



Commissioner's address – Self-Managed Superannuation Association National Conference, 18 February 2021

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Commissioner Chris Jordan, AO

Address to the Self-Managed Superannuation Association National Conference

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Hello, everyone, and thank you for inviting me to speak to you. I'm always grateful for opportunities like these to further build on the strong partnership between the ATO and the SMSF profession. As you know, last year was huge for us, as we were given responsibility for

some key government stimulus measures, including JobKeeper, early release of Super, and the cash flow boost.

Our ability to deliver those is thanks in no small part to the community for their trust in us and industry associations like yourselves. The challenges facing self-managed superfunds have never been more front of mind than in the wake of COVID-19. I know your work only became more challenging this past extraordinary year. That's why I was so pleased our strong working partnership never faltered.

The SMSF Association played a crucial role representing the industry as we worked to implement the government's stimulus measures. Throughout it all, you remained engaged to ensure we provided you with the right support. I believe our existing, strong partnership and formal statement of intent were vital in allowing us to work together productively. Because of that cooperation and your dedication to your clients, I know many trustees have been able to keep meeting their obligations, despite the circumstances.

Your hard work to promote willing and correct participation helped us to ensure the continued integrity of the Super system. You told us what you and your clients needed to help you get through, and we committed to offering that support. You look for clear advice, so we provided guidance, like the SMSF Frequently Asked Questions.

You asked for compassion, so we paused compliance activities where clients were unavoidably impacted by the pandemic. You told us you needed a helping hand, so we supported you to access crucial government measures, like early release of Super and the reduction in minimum drawdown rates. It showed just how effectively we can work together to better serve Australians.

The fact this robust, effective partnership has existed for many years shows in the tax performance of the SMSF sector. The latest tax gap for small superfunds shows around 97.5% compliance-- an outstanding result. And reported regulatory contraventions among self-managed superfunds are currently tracking at about 2%. I believe a key factor behind this is your willingness to work closely with us to achieve better outcomes for your clients.

But there is still work for the ATO to do. We will continue to take a supportive approach throughout the pandemic, but we also have an obligation to protect the integrity of the system. We owe it to those people doing the right thing to pursue those who do not. One of our

current focus areas is ensuring only genuine trustees can establish self-managed superfunds.

During the 2020 financial year, 22,000 new self-managed superfunds were registered, a 7% increase on 2019. Of those, about 1/5 were selected by our risk models and were reviewed. As a result of our rigorous checks, we protected an estimated \$126 million from leaving the Super system illegally.

Of course, we know there are also some people who try to comply, but fall short. For example, about 14% of the 2019 self-managed superfunds annual returns haven't yet been lodged, though we acknowledge this may also be due to COVID-19. That's why our priority continues to be making it easier for people to meet their obligations.

The cornerstone of that approach is advice and education. An example of this is our response to the new independence guide released in May. As you're no doubt aware, the guide provides strict new advice about in-house auditing. And rather than immediately taking a firm stance, the ATO is using the 2021 financial year as an opportunity to educate industry about this issue. As part of this, we will be providing further guidance on our website in the coming months and deferring compliance action until after 1 July.

Reflecting our focus on support and advice, today I want to leave you with one clear message from the ATO. If you or your clients need help, reach out to us early. If you make a mistake, reach out to us early. We recognise the difficulty and complexity of your role, especially in these tough times. Engaging with us early means we can provide you and your clients with appropriate support and assistance. We will always take a sympathetic client-first approach, so make sure you get in touch if you need to.

I'll wrap up there, and I hope the rest of the conference goes well. I know the ATO's own, Justin Micale and Kellie Grant, have already presented, and I hope you got a lot out of what they had to say. If you missed it, I encourage you to have a look at the conference reporting when it's available.

But before I finish, I'd like to thank you again for working so closely with us during this unprecedented time. The work of the SMSF Association and all of you in the profession ensures that even in times like these, our Super system is working to benefit all Australians. So thanks, everyone, and enjoy the conference.

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