Print whole section

Self-managed superannuation fund annual return instructions 2021

For use by self-managed superannuation funds to assist in completion of annual return 2021. NAT 71606-6.2021

Last updated 30 October 2023

About the SMSF annual return

Find out how these instructions can help you to complete your SMSF annual return.

Lodgment, assessment and payment

How to lodge the SMSF annual return and the payment options available.

What's new

Find out how these instructions can help you to complete your SMSF annual return.

Instructions to complete your annual return

Instructions for completing a SMSF annual return. You must complete at least 6 sections (A, C, D, (F and/or G), H, K).

Appendixes

Additional information to help you complete certain sections of your SMSF annual return.

QC 64911

About the SMSF annual return

Find out how these instructions can help you to complete your SMSF annual return.

Published 6 August 2024

Who needs to complete an SMSF annual return

Your super fund must lodge a *Self-managed superannuation fund annual return 2021* if it was:

- a self-managed superannuation fund on 30 June 2021, or
- a self-managed superannuation fund that was wound up during 2020–21.

Only self-managed superannuation funds (SMSFs) can use the *Self-managed superannuation fund annual return 2021*. Super funds that are not SMSFs at the end of 2020–21 must use the Fund income tax return 2021 and, where required, report contributions and member account balances separately.

Your SMSF must lodge an SMSF annual return even if it does not have a tax liability.

Information you report in your annual return does not affect your member's transfer balance account. You must report transfer balance cap events such as your member starting or commuting a retirement

phase income stream separately; see Event-based reporting for SMSFs.

Get the form

You can download the Self-managed superannuation fund annual return 2021 (NAT 71226).

This instruction guide is not available in print or as a downloadable PDF document.

These instructions will help you complete the *Self-managed superannuation fund annual return 2021* (SMSF annual return). However, they are not a guide to income tax or superannuation law. Seek help from us or a recognised tax adviser if these instructions do not fully cover your circumstances.

How to use these SMSF annual return instructions

Work through these SMSF annual return instructions from the start (section A) to the finish (section K).

- You must answer all mandatory questions.
- You must answer all questions which apply to your SMSF.

Leave the answer box blank for all other questions. If you leave the answer box blank, you will have specified a zero amount or that the question is not applicable to you.

Read the instructions for each question to find out:

- whether you need to complete the question
- the information you must provide.

If a question does not apply to your SMSF, move on to the next question.

Privacy

The ATO is authorised to ask for information on the *Self-managed superannuation funds annual return 2021* by the *Taxation Administration Act 1953*, the *Superannuation Industry (Supervision)*

Act 1993, the *Income Tax Assessment Act 1936* (ITAA 1936) and the *Income Tax Assessment Act 1997* (ITAA 1997). We use this information to help us administer the superannuation and taxation laws and for statistical purposes. If you do not provide this information, there may be a delay in processing your annual return.

Where authorised by law to do so, we may give the information in the annual return to other government agencies, including assistance agencies such as Services Australia, regulatory bodies such as the Australian Securities & Investments Commission and the Australian Prudential Regulation Authority, law enforcement agencies and the Australian Bureau of Statistics.

We are able to request tax file numbers (TFNs). We use TFNs to identify the SMSF and members in our records. It is not an offence not to provide a TFN. However, if you do not provide a TFN, there may be a delay in processing your annual return.

If you are the person authorised to sign the annual return, we collect some personal information about you on the annual return such as your name and contact details. That information allows us to contact you if we require more information on what you have provided on this annual return.

We also provide taxpayer information to treaty partners overseas under international tax agreements with many other countries.

Our privacy policy is at Your privacy. The policy contains important information about your privacy, including information about how you can access and seek correction of information we hold about you, how you may complain about a breach of the Australian Privacy Principles and how we will deal with any privacy complaint.

You can contact us, if you have any questions, at Enquire or complain about a suspected breach of the Australian Privacy Principles or **13 28 61** or GPO Box 9990 in the capital city of your state or territory.

The Australian Business Register's privacy policy

The Australian Business Register (ABR) is authorised by the *A New Tax System (Australian Business Number) Act 1999* and other taxation laws to collect certain information relating to your SMSF. Business details supplied on your annual return may be used to update the information held in the ABR in relation to your SMSF. This may include

cancelling the ABN if your SMSF is no longer entitled to be registered in the ABR.

Where authorised by law, selected information in the ABR may be made publicly available and some may be passed on to other Commonwealth, state, territory and local government agencies. These agencies may use ABR information for purposes authorised by their legislation or for carrying out other functions of their agency. Examples of possible uses include registration, reporting, compliance, validation and updating of databases.

You can find details of agencies that regularly receive information from the ABR or you can phone us on **13 92 26** between 8.00am and 6.00pm Monday to Friday to have a list of the agencies sent to you.

For more information about privacy, the information we collect and how it may be used, see the ABR Privacy statement.

Sections of the SMSF annual return

The SMSF annual return is more than an income tax return. It has 11 sections, each described below.

You must complete at least six sections (**A**, **C**, **D**, (**F** and/or **G**), **H** and **K**). Complete the other sections only if they apply to your SMSF.

A: SMSF information: Complete this section for the SMSF; provide general and identifying information about the SMSF and its auditor.

B: Income: Complete this section if the SMSF has assessable income to report.

C: Deductions and non-deductible expenses: Complete this section for the SMSF; report all the SMSF's expenses, both deductible and non-deductible.

D: Income tax calculation statement: Complete this section for the SMSF to calculate the amount due or refundable to the SMSF.

E: Losses: Complete this section if the SMSF has tax or capital losses to carry forward to later income years.

Sections F and G: Member information and Supplementary member information: Complete either section F or section G (or both) for the SMSF. Report contributions and account balances for each of the SMSF's members:

- in section F, for those who had an account on 30 June 2021
- in section G, for those who left the SMSF during 2020–21.

H: Assets and liabilities: Complete this section for the SMSF. Report all of the SMSF's assets and liabilities at 30 June 2021.

I: Taxation of financial arrangements Complete this section if the taxation of financial arrangements provisions apply to the SMSF.

J: Other information Complete this section if the SMSF has made or is making a family trust election or an interposed entity election.

K: Declarations: Complete this section for the SMSF. Declare that you have met your obligations in relation to the SMSF annual return.

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Lodgment, assessment and payment

How to lodge the SMSF annual return and the payment options available.

Last updated 22 September 2026

Lodgment

An SMSF must lodge an SMSF annual return, even if it does not have a tax liability for the income year.

You can lodge the SMSF annual return either:

- electronically, or
- on the paper form Self-managed super fund annual return 2021 (NAT 71226).

The audit of your SMSF must be finished before you lodge the SMSF annual return, as you need information from the audit report to complete the regulatory information on the SMSF annual return.

Lodging electronically

To lodge electronically you need software that supports electronic lodgment by standard business reporting (SBR). For more information, see Standard business reporting.

You cannot lodge electronically and must lodge a paper SMSF annual return, if the SMSF has:

- no assets or liabilities (unless it was wound up during 2020–21)
- no assessable income
- a type of deduction that can be claimed even where there is no assessable income, such as tax-agent fees and the SMSF supervisory levy
- both non-arm's length income and an arm's length loss.

Remember

You must keep arm's length income, deductions and losses separate from non-arm's length income, deductions and losses.

You must reduce any tax loss by the SMSF's tax exempt current pension income before you carry the loss forward to 2021–22.

You must lodge a paper annual return if these circumstances apply to your SMSF.

