


# TAG Online Super Seminar 2020

## Session 1: Super Tax Strategies



**Online SMSF Masterclass 2020**  
**Super Tax Strategies**

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Introduction by  
**Jason Roccosalvo, CA**  
Partner

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**Disclaimer**

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The information contained in this presentation is general in nature only and should not be acted on without first seeking professional advice.

This seminar is in no way to be interpreted as a recommendation or advice, and there may be information that is not relevant or appropriate to your circumstances.

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## Session 1: Super Tax Strategies



### Exclusive Resources and More!

**Online Resource Kit**

- Session Resources – video links, presentations, case studies
- Q&A Session Resources – live webinar links, session recordings
- Resource Kit – audit kit, pensions, deeds, ready reckoner

**Live Q&A**

Fri 14 August, 12pm

Send your questions to [super@tagfinancial.com.au](mailto:super@tagfinancial.com.au)

Live Q&A Recording will be available after the session

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## Online SMSF Masterclass 2020

### Super Tax Strategies

Presented by



**Michelle Griffiths, CA**  
Partner

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## Superannuation Taxation Strategies

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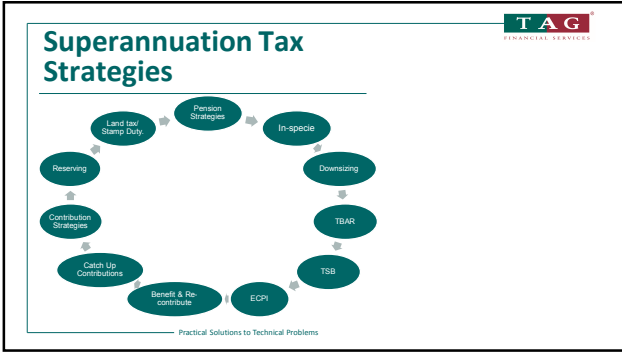
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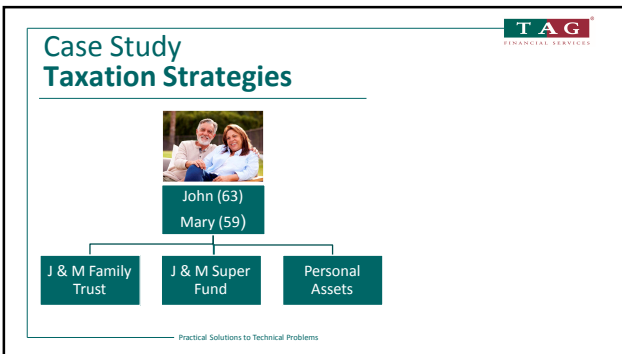
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**J & M Family Trust**

Asset	Value	Cost Base	Land Value
Factory	\$ 2,100,000	\$ 1,100,000	\$ 1,050,000
Residential Property	\$ 400,000	\$ 121,000	\$ 200,000
Residential Property	\$ 400,000	\$ 176,000	\$ 200,000
<b>NET ASSETS</b>	<b>\$ 2,900,000</b>	<b>\$ 1,397,000</b>	<b>\$ 1,450,000</b>

Family Trust also runs the family business

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9

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### J & M Personal Assets

Asset	Value	Cost Base	Land Value
Family Home	\$ 2,500,000	\$ 50,000	n/a
Beach House	\$ 900,000	\$ 120,000	\$ 450,000
Mountain Retreat Home	\$ 1,100,000	\$ 1,000,000	\$ 550,000
NET ASSETS	\$ 4,500,000	\$ 1,397,000	\$ 1,000,000

- Beneficiary Company – shares owned by J & M
- John planning to retire – but Mary to keep working

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### J & M Super Fund

Asset	Value	Cost Base
Managed Funds	\$ 1,150,000	\$ 900,000
Cash	\$ 300,000	
NET ASSETS	\$ 1,450,000	\$ 900,000

Member (age)	Account	Amount	Tax-free %
John (63)	Accumulation	\$1,000,000	45%
Mary (59)	Accumulation	\$450,000	90%

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11

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### Land Tax Issues

Total Land Tax across Group			
Entity	Total Land Tax	Prior year cost	Increase
J & M Family Trust	\$11,725	\$ 8,200	43%
Personally held	\$ 2,975	\$ 1,875	59%
Total Land Tax	\$14,700	\$ 10,075	46%

**What options are there for reducing the land tax?**

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12

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### Option 1

- Move factory from family trust into super fund

Total Land Tax across Group (after transferring property)				
	Family Trust	Personal	Super Fund	Total Land Tax
Before transfer	\$11,725	\$ 2,975	-	\$14,700
After transfer	\$ 1,789	\$ 2,975	\$ 3,375	\$ 8,139
	Land Tax Saving p.a.			\$ 6,562

What are the costs / other implications?

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13

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### Capital Gains on Sale

- After discounts - \$500,000 capital gain (\$250k each)

What can be done to reduce this?

