

Subject: New ATO Initiative - Trustee Disqualification Register
[SEC=UNCLASSIFIED]

Good afternoon,

The Australian Taxation Office (ATO) today announced a new initiative designed to help protect the integrity of the self-managed superannuation fund (SMSF) sector.

Before the end of 2018-19 financial year, the ATO will be publishing details of disqualified SMSF trustees on its website to help people easily search and ensure they do not engage a trustee who has been disqualified.

Over 1.1 million Australians are members of an SMSF with a total of more than \$755 billion in total assets. This represents round one third of the \$2.76 trillion total superannuation under active management.

The announcement was made by Assistant Commissioner, SMSF segment Dana Fleming who spoke at the Self-Managed Superannuation Fund Association national conference in Melbourne today.

“The information in the register is all already publicly available through gazettal notices but we want to make this information more readily accessible. Allowing advisors and others to easily search for disqualified trustees is just another way that we can work with our industry partners to help protect the integrity of the SMSF sector”, Ms Fleming said.

An SMSF trustee will be disqualified if allowing the individual to remain in the position of trustee would present a future compliance risk.

“A trustee will only be disqualified as a last resort after other enforcement actions have been considered. It is not a decision that is taken lightly.” Ms Fleming said.

“Where we think a trustee can learn from their mistakes and get back on track with the administration of their SMSF, we will issue an education direction. And if a contravention remains unrectified, we may agree to accept an enforceable undertaking or issue a direction to rectify.”

In 2017–18 the ATO disqualified 257 individuals who were trustees of 169 funds and as at 31 January 2019, 75 individuals of 53 funds have already been disqualified in 2018–19. Illegal early release of funds and loans to members were the main reasons for disqualification.

Other reasons for disqualification included unrectified contraventions reported through auditor contravention reports (ACRs), taking part in tax planning arrangements such as dividend stripping, or for non-lodgment of the SMSF annual return.

Warm Regards

SMSF Industry Liaison Team

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