Lodging the paper SMSF annual return

You can lodge a paper SMSF annual return that:

- you have downloaded and printed Self-managed superannuation fund annual return 2021, or
- we have sent to you.

To lodge your paper SMSF annual return, you must:

- send us your original paper SMSF annual return, not a copy
- send your SMSF annual retur n to the following address only, not to any other ATO address

Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY

The address must appear exactly as shown above. Do not use a city name or postcode, as we have a special agreement with Australia Post.

You may photocopy the annual return for the SMSF's records.

Lodging schedules

The following are the only schedules that you may include with the SMSF annual return, if required:

- Capital gains tax (CGT) schedule 2021
- Family trust election, revocation or variation 2021
- Interposed entity election or revocation 2021
- Losses schedule 2021
- Non-individual PAYG payment summary schedule 2021
- any election required by Taxation Ruling IT 2624 *Income tax: company self assessment; elections and other notifications; additional (penalty) tax; false or misleading statement*.

SMSF annual returns lodged without all the required schedules are not lodged in the approved form. Unless your SMSF annual return and all required schedules are lodged by the due date, we may apply a penalty for failing to lodge on time.

You may have to complete other schedules or documents which you are not required to lodge with your SMSF annual return. Do not send them with the SMSF annual return. Sign and date any schedules and keep the schedules and documents with the SMSF's tax records.

Lodgment due dates

The SMSF annual return for a particular income year is due in the following income year. So the 2021 SMSF annual return (for 2020–21) is due in 2021–22.

Not all SMSFs have the same lodgment due date. Check below for the due date that applies to your SMSF.

If a due date falls on a weekend or public holiday you can lodge or pay on the next business day.

Self-preparers

An SMSF that prepares and lodges its own annual return must lodge by the applicable date shown in the table below. If more than one date applies to the SMSF, it must lodge by the earliest date that applies to it.

Dates and types of lodgment for self-preparers

Lodgment date	Self-preparer to whom the date applies	Payment due date (if required)
31 October 2021	• New registrant SMSF • SMSF with one or more annual returns overdue on 30 June 2021 (unless they have been granted a deferral)	1 December 2021
15 January 2022	• SMSF that was a taxable large or medium entity in 2020–21	1 December 2021. See Due dates for lodging and paying.
28 February 2022	• All other self-preparing SMSFs (unless we have directed you to lodge on a different date)	28 February 2022

Failure to lodge your SMSF annual return by the due date can result in penalties and the loss of your SMSF's tax concessions.

Tax agent clients

An SMSF that uses a registered tax agent to prepare and lodge its annual return should contact its tax agent to find out the due date for lodgment.

For your first year the due date will be 28 February 2022.

Amending an SMSF annual return

To amend your SMSF annual return you need to:

- resubmit the whole annual return, and
- answer '**yes**' to the question **Is this an amendment to the SMSF's 2021 return?** at question **5** in **section A**.

When submitting an amendment, you must complete the new form in full (not just the parts you want to change). Your amended form will replace the original form in our system.

You can lodge amendments to the 2021 SMSF annual return by:

- lodging a full SMSF annual return via Secure Mail through Online Services for business
- lodging electronically using commercial software that supports Standard business reporting (tax agents only)
- providing a full SMSF annual return through Online services for agents (tax agents only)
- sending the paper form Self-managed super fund annual return 2021 (NAT 71226) to

  Australian Taxation Office
  GPO Box 9845
  IN YOUR CAPITAL CITY

The address must appear exactly as shown above. Do not use a city name or postcode. We have a special agreement with Australia Post. You have not lodged your amended paper SMSF annual return if it is sent to another address (even if it is the address of an ATO office).

You cannot request amendments to an SMSF annual return by:

- writing to us with the correct details, or
- using a Request for amendment of an income tax return for individuals form.

Assessment

Under full self-assessment, an SMSF completes and lodges its annual return and pays the amount it is required to pay (if any) to the ATO. An

assessment of an SMSF is deemed to be made on the day on which the annual return is lodged.

The SMSF will not receive a notice of assessment. However, we will issue a notice of amended assessment if subsequent amendments are made.

If you do not agree with a decision made by the ATO, you can find more information at Dispute or object to an ATO decision.

You can request a ruling or SMSF specific advice to clarify the way the law applies to your SMSF. For more information, see:

- Applying for a private ruling
- How to apply for SMSF specific advice

Payment

Your payment needs to reach us on or before its due date, regardless of whether the payment is made in Australia or from overseas.

Payment methods

To make a payment, choose one of the options available at How to pay.

You need to quote your payment reference number (PRN) when making a payment. It is important that you provide the correct PRN when making your payment.

If you are unable to locate your PRN, you can phone us on **1800 815 886**, 8 am to 6 pm, Monday to Friday.

What if your SMSF cannot pay its tax debt by the due date?

If you cannot pay the debt on time phone **13 28 66** and ask for account management.

You are expected to organise the SMSF's affairs to ensure that you pay the debt on time. However, depending on the circumstances you may be able to enter into an arrangement to pay by instalments.

You may need to provide details of the SMSF's financial position, including a statement of its assets and liabilities and details of the SMSF's income and expenditure. We will also want to know what steps

you have taken to obtain funds to pay the tax debt and the steps you are taking to meet future payments of tax debts on time.

General interest charge (GIC) is an interest charge imposed where there is a late payment of a tax debt. The GIC rate is the 90-day Bank Accepted Bill rate plus 7% and is updated on a quarterly basis. Amounts payable under the original assessment are due on the statutory due date for payment, which is the first day of the sixth month of the following income year or by such later date as the Commissioner allows. For SMSFs the balancing date is 30 June 2021 and the statutory due date for payment is 1 December 2021; however, for many SMSFs a later payment due date will apply. GIC will begin to accrue from the due date for payment until the amount is paid in full. GIC compounds daily and is calculated on any outstanding balance.

For more information on the GIC, phone **13 28 66**.

Penalties and interest charges

You should take care in your application of the law and the statements you make in the SMSF annual return. The law imposes penalties on the trustees of SMSFs for:

- failing to lodge the annual return on time and in the approved form
- making a false or misleading statement even if there is no shortfall amount
- having a shortfall amount for underreporting a liability or over-claiming a credit that is caused by taking a position that is not reasonably arguable
- failing to provide an annual return from which the Commissioner can determine a liability
- entering into a scheme to obtain a tax benefit.

Knowingly answering a question incorrectly will result in a higher penalty than answering carelessly. SMSF trustees have ultimate responsibility for the SMSF, regardless of whether or not the trustees use professional services such as administration providers, tax agents or other financial advisers.

Penalties for false or misleading statements will not apply, if:

- the trustee of the SMSF and their agent (if applicable) made a mistake and they took reasonable care with making the statement, or
- the trustee of the SMSF gave their registered tax agent all relevant taxation information and the agent makes a false or misleading statement due to a lack of reasonable care by the agent.

The trustee of an SMSF is liable for GIC if:

- tax, penalties or shortfall interest charges (SIC) remain unpaid after the due date for payment, or
- a variation of a pay as you go (PAYG) instalment rate or amount is less than 85% of the rate or amount which would have covered the SMSF's actual liability for the year.

The trustee of an SMSF is liable for the SIC if the SMSF's income tax assessment is amended and its liability increased. Generally, the SIC accrues on the extra tax payable from the due date of the original assessment until the day before the assessment is amended.

For general information about SMSF penalties, see How we deal with non-compliance.

