



ATO as a steward of the superannuation and employer obligations ecosystem

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Last updated 22 June 2021

*Presentation to Conference of Major Superannuation Funds (CMSF)
Australian Institute of Superannuation Trustees (AIST)
Wednesday 19 May 2021 – Forum series 3A, Regulating super
Adelaide Convention Centre
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(Check against delivery)*

Good morning everyone and thank you to the CMSF for inviting me here today to speak.

It is some time, in fact my first conference for 12 months where I have spoken in front of a live audience, so it almost feels like my first time again.

Where I would like to start is to look at setting the scene, a little bit of a look back and then moving to look forward.

The landscape

So, it's quite interesting to think where we are. We are just over 12 months from our very first stimulus tranche 1 measure was announced. It feels a lot longer and we have all been through so much.

I think it was a very interesting time for us at the ATO as it really was a significant paradigm shift for us in the way we support and work for

Government, and the community. Moving beyond our traditional compliance role and revenue collection role, to really being a facilitator of Government programs.

We had of course had some facilitator roles in the past – one you are most familiar with of course are MAAS (Member Account Attribute Service) and MATS (Member Account Transaction Service), SuperStream and more recently Single Touch Payroll – but this was of course on a wholly different scale, and multiple programs all at the same time.

I think this role for us is one we are increasingly comfortable with, and recognise that is something that we will be expected to continue with into the future. We now must concentrate on striking a balance between our traditional core role of compliance, and our facilitator role and enabling role that we play in the system.

I will briefly touch on the Federal Budget right at the end.

Looking back

So, let's have a brief skip back and think about some of the highlights in the context of scene setting:

- Through the following programs we oversaw:
 - Early Release of Super program – \$38 billion being paid out into the community (covering more than 3 million unique individuals based on 4.55 million applications)
 - Cash Flow Boost program – \$35 billion covering around 6.6 million employees and 814,000 employers to date, and
 - Jobkeeper program – I am sure you have heard this number, of about \$80 billion covering approximately 3.8 million employees and more than 1 million businesses (based on claims as at 14 April 2021).
- Let's not forget behind those more visible stimulus measure programs, we also had our Protecting Your Super program running. This is better known as Reuniting Your Super, and under that program we reunited \$4 billion with 2.26 million superannuants during November 2019 – November 2020.
 - Importantly a part of that program was to ensure less people had unintended multiple accounts, and we have seen a rise in single

account-only holders from 67.5% to 75.5%, and of course that program is ongoing.

- The Superannuation Guarantee Amnesty also finished in September last year, which reunited a further \$1 billion with around 690,000 superannuants and employees, and
- Lastly our first phase of Single Touch Payroll in digitising so many businesses, and the way we collect and use that data to inform our programs, has been extraordinarily beneficial. We have 80% of employers onboard, and the balance of our small employers will come onboard 1 July, which is 54% of the small employer population - so that is still a significant date for us, and a significant program of work.

And all of that occurred while we were, of course, all dealing with COVID-19.

So, what is on the upcoming Agenda? A lot.

Looking forward

Single Touch Payroll – phase 2

- This is lifting the level of reporting to a further granular level and we will have a lot more data being reported through this program from 1 January 2022. In our income types these will be broken down into salary and wages, foreign employment income, and working holiday makers (which will assist with our PAYG monitoring and collection). The gross income amount is going to be disaggregated into bonuses, commissions, directors fees, paid leave, salary sacrifice, lump sums, overtime and allowances – I think you can really see the actual level of granularity that this program will now bring and the better visibility the ATO will have over this data, and what we can of course use it for in terms of helping and assist people to comply where they are struggling.
 - There will also be the option to report child support, and extra TFN declaration data will be reported through Single Touch Payroll removing the need to send declarations to us (they will only need to be kept for employee records).
- We will be doing a significant amount of communications over the next six months through multiple channels, as we recognise that a vast majority will not be necessarily familiar with the level of detail

that will need reporting and we need to communicate with different audiences in different ways (for example ranging from employer guides, webinars, to web content and checklists/factsheets).

- If you are keen to get ahead to have a look at our first guidance that we have released, see **Expanding Single Touch Payroll (Phase 2)**.
- I do want to say we're very alert to the significant change this represents and in particular the impacts on digital service providers, payroll providers and indeed some corporates who manage their own payroll systems. We will have in place from 1 July this year, deferral requests as a possibility if you're struggling to comply.

Your Future Your Super

Moving on to one no doubt you are well familiar with – Your Future Your Super. This of course has four elements - we are only responsible for two at the ATO, except for the best financial interest where we do have a small role in terms of our SMSF population.

So just focussing on the two elements that the ATO is significantly responsible for:

- First is the Comparison tool for all MySuper products initially (which will shift to all trustee directed products in phase 2).
 - Come 1 July we will have a tool that will be up on our website - we are the builder of the tool and of course APRA will be providing us the data to populate that tool. At this stage it will incorporate (you're all no doubt aware) performance and fees primarily, and you will be able to filter by those but of course we won't have the data from APRA until the end of the first quarter for the underperformance test.
 - There will also be an authenticated version of the Comparison tool on ATO online for individuals.
- The second key element we are wholly responsible for is the employee stapling service. Again, this is aimed at preventing the proliferation of accounts over peoples' working life where an employee is stapled to one fund, and that fund follows them throughout their life of employment. Importantly this is a secondary step in the process (just to remind everybody) that the first step is always for the employee to have the ability to exercise choice, and

choose their own fund and then the employer is only required to go to this service if choice has not been exercised.

