

JULY 2016

TAX ALERT: SUPERANNUATION DEADLINES EXTENDED

Extension of SuperStream deadline

The ATO has announced that the deadline of 30 June 2016 for small businesses to be SuperStream compliant will be extended to **28 October 2016**.

The options available to small businesses for becoming SuperStream ready include using:

- a payroll system that meets the standard;
- a super fund's online system; or
- a messaging portal or a super clearing house like the ATO's Small Business Super Clearing House.

Consequently, the ATO will not take any compliance action against small businesses that fail to be SuperStream compliant by 30 June 2016, but will continue to work with those small businesses to ensure they are SuperStream ready by 28 October 2016.

Deadline for review of non-arm's length LRBAs extended to 31 January 2017

The ATO has announced that it will allow SMSF trustees additional time until **31 January 2017** (previously 30 June 2016) to ensure that any limited recourse borrowing arrangements (LRBAs) that their fund has are:

- on terms consistent with an arm's length dealing; or
- brought to an end.

The ATO set out the terms of two safe harbours on which SMSF trustees may structure their LRBAs to be consistent with an arm's length dealing. The terms of the safe harbours are:

Safe harbour terms of LRBA	Real property	Listed shares or units
Interest rate for 2015–16 income year	5.75 per cent	5.75 per cent + 2 per cent
Fixed interest rate maximum term	5 years	3 years
Maximum LVR	70 per cent;	50 per cent
Maximum loan term	15 years	7 years

Furthermore, these safe harbours require: a written loan agreement; monthly repayments of principal and interest; and security by way of registered mortgage or registered charge/mortgage.

The ATO will not select an SMSF for an income tax review merely because it has an LRBA, during the 2014–15 and prior income years, provided that:

- the trustee ensures that all of the fund's LRBAs are:
 - on terms consistent with an arm's length dealing; or
 - brought to an end by **31 January 2017**; and
- payments of principal and interest for the year ended 30 June 2016 are made under LRBA terms consistent with an arm's length dealing by **31 January 2017**.

Please do not hesitate to contact your Lowe Lippmann Relationship Partner if you wish to discuss any of these matters further.



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The International Accounting Group
worldwide network of independent accounting firms

Level 7 616 St Kilda Road Melbourne
Victoria Australia 3004
(PO Box 130 St Kilda Vic 3182)
T 61 (03) 9525 3777
F 61 (03) 9537 1104
E office@lowelippmann.com.au
W www.lowelippmann.com.au