Continue to: What's new?

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What's new

Find out how these instructions can help you to complete your SMSF annual return.

Last updated 6 August 2024

Non-arm's length expenses (NALE)

The Treasury Laws Amendment (Support for Small Business and Charities and other Measures) Act 2024 amends the rules for NALE for superannuation entities.

Under the amendments, from 1 July 2018:

- For small complying funds, the amount of non-arm's length income arising from a non-arm's length general expense will be twice the difference between the expense that the entity did incur (including nil expenditure) and the amount that might have been expected to be incurred. This is the 'Twice the difference approach'.
- Large APRA regulated funds, exempt public sector superannuation funds, pooled superannuation trusts (PSTs) and approved deposit funds (ADFs), will be exempt from the from the non-arm's length income rules arising from NALE for both non-arm's length general and specific expenses. However, they will still be subject to the remaining non-arm's length income rules for income derived on a non-arm's length basis.
- For all superannuation funds, exempt the application of the NALE rules for expenditure incurred or expected to have incurred before 1 July 2018.

Continue to: Instructions to complete your annual return

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Instructions to complete your annual return

Instructions for completing a SMSF annual return. You must complete at least 6 sections (A, C, D, (F and/or G), H, K).

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Section A: SMSF information (items 1 to 10)

Instructions for completing Section A, items 1 to 10 – SMSF information.

Section B: Income (item 11)

Instructions for completing Section B of the SMSF annual return.

Section C: Deductions and non-deductible expenses (item 12)

You must complete Section C for the SMSF. Report all the SMSF's expenses both deductible and non-deductible.

Section D: Income tax calculation statement (item 13)

You must complete Section D. Calculate the amount of tax and other charges payable, or refundable to, the SMSF.

Section E: Losses (item 14)

Complete this section if the SMSF has tax losses or capital losses to carry forward to later income years.

Sections F and G: Member information and Supplementary member information

Complete Section F or G for the SMSF members to report contributions, other transactions, and accounts balances.

Section H: Assets and liabilities

You must complete Section H for the SMSF. Report all of the SMSF's assets and liabilities at 30 June 2021.

Section I: Taxation of financial arrangements (item 17)

Complete this section if the taxation of the financial arrangement provisions apply to the SMSF.

Section J: Other information

Complete this section of the SMSF has made or is making a family trust election or an interposed entity election.

Section K: Declarations

Complete this section for the SMSF. Declare that you have met your obligations in relation for the SMSF annual return.

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Section A: SMSF information (items 1 to 10)

Instructions for completing Section A, items 1 to 10 – SMSF information.

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Before you start

The SMSF annual return is more than an income tax return. It has 11 sections. You must complete at least 6 sections (**A**, **C**, **D**, (**F** and/or **G**), **H** and **K**). Complete the other sections only if they apply to your SMSF.

You must complete every item in section A. This section asks you to provide information about the SMSF, including its current status and details from its annual auditor's report.

1 Tax file number (TFN)

Write the TFN of the SMSF in the boxes at item **1**. Write it also in the boxes at the top of pages 3, 5, 7 and 9.

We are authorised by the *Taxation Administration Act 1953* to request the SMSF's TFN. We will use it to identify the SMSF in our records. It is not an offence not to provide this TFN. However, if you do not provide the TFN, there may be a delay in processing the SMSF's annual return. For more information about privacy and TFNs, see Your privacy.

2 Name of self-managed superannuation fund (SMSF)

Print the current name of the SMSF exactly as it appears on the SMSF's trust deed or equivalent document.

The name of the SMSF should be the same as in past years unless the SMSF has changed its name. If the name of the SMSF is legally changed, you must advise us of the change by updating it at the Australian Business Register or by completing a *Change of details for superannuation entities* (see Notify us of changes).

3 Australian business number (ABN)

If the SMSF has an ABN write it in the boxes provided. Providing the SMSF ABN ensures account details for the SMSF are displayed for the member when they access ATO online services.

If the SMSF does not have an ABN, leave the boxes blank. We recommend that you apply for an ABN at the Australian Business Register.

The ABN is a unique business identifier used in dealings with the Australian Government. It is also available to state, territory and local government regulatory bodies. Identification for tax law purposes is only one of the uses of the ABN. For more information about privacy and ABNs, see the ABR Privacy statement.

4 Current postal address

Print the current postal address of the SMSF.

We will send correspondence to that address.

Abbreviate 'care of' to 'C/-' only.

5 Annual return status

A Is this an amendment to the SMSF's 2021 annual return?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

If you are lodging an amended annual return, you must complete and lodge the entire annual return. Do not lodge only the changed information. See Amending an SMSF annual return.

B Is this the first required return for a newly registered SMSF?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

If you are lodging, or amending, an SMSF's first annual return, you must complete **N Supervisory levy adjustment for new funds** in **Section D: Income tax calculation statement**.

6 SMSF auditor

SMSFs must be audited every income year. The auditor must be registered as an SMSF auditor with the Australian Securities & Investments Commission (ASIC). Check that your auditor is registered.

Your auditor must provide you and any other trustee of your fund with a completed and signed Self-managed superannuation fund independent auditor's report before you can lodge this annual return. The details that you need to complete this question are available from that report.

Auditor's name

Print **X** in the appropriate box for the title of the auditor, or print a different title in the **Other** box.

Print, in the boxes provided, the auditor's:

- family name and given names
- SMSF auditor number (SAN)
- full 10-digit phone number
- full postal address.

A Date audit was completed

Write at **A** the date the audit was completed.

B Was Part A of the audit report qualified?

SMSF trustees may be penalised for making a false or misleading statement.

Has the auditor qualified Part A: Financial report of the SMSF independent auditor's report?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

Answer 'no' if:

- the audit report was not qualified, or
- the audit report was only qualified in relation to insufficient audit evidence under Auditing Standard ASA 510 Initial Audit Engagements – Opening Balance.

Answer 'yes' if the audit report was qualified.

C Was Part B of the audit report qualified?

SMSF trustees may be penalised for making a false or misleading statement.

Has the auditor qualified Part B: Compliance report of the SMSF independent auditor's report?

No	Print **X** in the No box. Go to 7 Electronic funds transfer (EFT).

Yes	Print **X** in the **Yes** box.

Answer 'no' if the audit report was not qualified.

Answer 'yes' if the audit report was qualified.

D If Part B of the audit report was qualified, have the reported issues been rectified?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

7 Electronic funds transfer (EFT)

You must provide the SMSF's bank account details at this question, even if you have given them to us previously.

Do not provide a tax agent's financial institution account details at **A**.

Providing a trustee's personal account details, instead of the SMSF's bank account details, may result in improper early access to super benefits. This is illegal. If a benefit is unlawfully released, we may apply significant penalties to the SMSF and the recipient of the benefits.

A Fund's financial institution account details

Write at **A** the details of the SMSF's account with a financial institution. We will make super payments to this account. We will also pay tax refunds to this account if you do not complete **B** below.

We need your financial institution details to pay any refund owing to you, even if you have provided them before, including:

- SMSF's Bank State Branch (BSB) number (this number has six digits, do not include spaces or hyphens)
- SMSF's account number (this number has no more than nine digits, do not include spaces or hyphens)
- SMSF's account name, for example SMSF C. The account name must not exceed 64 characters, including spaces. To keep within the 64 character limit, you may abbreviate the full name of the SMSF (for example, by using 'ATF' instead of 'as trustee for' or

'Super Fund' or ‘SF’ instead of ‘Superannuation Fund’). If the SMSF's bank (or similar financial institution) account name has more than 64 characters, provide the first 64 characters only.

