

End of the financial year – is your SMSF ready?

With the end of the financial year fast approaching, now is the perfect time to ensure everything is in place for your SMSF before 30 June. The following are some superannuation strategies that you might want to know more about to get the best out of your SMSF.

Contribution caps

Before the end of the financial year you should:

- Review if you have any income available to contribute to your fund; and
- Review your total contributions to ensure they are below the caps.

Non-concessional (after tax) contributions are limited to \$100,000 for the 2018 financial year and concessional (before tax) contributions are limited to \$25,000.

Members under 65 years of age have the option of contributing up to \$300,000 over a three-period depending on their total super balance. Transitional arrangements also apply to individuals who brought forward their non-concessional contribution caps in the 2015-16 or 2016-17 financial years.

Anyone making large superannuation contributions should exercise extreme care to avoid excess contribution penalties. Making sure you do not exceed the contribution caps will save you both money and time of dealing with excess contribution tax.

Contributions are included in a financial year if they are received by your fund during that year. This means that they must be in the SMSF's bank account by 30 June. With 30 June falling on a Saturday this year, it would be prudent to make your contributions by Wednesday 27 June to ensure they are received by your fund prior to the end of the financial year.

Drawing superannuation pensions

If you are in pension phase, you need to ensure the minimum pension has been paid to you for this financial year. Where these requirements have not been met your fund will be subject to 15% tax on your pension investments, rather than being tax free.

Personal superannuation contributions

From the 2017-2018 and future financial years, most people regardless of their employment arrangement, will be able to claim a deduction for personal super contributions they make to their fund until they turn 75.

Individuals who are aged between 65 and 75 will need to meet the work test to be eligible to claim the deduction.

If you wish to claim a tax deduction for personal contributions, you must complete and lodge a notice of intent with your fund before June 30 and have this notice acknowledged (in writing) by your fund. Any contribution also needs to be received by your fund before June 30.

Co-contributions

If you meet the relevant work tests and earn less than \$51,813, it is also worth considering if you can take advantage of the Government super co-contribution.

SMSF fund expenses

For members in the accumulation phase, it is important that any expenses are actually incurred or paid before 30 June to be deductible in the current financial year.

Rebalancing accounts between spouses

The end of financial year is also the perfect opportunity to rebalance pension accounts between spouses, to ensure that super balance are as even as possible and the \$1.6 million transfer balance cap is maximised for each member.

Transfer Balance Account Reporting (TBAR)

Funds that were paying a pension at 30 June 2017, which continued to be paid to you or another member on or after 1 July 2017 will need to complete and lodge a Transfer Balance Account report on or before 1 July 2018.

CGT relief and the \$1.6 million transfer balance cap (TBC)

Where you reduced assets to prepare for the July 2017 introduction of the transfer balance cap you have until 2 July 2018, the first business day following 30 June, to choose to apply the transitional CGT relief. This choice is made by completing the CGT schedule in the 2016-2017 SMSF annual return.

This means you have until 2 July 2018 to lodge your 2016-2017 return with an election for CGT relief, or amend a previously-lodged return in order to include an election if you had not made it previously. The ATO have advised that no further extensions will be granted.

How can we help?

If you need assistance with any aspect of your end of year fund planning or reporting requirements, please feel free to give me a call to arrange a time to meet so that we can discuss your particular requirements and circumstances in more detail.