# CHAPTER 9:

# TAX FILE NUMBERS

9.1 This chapter outlines the issues surrounding the access to and use of Tax File Numbers (TFNs) under the SIS legislation. It concludes with recommendations on the expanded use of TFNs in tracking superannuation funds. The Government proposes allowing superannuation funds to obtain and hold a member's TFN for the purpose of transferring it to an eligible rollover fund (ERF). Under SIS legislation, provision has been made for the automatic rollover of certain benefits between funds for members who have left the fund or cannot be located. In addition, the ISC will maintain a register of superannuation fund members whose benefits have been deposited in an ERF.

9.2 The submissions received by the Committee focused on two major issues involving TFNs, namely:

- the date at which superannuation funds can begin to collect TFNs; and
- the purposes for which superannuation funds can use TFNs.[61]

***TFNs - date of collection***

9.3 Under the SIS legislation superannuation funds will not be able to collect TFNs from members until the SIS legislation commences on 1 July 1994. The submission by Noble Lowndes proposed that superannuation funds be able to collect TFNs from superannuation fund members prior to 1 July 1994 to ena65
ble the updating of relevant material and the collection of TFNs prior to the commencement of the lost member provisions of the SIS legislation.[62] The

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[61] Noble Lowndes SIS Sub No 25
ASFA SIS Sub No 68

[62] Noble Lowndes, op cit

Committee believes that there is merit in this proposal.

**Use of TFNs**

9.4 The second major issue raised in connection with TFNs involved their use by superannuation funds. Under SIS, TFNs can only be used in very limited circumstances, for example transferring a benefit to an Eligible Rollover Fund. However, where the fund is paying a benefit to a member, it will still have to ask the member for the TFN, even though the fund already has it.[63] [64]

9.5 The submission received from the Association of Superannuation Funds of Australia (ASFA) proposed that superannuation funds should be able to use TFNs for any purpose directly related to the conduct of the fund.[65] The submission by Noble Lowndes proposed that employees who disclose their TFNs for employment purposes should also be deemed to have disclosed them for superannuation purposes.

9.6 The Committee acknowledges that these proposals would streamline the administration of superannuation. It is further acknowledged that the lost member problem, which involves tracking small amounts of superannuation for hundreds of thousands of employees (some of whom may have as many as four superannuation accounts), needs to be addressed in an effective and efficient way. However, the expanded use of TFNs gives rise to a number of privacy considerations.

**Tax File Numbers**

9.7 The Privacy Commissioner has inter alia advised the Committee on the collection and use of TFNs for superannuation purposes. The Commissioner has expressed concerns about any extension of the use of TFNs beyond the original policy intent of the TFN legislation, which involved the ISC's access to TFNs based on the administration of the 'reasonable benefits limits'. The Commissioner believes the options of earlier access to, and increased use of, TFNs by superannuation funds and the ISC as being outside this original policy intent. Notwithstanding this, the

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63 ibid

64 SIS Sub No 25

65 SIS Sub No 68

Commissioner gave qualified support for earlier access to and increased use of TFNs. The qualifications include:

- that individual members are given notice of the practice at point of first collection of the TFN;
- that individual members are notified of the purpose of collection and any subsequent proposed uses;
- that individual members are informed that giving a TFN is voluntary for the purposes of identifying members, who may later need to claim benefits from an eligible rollover fund or the ISC; and
- that individual members are given the opportunity to opt for a specific collection for each authorised person.[66]

9.8 The Committee acknowledges these concerns and recommends that they be taken into account in amending and implementing the legislation.

9.9 Of paramount importance in the expanded use of TFNs in superannuation funds is the need for members to give express consent to the purposes for which they are being collected.

**Recommendation 9.1:**

The Committee recommends that the SIS legislation be amended to allow superannuation funds to collect member TFNs, subject to member consent, from the date the Bill receives Royal Assent. In addition, the Committee recommends that the SIS legislation be amended to allow superannuation funds, to use TFNs for taxation and transfer of benefits purposes.

[66] SIS Sub No 94