Your refund can only be paid into a recognised financial institution account located in Australia.

Do you want to use the SMSF bank account to receive both super contributions and rollovers, and tax refunds?

Yes	Print **X** in the **'I would like my tax refunds made into this account'** box. Go to **C**.
No	Write at **B** the details of the bank account to which we will pay refunds.

B Financial institution details for tax refunds

Write at **B** the details of the bank account to which we will pay refunds.

A tax agent's financial institution details can only be added into **B**. Do not add tax agent financial institution details into **A**.

C Electronic service address alias

SMSFs that receive employer contributions (other than from an employer that is a related-party) or rollovers from other super funds must have an active electronic service address (ESA) alias registered with an SMSF messaging service.

This enables electronic remittance advice, contribution and rollover messages to be sent to your SMSF when:

- non-related employers make super contribution payments
- the ATO transfers super entitlements such as government contributions or unclaimed monies
- super funds rollover super monies (in part and in full) to your SMSF.

If you have received, or expect to receive, contributions or rollovers for one or more of your members, you must get an ESA alias for your SMSF from

- a registered SMSF messaging service provider
- your tax agent, or

- your SMSF administrator.

Write at **C** your active ESA.

An ESA is not an email address nor is it the contact details of the registered SMSF messaging provider.

An ESA alias consists of a maximum of 16 alphanumeric characters with a combination of upper and lower case characters; for example, SMSFdataESAAlias.

The ESA alias provided by your SMSF messaging service provider is case sensitive, and must be provided to us in the exact format as it was provided to you.

If your SMSF does not have an ESA, the SMSF may not receive super payments.

For more information about getting an electronic service address, see Register of SMSF messaging providers.

For more information about ESAs and preparing your SMSF for the SuperStream standard for contributions, see Self-managed super funds.

8 Status of SMSF

A Australian superannuation fund

Is the SMSF an 'Australian superannuation fund'?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

For the definition of 'Australian superannuation fund', see Australian super fund.

If the SMSF does not meet the definition of Australian super fund at all times during the income year, the SMSF is not a complying SMSF and it will not receive the concessional rate of tax.

If you are the trustee of an SMSF and you are planning on going overseas, we suggest that you consider whether your SMSF will still be an Australian super fund.

B Fund benefit structure

Print at **B** the code from **table 1** below that best describes the benefit structure of the SMSF. Most SMSFs will use code **A**.

Table 1: SMSF benefit structures

Code	Definition of SMSF benefit structure
A	An SMSF is an **accumulation fund** if the SMSF provides its members with a benefit which is the total of: • specifically defined contributions to the SMSF • *plus* – earnings on those contributions • *minus* – any costs attributed to the member. An SMSF of this type must use code **A**, even if the SMSF or any of its accounts is supporting a super income stream benefit.
D	An SMSF is a **defined benefit fund** if the SMSF: • was paying a 'defined benefit pension' to a member before 12 May 2004, and • pays its members a benefit worked out from a formula that includes – the years of membership in the SMSF, and – the average salary level over a specific time.
E	An SMSF is a **hybrid fund** if it has a combination of both accumulation and defined benefit members.

C Does the fund trust deed allow acceptance of the government's Super Co-contribution and Low Income Super Amounts?

A Low income super amount (LISA) is a Low income super contribution (LISC) or a Low income super tax offset (LISTO).

Does the fund trust deed allow the SMSF to accept the government's super co-contribution and low income super amount for all eligible members?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

If the trust deed allows the acceptance of government contributions and low income super amounts, you must provide your SMSF with an electronic service address (ESA) alias at section A.

9 Was the fund wound up during the income year?

No	Print **X** in the **No** box. Go to 10 Exempt current pension income.
Yes	Print **X** in the **Yes** box. Write the date on which the SMSF was wound up in the boxes provided. That date must be a date from 1 July 2020 to 30 June 2021.

Have all tax lodgment and payment obligations been met?

For an SMSF that was wound up during 20120–21, have the trustees:

- paid all outstanding debts
- paid out or transferred all member benefits
- lodged all previous years' annual returns?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

For an SMSF that was wound up during 2020–21, you must complete **M Supervisory levy adjustment for wound up funds** at section D.

Your fund's bank account must remain open until all expected liabilities have been settled and requested refunds have been received.

For information about your obligations when winding up an SMSF, see Winding up.

10 Exempt current pension income

If the SMSF paid retirement phase superannuation income stream benefits to one or more members during 2020–21, some, or all, of its ordinary income and statutory income may be exempt from income tax under the exempt current pension income rules.

This exempt income is called 'exempt current pension income' or ECPI.

For more information, see:

- Exempt current pension income
- Subdivision 295-F of the *Income Tax Assessment Act 1997*.

Did the fund pay retirement phase superannuation income stream benefits to one or more members during 2020–21?

No	Print **X** in the **No** box. Go to Section B: Income.
Yes	Print **X** in the **Yes** box. Complete the remaining questions below.

Exempt current pension income amount

There are two methods you can use to work out the SMSF's exempt current pension income (ECPI):

- segregated assets method
- proportionate method.

Calculate the SMSF's ECPI and write it at **A**.

If you complete section B, the amount that you write at **A** in **10** in section A must be the same as the amount that you write at **Y Exempt current pension income** in section B.

For more information, see Exempt current pension income.

Which method did you use to calculate your exempt current pension income?

Print **X** in the appropriate box or boxes (**B**, **C** or both **B** and **C**) to indicate which method or methods you used to calculate the SMSF's ECPI.

Segregated assets method	Print **X** in box **B**.
Proportionate method	Print **X** in box **C**. Print **X** in the **Yes** box at **D** if you obtained an actuarial certificate that certifies the proportion of income that is exempt from income tax.
Both the segregated assets method and the proportionate method	Print **X** in both box **B** and **C**. Print **X** in the **Yes** box at **D** if you obtained an actuarial certificate that certifies the proportion of income that is exempt from income tax.

Did the fund have any other income that was assessable?

Yes	Print **X** in the **Yes** box. Go to Section B: Income (item 11)
No	The SMSF did not receive any no-TFN-quoted contributions or have other assessable income for the income year. Print **X** in the **No** box. Go to **Section C: Deductions and non-deductible expenses**.

Continue to: Section B: Income (item 11)

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Section B: Income (item 11)

Instructions for completing Section B of the SMSF annual return.

Last updated 6 August 2024

Do you need to complete section B?

Most SMSFs need to complete section B. However, you do not complete section B if **all** the SMSF's income in 2020–21 is exempt from income tax under the exempt current pension income rules.

Do not assume that the SMSF has no assessable income (and that you do not need to complete section B) just because all its members received retirement phase superannuation income stream benefits in 2020–21. Situations where an SMSF has assessable income even though it pays retirement phase superannuation income stream benefits to all its members include:

- the SMSF is non-complying
- the SMSF has non-arm's length income
- the SMSF received assessable contributions
- the SMSF paid less than the minimum annual pension payment amount to one or more members receiving retirement phase superannuation income stream benefits (see Income stream (pension))
- the SMSF is not paying retirement phase superannuation income stream benefits to all members for the entire income year
- the SMSF is paying superannuation income stream benefits from an income stream that is not in retirement phase, for example, a transition to retirement income stream paid to a member who is under 65 and has not notified the SMSF they have met a condition of release with a nil cashing restriction
- the value of the SMSF's assets exceeds the total of the account balances supporting the income streams (for example, an SMSF may keep assets in a reserve account, separate from the members' accounts, to be prepared for certain contingencies).

