



Australian Government
Australian Taxation Office

Downsizer Contributions

Data quality issue

PLS Working Group 21/01/20

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Please see change advice CA 2019-SMSF 04 (SMSF Annual Return) for details of the measure

Summary

In the 2017-18 Budget the Government announced the *contributing the proceeds of downsizing to superannuation* measure to reduce pressure on housing affordability.

This law allows individuals to use the proceeds in relation to one sale of their main residence to make contributions (downsizer contributions) of up to \$300,000 to their superannuation provider if they are 65 years of age or over and meet all the eligibility requirements.

Downsizer contributions can be made regardless of the other contributions caps and restrictions that might apply when making voluntary contributions.



Processing exceptions

Two new labels were added to the SMSF annual return (SAR) in Section F: Member Information (starting in the 2018-19 financial year) for SMSFs to report downsizer contributions received from their member(s):

- Label H: for downsizer contribution amount reported for the member and
- Label H1: the date the downsizer was received by the fund

When we receive a SAR, our internal validation processes for those two new labels are as follows:

- If an amount is present at Label H then there must be a date at Label H1 or,
- If a date is present at Label H1 then there must be an amount at Label H.

Correspondingly, the SAR will suspend (not process) and client contact is required if:

- There is an amount at Label H but no date, or
- There is a date at Label H1 but no amount.

This validation process was provided to software developers. When a SAR is lodged electronically, if any of the following scenarios occurs the end user will not be able to lodge until the situation is rectified.

- There is an amount at Label H but no date, or
- There is a date at Label H1 but no amount.

We would like to escalate this issue to software providers who have built in this SAR validation process before the majority of SMSFs lodge their SARs in May 2020 for the 2018-19 financial year.



Due dates for SAR lodgement for the 2018-19 financial year are:

TAGS

15 May

Lodge 2019 tax returns for all entities that did not have to lodge earlier (including all remaining consolidated groups), and are not eligible for the 5 June concession.

Due date for companies and super funds to pay if required.

5 June

Lodge tax return for all entities with a lodgment due date of 15 May 2020 if the tax return is not required earlier and both of the following criteria are met:

- non-taxable or a credit assessment in latest year lodged
- non-taxable or receiving a credit assessment in the current year.

Note: This includes companies and super funds, but excludes large/medium taxpayers and head companies of consolidated groups.

If you lodge your SMSF annual return yourself

The due date is generally 28 February following the financial year. If you did not lodge your return for the previous financial year on time, the due date will be 31 October. For your first year the due date is 31 October.



1. Please check the validations applied in your software to ensure that they prevent a client submitting where:
 - There is an amount at Label H but no date, or
 - There is a date at Label H1 but no amount.
2. Please check your software does not enforce a date being added in Label H1 where a \$0 amount has been input in Label H
3. Please check the guidance provided to your clients to ensure it aligns with the above.