



BUDGET 2016

The Times They Are A-Changin'

Whilst the media always whip themselves into a frenzy each year trying to pre-empt the contents of the upcoming Federal Budget in May, we all believe that the 2016 Budget will contain measures that seek to address perceived superannuation tax concessions that some say are unfairly directed to the rich.

At the time of writing, the Government has committed to releasing a Comprehensive Tax Statement in April, prior to the May Budget.

Whilst we don't know the content of this Statement, what we do know is the Budget will contain Superannuation measures that could adversely affect some, if not all, of our client base.

Many potential changes to the system have been ruled in and then ruled out of discussions over the last few weeks. What we do know at WGC for certain are the current rules - therefore our advice leading up to May 10 is this:-

- If you intend to contribute to Superannuation this year, either Concessional or Non-Concessional - do so before Budget night (remove the risk of shrinking Contribution Caps with an immediate effect);
- If you are planning to utilise the \$540,000 three year bring forward rule to contribute Non-Concessional Contributions in the short term - do so before Budget night (subject to previous year limits);
- If you intend to start a Pension, especially a transition-to-retirement-income stream (i.e. a Pension before you have retired or turned 65) - do so before budget night;
- If a member of the SMSF has a much larger balance than another - it may be prudent to consider a withdrawal and re-contribution strategy to move towards equalising up the balances.

As you would appreciate, the adoption of any one or more of the above strategies is a decision that will be specific to each Client's circumstances. Some members cannot make contributions at this time due to previous year contribution limits or age restrictions, whilst other members are not permitted to access their benefits due to age or employment circumstances.

WGC will be contacting each SMSF Client before Budget night to arrange a meeting to discuss the proposed changes to Superannuation and how you might be affected - in the short and longer term.

In the meantime, if you have any immediate queries or concerns, please contact Leanne Connor to discuss.

LICENSING

WGC is finalising arrangements to act as an Authorised Representative of the Magnitude Group - a member of BT Select. The SMSF Service Team will be fully compliant with the Government's new AFSL Licensing Rules being imposed on Accountants giving SMSF Advice from 1 July 2016.



OTHER TOPICS OF INTEREST

Collectables - The Rules from 1 July 2016

From 1 July 2011, rules were introduced which placed restrictions on SMSF Trustees who hold collectables and personal use assets (including artwork, jewellery, antiques, vehicles, boats and wine).

Assets of this nature that were held by the SMSF prior to 1 July 2011 have been subject to transitional rules until 30 June 2016.

From 1 July 2016, all collectables and personal use assets, as noted above, must comply with the following rules:-

- the asset must not be leased, or be part of a leasing arrangement with, a related party of the SMSF;
- the asset must not be used by a related party of the SMSF;
- the asset must not be stored or displayed in a private residence of a related party of the SMSF;
- the asset must be insured in the SMSF's name within 7 days of acquisition; and
- the asset can only be transferred to a related party of the SMSF for a market value as determined by a qualified, independent valuer.

If you believe these new rules might apply to you, please contact one of the members of our SMSF Services Team for further guidance.

Pay SMSF Expenses from the SMSF Bank Account

With many Clients maximising the amount of money they can contribute to Superannuation within the allowable limits, it becomes problematic if accounts for items such as WGC, Audit or Actuary Fees are paid directly by the Member, rather than from the SMSF Bank Account.

Where a Member pays SMSF expenses personally, the ATO considers that the value of the SMSF has been increased by the equivalent amount that was paid by the member and thus is to be treated as a contribution which is measured against a Member's contribution cap.

The contribution can be treated as a non-concessional contribution to the SMSF making it non-assessable for tax purposes and the expenses remain deductible to the SMSF. Please note, the ATO have recently ruled that SMSF expenses paid by an employer or related party of the SMSF are not deductible to that entity. The only exception will be if a WGC Tax-Agent Invoice has been specifically invoiced to the Public Officer rather than the SMSF, which is a strategy not available to many SMSF's.

Please remember to pay all SMSF expenses from the SMSF Bank Account.

Please Meet Your Minimum Annual Pension Payments!

For those Trustees who have members that have commenced a pension, it is extremely important that the minimum pension amount is withdrawn each year from the SMSF for each pension account.

WGC advises Trustees of the relevant amounts both in the previous year's annual financial report letter and again prior to 30 June. Failure to meet these minimal withdrawals will cause the SMSF to pay 15% tax on the income generated on those Pension Accounts in the relevant year.

Please remember to meet Minimum Pension Withdrawals annually to maximise the tax savings to the SMSF.