Whether or not you need to complete section B, remember to complete **Section C: Deductions and non-deductible expenses** where you include expenses that relate to the SMSF's tax-exempt income.

Expenses, that are normally deductible, are generally non-deductible when they relate to tax-exempt income.

Answering questions in section B

Complete section B for all assessable income the SMSF earned during 2020–21, whether the SMSF received it or not.

Work through each question in this section and:

- write the relevant amount if the question applies to your SMSF
- write **0** (zero) at the mandatory question **R3 No-TFN-quoted contributions** if it does not apply to your SMSF
- leave the answer box blank for other questions that do not apply to your SMSF.

Answer the questions in their sequence.

- Some questions rely on information you have already entered in previous questions.
- You will need to go through the questions in the left-hand column (**D1**, **R1** to **R6**, **U1** to **U3**) before you can complete three questions in the right-hand column (**D**, **R**, **U**).

Do not show cents for any amount you write in this section.

Goods and services tax (GST)

If the SMSF is registered, or required to be registered, for GST purposes, do not include GST amounts in the assessable income you show on the annual return. In the deductions you show, do not include any amount that relates to **input tax credit** entitlements.

If the SMSF is not registered and not required to be registered for GST purposes, or if it is not entitled to an **input tax credit**, the deductions you show are the GST-inclusive amounts that the SMSF incurred. Special rules apply to GST adjustments. To register for GST, apply at the Australian Business Register.

Foreign currency translation rules

If the SMSF has entered into transactions in a foreign currency or derived income in a foreign currency, you need to translate those

amounts to Australian currency to calculate the assessable or deductible amount.

For more information, see:

- Translation (conversion) rules
- General information on average rates

Taxation of financial arrangements (TOFA)

If the TOFA rules apply to the SMSF, include assessable income from financial arrangements subject to the TOFA rules at the appropriate question. Complete **Section I: Taxation of financial arrangements** if you include an amount determined under the TOFA rules.

For more information, see Section I: Taxation of financial arrangements.

Family trust distribution tax (FTDT) and Trustee beneficiary non-disclosure tax (TBNT)

Do not include at any question in section B any part of a distribution:

- received from a trust or partnership on which family trust distribution tax (FTDT) has been paid (do not show this anywhere in the annual return), or
- received (directly or indirectly) from a closely held trust on which trustee beneficiary non-disclosure tax (TBNT) has been paid (do not show this anywhere in the annual return).

Losses and outgoings that the SMSF incurred in deriving an amount that is excluded from assessable income because FTDT or TBNT has been paid are not deductible (report them as non-deductible expenses).

The SMSF cannot claim a franking credits tax offset for any franking credits attributable to the whole or a part of a dividend that is excluded from assessable income because FTDT or TBNT has been paid.

Non-arm's length income ›

Factors you need to consider when deciding whether a

11 Income

Complete this section if the SMSF has assessable income earned during the 2020-21 income year.

A Net capital gain

Did your SMSF have a net capital gain.

B Gross rent and other leasing and hiring income

Did the SMSF earn income from renting, leasing or hiring of land, buildings or other assets.

C Gross interest

Did the SMSF earn interest income from and Australian source?

X Forestry managed investment scheme income

Did the SMSF earn income from a forestry managed investment scheme?

D1, D Foreign income questions

Did the SMSF have foreign income of losses in 2020-21?

E Australian franking credits from a New Zealand company

Did the SMSF receive Australian franking credits attached to a

F Transfers from foreign funds

Did the SMSF receive amounts transferred from foreign super funds?

H Gross payments where ABN not quoted

Did the SMSF receive payments from which the payer had withheld an amount because the SMSF had not provided its ABN?

I Gross distribution from partnerships

Did the SMSF receive any gross distribution from partnerships?

J, K, L Dividends and franking credits

Was the SMSF paid dividends?

M Gross trust distributions

Did the SMSF receive, or was the SMSF entitled to receive, a share of net income from other trusts?

R1, R2, R3, R6, R Assessable contributions

Did the SMSF receive assessable contributions?

S Other income

Did the SMSF receive any income not included at another question in Section B?

T Assessable income due to changed tax status of fund

Did the SMSF change from a complying to non-complying fund, or from a foreign fund to an Australian super fund?

U1, U2, U3 and U Non-arm's length income

Did the SMSF receive non-arm's length income?

W Gross income

Instructions on calculating gross income.

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Non-arm's length income

Factors you need to consider when deciding whether a transaction is at arm's length.

Last updated 6 August 2024

About non-arms length income

The factors that you need to consider when deciding whether a transaction is at arm's length or non-arm's length depend on whether the income is:

- private company dividends
- distribution from a trust
- another type of income

These factors are discussed in the following sections.

Complying SMSFs do not include non-arm's length income at **A** to **T** in section B. Instead they include it at:

- U1 Net non-arm's length private company dividends
- U2 Net non-arm's length trust distributions, or
- U3 Net other non-arm's length income

For example, non-arm's length unfranked dividends are included at **U1 Net non-arm's length private company dividends** instead of at **J Unfranked dividend amount**.

Non-complying SMSFs do not need to separate their non-arm's length income from their arm's length income. They include both arm's length and non-arm's length income at **A** to **T**.

Private company dividends that are non-arm's length income

A dividend paid by a private company, or ordinary income or statutory income reasonably attributable to such a dividend, is non-arm's length income unless the amount is consistent with an arm's length dealing.

To decide whether the amount is consistent with an arm's length dealing, have regard to:

- the value of the shares held by the SMSF in the company
- the cost to the SMSF of the shares on which the dividends were paid
- the dividend rate on those shares
- whether dividends have been paid on other shares in the company (and at what rate)
- whether the company has issued shares in lieu of dividends to the SMSF and the circumstances of the issue, and
- any other relevant matters.

Consider any connection between the private company and the SMSF.

If the SMSF received non-arm's length private company dividends, include it at:

- **U1 Net non-arm's length private company dividends** if the SMSF is complying

- the appropriate question **A** to **T** (as if it were arm's length income) if the SMSF is non-complying.

For more information about determining whether income is non-arm's length income, see:

- Non-arm's length income
- Taxation Ruling TR 2006/7 *Income tax: special income derived by a complying superannuation fund, a complying approved deposit fund or a pooled superannuation trust in relation to the year of income*
- Section 295-550 of the *Income Tax Assessment Act 1997*.

Trust distributions that are non-arm's length income

A distribution from a trust is non-arm's length income of a complying SMSF if:

- the SMSF does not have a fixed entitlement to income from the trust (generally discretionary trusts) (see subsection 295-550(4) of the ITAA 1997), or
- the SMSF has a fixed entitlement to income from the trust (generally unit trusts), which is derived under a scheme where the parties were not dealing with each other at arm's length, and either or both of the following apply (see subsection 295-550(5) of the ITAA 1997)
  - the income is greater than might have been expected had the parties been dealing with each other at arm's length in relation to the scheme
  - the loss, outgoing or expenditure (either revenue or capital in nature) incurred in acquiring the entitlement, or in gaining or producing that income, is less than (including a nil amount) what might have been expected had the parties been dealing with each other at arm's length in relation to the scheme.

If the SMSF received non-arm's length trust distributions, include it at:

- **U2 Net non-arm's length trust distributions** if the SMSF is complying

- **M Gross trust distributions** (as if it were arm's length income) if the SMSF is non-complying.