- If they indeed do need to go to this service, it will be up and ready from 1 July – employers won't need to call the ATO, it will be a tool they can use to request a new employee's stapled account (in sequence for more than one employee). If the employee doesn't have a stapled account, employers can revert to their default fund.
- Phase 2 of that stapling service will be the wholesale solution which will be delivered through digital service providers, and we recognise we will have to do a significant amount of work to assist to prepare for that new way of interacting with the ATO, in addition to Single Touch Payroll.

SMSF rollovers/Digitised release authorities V3

So moving on to SuperStream V3, which is facilitating SMSF rollovers. The start date of 30 September 2021 is rapidly approaching, and the next four months are an intense period of testing, implementation and onboarding for us. We have consultation and fortnightly meetings in place, and if you are interested in participating or want more information please:

- Email Super&EmploymentConsultation@ato.gov.au
- Refer to CRT Alert 004/2021 - Rollovers v3 Implementation Forum.

The main outcome of course of this is significantly compressed times in terms of rolling over funds and perhaps less well known, significantly reduced processing times as it is combined with digitising release authorities. This will impact in fact hundreds of thousands of transactions in the system and extends to excess contribution tax and first home super saver release authorities, as well as traditional rollovers.

So, this is good news and a good efficiency measure, but also improved security will be part of this:

- The new SMSF verification service – when a fund can request verification of the SMSF they are rolling into and the member.
- We will also alert the member themselves of that request so that they know it has occurred and of course if it was not them, they can

get in touch with us (which will assist with managing and preventing fraud).

Reuniting More Super

So I spoke earlier about Reuniting Super – we do have another small measure, we call it Reuniting More Super. I won't spend too much time on it, but this is essentially wrapping up eligible rollover funds by 31 January 2022.

- There is a first phase covering low balance accounts (less than \$6,000) – these have to be rolled over by 30 June.
- Trustees can also voluntarily transfer accounts to the ATO if in the best interests of the member (there was an interim reporting solution for these payments in the last 2 weeks of May for eligible rollover funds that weren't onboarded to SuperStream V3).

So, we have got that in progress and the other one which is also very complicated for most people is the indexation of the transfer balance cap.

Transfer balance cap and indexation

This is going ahead in legislated form, which means from 1 July everyone will have a cap between \$1.6 and \$1.7 million, a personalised cap. You can see in ATO online today already the highest ever balance of your transfer balance account, which determines how your cap will be affected on 1 July.

For the 1.8 million individuals who currently have a transfer balance account, we will be displaying your personal transfer balance cap at 1 July 2021 from 5 July. We need a few days to get that as right as we can, particularly to incorporate all the pre-1 July transfer balance cap events that APRA funds will be reporting to us in early July. I must emphasise that the number we display is only as good as the data reported to us.

If data is not reported to us, we can't incorporate it into our calculations. Cap numbers will no doubt change over time as new data is reported to us, and caution should be taken particularly by SMSFs who only report annually upon lodgment of their annual return (they will not be able to rely on the calculated transfer balance cap in ATO online in real-time).

Ongoing compliance

Very briefly, I want to mention some of our ongoing compliance programs, some of our bread and butter as opposed to our change program of work.

Third party data governance

As part of your tax risk management and governance framework, you'd be aware of the principles in our **Review guide**, which include best practice examples to test the robustness of your framework.

For trustees, the key controls they should consider are:

- How to ensure default tax policies/processes comply with the law
- Ensuring tax outcomes of investments are properly reflected in tax return (for example foreign investments, trust statements etc)
- How to ensure controls are operating effectively to ensure accuracy of data.

We have now finished our consultation on third party data governance:

- Targeted consultation was undertaken, and submissions invited by Friday 26 March 2021 on our paper about tax controls. The purpose was to gather intelligence on the appropriateness of the principles and identify better practice examples, to inform framework design.
- We are looking to publish final guidance and principles by the end of the year (ready for the Top 1000 combined assurance program).
 - These principles will align to the 6 controls in our existing **Review guide**.

Top 1000

Our Top 1000 program which incorporates both managed funds and super funds will be continuing. We have finished all super funds that form part of this program:

- 5 were rated green, 95 were rated yellow.

We have already commenced our next action program where we will be doing specific reviews on specific issues, such as:

- Structured arrangements – see **Taxpayer Alert 2020/5**

- Offshore investment.

We are commencing our managed investment trust and attribution managed investment trust program as well very shortly, looking at:

- Tax risk management and governance frameworks
- Meeting income tax and lodgment obligations (including as reported to investors).

Conclusion

So, I will leave it there. I trust you can see the balance we are trying to strike between compliance and our delivery program. It's a lot of work for us and I recognise it is a lot of work for you.

We will wait and see when our Budget measures start (as most of them start 1 July following royal assent) which could be before this 1 July, or maybe next year.

Thank you.

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