



19 June, 2013

The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Bryant

INQUIRY INTO SUPERANNUATION LAWS AMENDMENT (MYSUPER CAPITAL GAINS TAX RELIEF AND OTHER MEASURES) BILL 2013

I refer to your email of 18 June 2013 to Dr Martin Parkinson, Secretary to the Treasury, inviting him to make a submission to the Senate inquiry into the Superannuation Laws Amendment (MySuper Capital Gains Tax Relief and Other Measures) Bill 2013. I am making a submission as the General Manager of the Division responsible for Schedule 1 of the Bill, which provides income tax relief to superannuation funds where there is a mandatory transfer of default members' account balances to a MySuper product in another superannuation fund.

By way of background, the MySuper provisions require a superannuation fund not offering a MySuper product to transfer their default members' account balances to a MySuper product in another fund by 1 July 2017. These amendments are necessary to ensure members' account balances will not be adversely affected by the tax law when such a transfer occurs.

These amendments ensure that a superannuation fund that mandatorily transfers account balances of default members to other funds under the MySuper reforms can:

- transfer losses to other entities; and
- defer an income tax liability for assets transferred to other entities so that a liability will not arise until an ultimate disposal of the asset by the other entity.

Where the superannuation fund invests in a life insurance company or a pooled superannuation trust to support its default members, the same relief is also provided to those entities.

Some stakeholders have sought to extend the scope of the income tax relief to voluntary superannuation fund restructures in order to achieve various objectives as part of implementing the MySuper reforms. These voluntary restructures are undertaken for commercial reasons rather than being required under the MySuper reforms. Extending the relief to cover such restructures would involve an additional cost to revenue.

Yours sincerely

Hector Thompson
General Manager
Small Business Tax Division