For more information, see:

- Non-arm's length income
- Taxation Ruling TR 2006/7 *Income tax: special income derived by a complying superannuation fund, a complying* approved *deposit fund or a pooled superannuation trust in relation to the year of income*.
- Law Companion Ruling LCR 2021/2 *Non-arm's length income - expenditure incurred under a non-arm's length arrangement*

Legislation

Section 295-550 of the *Income Tax Assessment Act 1997*.

Identifying other types of income that are non-arm's length

Other types of income (that is, income that is not a private company dividend or distribution from a trust) are non-arm's length income if the income is derived under a scheme where

- the parties were not dealing with each other at arm's length, and
- either or both of the following applies:
  - the income is greater than might have been expected had the parties been dealing with each other at arm's length in relation to the scheme
  - from 1 July 2018, the loss, outgoing or expenditure (either revenue or capital in nature) incurred in gaining or producing the income is less than (including a nil amount) what might have been expected had the parties been dealing with each other at arm's length in relation to the scheme.

Whether income is non-arm's length income depends on all of the circumstances of the relationship including the return on the investment and the commercial risks undertaken by the SMSF. Other non-arm's length income may include, for example:

- interest on loans

- rent from property
- profit on the sale of assets
- net capital gains.

If the SMSF received non-arm's length income that is not a private company dividend or a trust distribution, include it at:

- **U3 Net other non-arm's length income** if the SMSF is complying
- the appropriate question **A** to **T** (as if it were arm's length income) if the SMSF is non-complying.

Note: **Don't** include at labels **U1**, **U2**, **U3**, **U** or any other label in **Section B** non-arm's length income as a result of non-arm's length general expenses. These general expenses result in non-arm's length income calculated using the 'Twice the difference approach' and will be taken into account when calculating the 'Tax on taxable income' at label **T1** in **Section D**.

Note: These instructions have been updated to reflect retrospective law changes for non-arm's length expenses for superannuation entities. The changes apply from 1 July 2018 and are contained in *Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Act 2024*.

For more information, see:

- Non-arm's length income
- Taxation Ruling TR 2006/7 *Income tax: special income derived by a complying superannuation fund, a complying* approved *deposit fund or a pooled superannuation trust in relation to the year of income*.
- Law Companion Ruling LCR 2021/2 *Non-arm's length income - expenditure incurred under a non-arm's length arrangement*

Legislation

Section 295-550 of the *Income Tax Assessment Act 1997*

Tax treatment of cryptocurrencies

- If you acquired cryptocurrency as an investment or disposed of it in 2020–21, you may have to pay capital gains tax on the disposal. For more information, see Tax treatment of cryptocurrencies.

- If you acquired or disposed of cryptocurrency in the ordinary course of your business in 2020–21, the funds or property you receive through the acquisition and disposal are likely to be ordinary assessable income. For more information, see Tax treatment of cryptocurrencies.

Continue to: 11 Income

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11 Income

Complete this section if the SMSF has assessable income earned during the 2020-21 income year.

Last updated 6 August 2024

G, M and A Capital gains tax questions

This section covers:

- G Did you have a capital gains tax (CGT) event during the year?
- M Have you applied a CGT exemption or rollover?
- A Net capital gain

For most CGT events a capital gain or capital loss is the difference between what it cost the SMSF to acquire an asset and what the SMSF received when it disposed of the asset.

An SMSF's net capital gain forms part of its assessable income.

A capital gain or capital loss that a complying SMSF makes from a CGT event for a segregated current pension asset is disregarded.

If the SMSF makes a capital loss, the SMSF cannot claim it against income but can use it to reduce a capital gain in the same income year. If total capital losses exceed total capital gains for the income year, the SMSF has a net capital loss. The SMSF can generally carry the net capital loss forward and deduct it against capital gains in future income years. Net capital losses are applied in the order in which they are made.

All SMSFs that have one or more CGT events during the income year must complete a Capital gains tax (CGT) schedule and attach it to the annual return if:

- the total current year capital gains are greater than $10,000
- the total current year capital losses are greater than $10,000, or
- you have chosen to apply the transitional CGT relief in 2016–17 and a realisation event occurred in 2020–21. For more information, see LCR 2016/8 *Superannuation reform: transitional CGT relief for complying superannuation funds and pooled superannuation trusts*.

If you have current year capital losses, you may also need to complete a Losses schedule 2021.

You can calculate the SMSF's net capital gain or loss using the:

- CGT capital gain or loss worksheet, or
- CGT schedule (if required).

How to report a capital gain or loss in the SMSF annual return

For information about reporting a capital gain or loss in the SMSF annual return, see the instructions for the following:

- G Did you have a capital gains tax (CGT) event during the year? (section B)
- A Net capital gain (section B)
- Y Exempt current pension income (section B)
- V Net capital losses carried forward to later income years (section E).

For information about reporting a capital gain or loss from an asset where the fund is paying a retirement phase income stream, see How capital gains and capital losses are treated when an SMSF has ECPI.

Foreign source capital gains

An Australian super fund makes a capital gain or capital loss if a CGT event happens to any of its worldwide CGT assets.

An SMSF that is not an Australian super fund makes a capital gain or capital loss if a CGT event happens to a CGT asset that is a taxable

Australian property.

For more information about CGT events, see Capital gains tax.

G Did you have a capital gains tax (CGT) event during the year?

Answer 'yes' if the SMSF:

- had a CGT event occur during the income year
- received a share of net income from a trust that includes a capital gain, or
- is a subsequent participant in a forestry managed investment scheme and had a CGT event as a result of a harvest or a sale of an interest in the forestry managed investment scheme (see Appendix 2: Forestry managed investment schemes).

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box.

M Have you applied a CGT exemption or rollover?

Did the SMSF have capital gains disregarded or deferred as a result of applying a CGT exemption or rollover?

No	Print **X** in the **No** box.
Yes	Print **X** in the **Yes** box. In the code box at **M**, print the appropriate code from **table 2**.

If the SMSF has applied more than one CGT exemption or rollover and you are using software that allows it, select all of the codes that apply.

If you are lodging on a paper return, print the code that corresponds to the CGT exemption or rollover that resulted in the largest amount of capital gain disregarded or deferred.

If more than one CGT exemption or roll-over applies to the largest amount of capital gain disregarded or deferred, choose the most

specific rollover or exemption code that applies. For example, choose the ‘Scrip for scrip rollover (Subdivision 124-M)’ code before the more general rollover ‘Replacement asset rollovers (Division 124)’ code.

If you have chosen to apply the transitional CGT relief in 2016–17 and a realisation event occurred in 2020–21 you must report it in the CGT schedule.

Table 2: CGT exemptions and roll-over codes

Code	Description
A	Small business active asset reduction (Subdivision 152-C)
B	Small business retirement exemption (Subdivision152-D)
C	Small business roll-over (Subdivision 152-E)
D	Small business 15 year exemption (Subdivision152-B)
E	Foreign resident CGT exemption (Division 855)
F	Scrip for scrip roll-over (Subdivision 124-M)
L	Replacement asset roll-over (Division 124)
M	Exchange of shares or units (Subdivision 124-E)
N	Exchange of rights or options (Subdivision 124-F)
O	Exchange of shares in one company for shares in another company (Division 615)
P	Exchange of units in a unit trust for shares in a company (Division 615)
Q	Disposal of assets by a trust to a company (Subdivision 124-N)
S	Same asset roll-over (Division 126)

U	Early stage investor (Subdivision 360-A)
V	Venture capital investment (Subdivision 118-F)
X	Other exemptions and rollovers

For more information about CGT exemptions and rollovers, see Capital gains tax.

