on **13 25 44**.

Note: This publication is available free from the Australian Taxation Office (ATO), which prohibits any party from selling it. Please get help from the ATO or a professional adviser if you feel this publication does not fully cover your circumstances. We regularly revise our publications to take account of changes to the law and you should make sure that this edition is the latest.

As part of our commitment to produce accurate publications, taxpayers will not be subject to penalties if they can demonstrate that they based a tax claim on wrong information supplied by the ATO. However, interest could be payable depending on the circumstances of each case.

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