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### Catch Up Contributions

- Mary has made no contributions since 1 July 2018
- Can make catch-up contributions of \$100,000
- Can contribute \$25,000 for current year
- John's balance is over \$500,000, so cannot use catch-up contribution provisions

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15

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## Reserving Strategy

- Both could reserve \$25,000 each;

**Total contributions:**

- John: \$ 50,000
- Mary: \$150,000

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16

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## Division 293 Issues

- What can they do?
- No dividends

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17

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## Timing of Moving Property

1 March 2023	1 May 2023	30 June 2023	3 July 2023
<ul style="list-style-type: none"><li>Property transferred from Family Trust to John and Mary</li></ul>	<ul style="list-style-type: none"><li>\$200,000 transferred as NCC's for J and M</li><li>\$1,150,000 purchased by SMSF</li><li>\$150,000 contributed to the fund as Personal CC</li></ul>	<ul style="list-style-type: none"><li>\$50,000 cash contributed to the fund as Personal CC to be reserved</li></ul>	<ul style="list-style-type: none"><li>\$600,000 transferred as NCC</li></ul>

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18

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## Cost/Benefit of Moving Property

Costs	Alt. 1	Alt. 2	Alt. 3
Stamp Duty	71,500	71,500	-
Tax on CGT	89,633	50,668	-
Con'ts Tax	30,000	37,500	30,000
<b>Total Costs</b>	<b>191,133</b>	<b>159,668</b>	<b>30,000</b>

Benefits	Alt. 1	Alt. 2	Alt. 3
Tax on Rent	15,750	15,750	6,000
Land Tax saving	6,575	6,575	4,125
<b>Total Savings</b>	<b>22,325</b>	<b>22,325</b>	<b>10,125</b>
Pay back years	8.6	7.2	3.0

What other options could you explore?

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19

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## Benefit & Recontribution Strategy

- Property valuation - \$2.6 million (April 2028)

	John (68)	Mary (64)
Balance	1,439,910 (ABP)	1,671,730 (Accum.)

- Mary has retired so commences pension 1 July 2028.
- Benefit / Recontribution strategy for \$100k for Mary – to save the Estate \$12,932
- Then start new pension for \$100k.

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20

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## TBAR Reporting Tips and Traps

- TBAR Reporting:
  - TSB < \$1m for ALL members – report events when lodge tax return
  - TSB > \$1m for ANY member – report within 28 days of end of quarter in which event occurs
  - Best practice – report as soon as possible after event (to avoid penalties)
  - \$1m threshold applies across ALL superannuation funds

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21

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**TBAR Reporting Tips and Traps**

**TBAR Reporting:**

- Reporting frequency does not change once locked in
- Only need to report for retirement phase income streams
- If reporting due to excess TBC – must report within 10 business days of commutation
- Commutation authority by ATO – must report within 60 days of commutation

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22

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**Re-zoning of Factory**

- In late October, developer offer John and Mary \$4.2 mill for the property

	John (68)	Mary (64)
Balance	\$2,319,134 (ABP)	\$2,692,506 (ABP)

- Sold for \$4.5 mill – contract signed Nov 2029
- 100% in Pension mode
- Capital Gain – Nil tax rate

Use some of the proceeds to buy property overlooking the golf course.

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23

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**Have You Thought About?**

- What if financial statements had not been prepared before the contract was signed?

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24

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### Have You Thought About?

- What the difference in tax would be if the pension was started **before** the property sold instead of **after** the property sold

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### Sale of Mountain Retreat

- Own in personal names (15 years)
- Previously lived in the property
- Sold for \$1.3 mill.
- Capital growth \$300,000

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26

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### Downsize Contribution

- Don't have available cash as put in TD  
- What can you do?

**Have you thought about?**  
Given this is not their current Principle Residence – do we use Downsizer on this property?

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27

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## Holiday Home

- Had bought 2 years ago in the SMSF
- Growth of \$18,000 - now worth \$950,000
- Have decided they want to use it themselves

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28

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## How to get holiday home out of SMSF

Member (age)	Account	Balance	Tax Free %
John (70)	ABP	\$2,658,000	59%
John (70)	ABP	\$166,000	100%
John (70)	Accumulation	\$180,000	74%
Mary (66)	ABP	\$2,126,000	24%
Mary (66)	ABP	\$152,000	100%
Mary (66)	ABP	\$260,000	100%
Mary (66)	Accumulation	\$53,000	94%
<b>Total</b>		<b>\$5,595,000</b>	

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29

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## Options to Get Out of Fund

- Full property transfer in-specie

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**Options to Get Out of Fund**

- Sell property from SMSF to John and Mary
- Will incur Stamp Duty
- Same CGT as option 1
- Would allow more money to remain in Super

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**Our Role as Advisors**



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**Live Q&A**  
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33

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