Continue to: A Net capital gain

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A Net capital gain

Did your SMSF have a net capital gain.

Last updated 6 August 2024

Did the SMSF have a net capital gain?

The SMSF's **net capital gain** is the total capital gain for 2020–21 less:

- any 2020–21 capital losses
- any prior year net capital losses, and
- any other relevant CGT discount or concession.

No	Leave **A** blank.
Yes	Print at **A** the SMSF's **net** capital gain.

Show at **A** the amount of net capital gain calculated or transferred from:

- **6A** at part **6** of the CGT summary worksheet
- **A** at part **6** of the CGT schedule, if any.

When working out the SMSF's net capital gain, include:

- net foreign source capital gains
- the capital gains component of the SMSF's share of net income from a trust
- the capital gains component of the SMSF's share of a distribution from a partnership
- capital gains made by the SMSF from a forestry managed investment scheme (see Appendix 2: Forestry managed investment schemes)
- the amount of capital gain previously deferred under the Transitional CGT relief.

If you include an amount at **A** that is exempt current pension income, include it also at **Y Exempt current pension income**.

Non-arm's length capital gains

A net capital gain from the sale of an asset by the SMSF is non-arm's length income if, for example, the asset:

- was sold to a related party for more than the asset's market value, or
- was originally acquired from a related party for less than the asset's market value.

Complying SMSFs do not include non-arm's length net capital gains at **A**. Show these at **Non-arm's length income** items **U2** or **U3**.

To calculate the SMSF's net capital gain, see Capital gains tax.

Example: Capital gains tax

In 2020–21, SMSF A sold a house for $500,000. It bought the house for $470,000 in 2013. Its capital gain from this sale using the discount method (see Capital gains tax) is $20,000.

SMSF A reports:

G Did you have a capital gains tax (CGT) event during the year? **Yes**

M Have you applied an exemption or rollover? **No**

A Net capital gain **$20,000**

Continue to: B Gross rent and other leasing and hiring income

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B Gross rent and other leasing and hiring income

Did the SMSF earn income from renting, leasing or hiring of land, buildings or other assets.

Last updated 6 August 2024

Did the SMSF earn income from renting, leasing or hiring of land, buildings or other assets?

No	Leave **B** blank. Go to **C**.
Yes	Read on.

Write at **B** the total income that the SMSF earned from renting, leasing and hiring of land, buildings and other assets. The amount at **B** should not be reduced by any loss or outgoing related to the income.

If you include an amount at **B** that is exempt current pension income, include it also at **Y Exempt current pension income**.

Do not include at **B** rental, leasing or hiring income that is:

- derived from foreign sources (write it at **D1 Gross foreign income**)
- part of a distribution from a partnership (write it at **I Gross distribution from partnerships**)
- included in a share of net income from a trust (write it at **M Gross trust distributions**)

- non-arm's length income of a complying SMSF (write it at **U3 Net other non-arm's length income**).

Example: Rent, leasing or hiring income

In 2020–21, SMSF B rented a house (at arm's length) to a tenant. The tenant paid a total of $15,000 in rent.

SMSF B reports $15,000 at **B Gross rent and other leasing and hiring income**.

Continue to: C Gross interest

QC 64911

C Gross interest

Did the SMSF earn interest income from and Australian source?

Last updated 6 August 2024

Did the SMSF earn interest income from an Australian source?

No	Leave **C** blank. Go to **X**.
Yes	Read on.

Write at **C** the total interest income that the SMSF earned in 2020–21. The amount at **C** should not be reduced by any loss or outgoing related to the income.

Include at **C**:

- interest earned on money (for example):
  - in a bank (or similar institution) account

  - that the SMSF has lent to another person or organisation
- interest that is paid by us or credited against another SMSF liability because the SMSF paid a tax liability early (see **H1 Credit for interest on early payments – amount of interest** in section D).

If you include an amount at **C** that is exempt current pension income, include it also at **Y Exempt current pension income**.

Do not include interest income that is:

- derived from foreign sources (write it at **D1 Gross foreign income**)
- part of a distribution from a partnership (write it at **I Gross distribution from partnerships**)
- non-share dividends received from holding a non-share equity interest (write it at **J Unfranked dividend amount**, **K Franked dividend amount** and **L Dividend franking credit** as applicable; for more information, see Guide to the debt and equity tests)
- included in a share of net income from a trust (write it at **M Gross trust distributions**)
- non-arm's length income of a complying SMSF (write it at **U3 Net other non-arm's length income**).

Example: Interest income

In 2020–21, SMSF C had $50,000 in a bank term deposit. The bank paid $4,000 interest to SMSF C.

SMSF C reports $4,000 at **C Gross interest**.

Continue to: X Forestry managed investment scheme income

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X Forestry managed investment scheme income

Did the SMSF earn income from a forestry managed investment scheme?

Last updated 6 August 2024

Did the SMSF earn income from a forestry managed investment scheme (FMIS)?

No	Leave **X** blank. Go to **D1** and **D**.
Yes	Read on.

Write at **X** the SMSF's income from all FMISs. The amount at **X** should not be reduced by any loss or outgoing related to the income.

You can read more about calculating FMIS income at Appendix 2: Forestry managed investment schemes.

If you include an amount at **X** that is exempt current pension income, include it also at **Y Exempt current pension income**.

Do not include capital gains from an FMIS at **X**; include these capital gains when working out the SMSF's net capital gain to show at **A Net capital gain**.

For more information on the CGT treatment of the SMSF's forestry interests, see Capital gains tax.

If the SMSF is a member of a collapsed agribusiness managed investment scheme, see Collapse and restructure of agribusiness managed investment schemes – participant information.

Example: Forestry managed investment scheme income

In 2020–21, SMSF X had an investment with an FMIS. SMSF X received a statement from the FMIS. The statement shows that SMSF X's share of income from the FMIS during 2020–21 was $10,000.

SMSF X reports:

X Forestry managed investment scheme income in section B
$10,000

Write the SMSF's share of any expenses at **U1** or **U2 Forestry managed investment scheme expenses** in section C.

Continue to: D1, D Foreign income questions

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D1, D Foreign income questions

Did the SMSF have foreign income of losses in 2020-21?

Last updated 6 August 2024

Did the SMSF have foreign income or losses in 2020–21?

No	Leave **D** and **D1** blank. Go to **E**.
Yes	Read on.

The foreign income questions are:

- D1 Gross foreign income
- D Net foreign income

An Australian super fund is taxed on its worldwide income and must declare all income it earned from foreign sources.

Foreign income of the SMSF may be taxed in the foreign country. If the SMSF has paid foreign income tax it may be entitled to an Australian foreign income tax offset.

For more information, see Foreign income.

D1 Gross foreign income

Write at **D1** the SMSF's gross assessable income from foreign sources in 2020–21. The amount at **D1** should not be reduced by any loss or outgoing related to the income.

The SMSF's gross assessable foreign income includes income from foreign sources and any foreign tax paid on that income and without reducing it for any expenses related to that income. If the SMSF is unable to report the gross (pre-tax) amount of foreign source income on its share of net income from a trust, it can include the net (after-tax) amount at **D1** instead.

Include at **D1**:

- dividends, supplementary dividends and other dividends from foreign companies (including New Zealand franking companies that provide Australian franking credits)
- interest from foreign sources
- foreign source income included in a share of net income from a trust (do not include this at **M Gross trust distributions**)
- foreign source income included in a distribution from a partnership (do not include this at **I Gross distributions from partnerships**)
- attributable income through the controlled foreign company (CFC) regime.

Do not include:

- losses or deductible expenses from a foreign source (include these at **D Net foreign income**)
- Australian franking credits attached to New Zealand dividends (include these at **E Australian franking credits from a New Zealand company**)
- foreign exchange gains and losses from both foreign and domestic sources (write gains at **S Other income** and losses at **L1** or **L2 Other amounts** in section C)
- foreign source capital gains and losses (net capital gains should be included at **A Net capital gain**)
- foreign income that is non-arm's length income of a complying SMSF (include this at **Non-arm's length income** items **U1**, **U2**, or **U3**).

D Net foreign income

You must complete **D** if you write a value at **D1**.

Write at **D** the SMSF's net income from foreign sources in 2020–21.

To calculate the SMSF's net foreign income, take the amount at **D1 Gross foreign income** and subtract:

- foreign source losses incurred in 2020–21 (but not CGT losses), and
- deductible expenses to the extent to which they relate to foreign income.

If the total amount at **D** is **negative**, print **L** in the **Loss** box to the right of the amount.

If you include an amount at **D** that is exempt current pension income, include it also at **Y Exempt current pension income**.

Do not subtract debt deductions in calculating net foreign income at **D**, except where they are attributable to an overseas permanent establishment of the SMSF. Include the debt deductions at the relevant question in section C.

Example: Foreign income

In 2020–21, SMSF D held shares that were listed on a foreign stock exchange. The SMSF received $20,000 dividends, $5,000 foreign franking credits and has deductible expenses of $200 that relate solely to the dividends.

SMSF D reports:

D1 Gross foreign income $20,000

D Net foreign income $19,800

It does not include the foreign franking credits anywhere on the SMSF annual return.

Continue to: E Australian franking credits from a New Zealand company

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E Australian franking credits from a New Zealand company

Did the SMSF receive Australian franking credits attached to a distribution from a New Zealand company?

Last updated 6 August 2024

New Zealand franking company

Dividends paid by New Zealand resident companies do not normally carry Australian franking credits. However, a New Zealand company can choose to join the Australian imputation system and distribute Australian franking credits with its dividends. The company may be referred to as a New Zealand franking company.

Did the SMSF receive Australian franking credits attached to a distribution from a New Zealand company?

No	Leave **E** blank. Go to **F**.
Yes	Read on.

Write at **E** the total Australian franking credits, attached to assessable franked distributions from New Zealand companies, that the SMSF received in 2020–21. The amount at **E** should not be reduced by any loss or outgoing related to the income.

The SMSF must have included the assessable franked distribution at **D1 Gross foreign income**. To work out whether the distribution is assessable in Australia, see the Foreign income return form guide 2021.

If the SMSF received a supplementary dividend (or a share of it), in connection with the franked dividend, and the SMSF is entitled to a

foreign income tax offset because the franked dividend is included in the SMSF's assessable income, you must reduce the Australian franking credits that the SMSF received directly or indirectly from a New Zealand company by the amount of the supplementary dividend (or the SMSF's share of it).

You must also include the Australian franking credits that you include here at **E**, at either:

- **E1 Complying fund's franking credits tax offset** in section D if the SMSF is a complying fund, or
- **C2 Rebates and tax offsets** in section D if the SMSF is a non-complying fund.

The amount at **E** could include any Australian franking credits attached to assessable franked distributions that the SMSF received from a New Zealand franking company either:

- directly, or
- indirectly through a partnership or trust.

Do not include:

- the dividend from the New Zealand company (include this at **D1 Gross foreign income**)
- New Zealand imputation credits (you cannot claim New Zealand imputation credits in Australia)
- franking credits attached to a dividend that is non-arm's length income of a complying SMSF (include these at **U1 Net non-arm's length private company dividends**).

For more information, see Trans-Tasman imputation special rules.

Legislation

Subdivision 220-B of the *Income Tax Assessment Act 1997*

Example: Australian franking credits from a New Zealand company

In 2020–21, SMSF E owned shares in a New Zealand company that participates in the Australian imputation system. SMSF E

received $10,000 dividends, $1,000 New Zealand franking credits and $500 Australian franking credits. SMSF E is a complying SMSF.

SMSF E reports:

D1 Gross foreign income $10,000

D Net foreign income $10,000

E Australian franking credits from a New Zealand company $500

E1 Complying fund's franking credits tax offset in section D $500

It does not include the New Zealand franking credits anywhere on the SMSF annual return.

Continue to: F Transfers from foreign funds

QC 64911

F Transfers from foreign funds

Did the SMSF receive amounts transferred from foreign super funds?

Last updated 6 August 2024

Did the SMSF receive amounts transferred from foreign super funds?

No	Leave **F** blank. Go to **H**.
Yes	Read on.

Write at **F** the total of the following amounts transferred in 2020–21 from foreign super funds and schemes to a complying SMSF:

- the amount transferred that the member has made a written choice to have included in the SMSF's assessable income (under section 305-80 and subsection 295-200(2) of the ITAA 1997)
- assessable amounts transferred where the transferred amounts were in excess of what was 'vested' in the member at the time of transfer (subsection 295-200(1) of the ITAA 1997).

The amount at **F** should not be reduced by any loss or outgoing related to the income.

Write in the **Number** box the number of transfers received from foreign super funds or schemes during 2020–21 that meet the criteria above.

Other transfers from foreign super funds or schemes are not assessable income for the SMSF (although they may be assessable income that needs to be reported in the member's personal income tax return). For more information, see Tax on transfers from foreign super funds.

Transfers from foreign super funds or schemes are not exempt from income tax under the exempt current pension income rules.

Legislation

Sections 295-200 and 305-80 of the *Income Tax Assessment Act 1997*.

Example: Transfers from foreign funds

In 2020–21, SMSF F (a complying fund) received $100,000 from a foreign super fund for one of its members, Mei. Mei made a written choice to include $10,000 of the transfer in the SMSF's assessable income. SMSF F reports $10,000 at **F Transfers from foreign funds** and writes **1** in the **Number** box.

SMSF F does not report the remaining $90,000 at any question in **Section B: Income** since it is not assessable income for the SMSF (although Mei may need to report it as income on her individual tax return).

SMSF F will need to include the transfer for Mei in section F or G.

Continue to: H Gross payments where ABN not quoted

QC 64911

H Gross payments where ABN not quoted

Did the SMSF receive payments from which the payer had withheld an amount because the SMSF had not provided its ABN?

Last updated 6 August 2024

No	Leave **H** blank. Go to **I**.
Yes	Read on.

Write at **H** the gross value of all payments made to the SMSF where payers withheld an amount because the SMSF had not provided its ABN. The amount at **H** should not be reduced by any loss or outgoing related to the income.

The amount that you write at **H** must be the gross value, that is, it must include both the amounts paid to the SMSF and the amounts that payers withheld.

The payers must give you a PAYG payment summary (or equivalent information) with their payment or as soon as practical after they make the payment. The PAYG payment summary:

- includes the information that you need to complete at **H**
- must be kept with your tax records. For more information see Record-keeping requirements.

You must also:

- include the corresponding credit for the tax withheld at **H3 Credit for tax withheld – where ABN or TFN not quoted (non-individual)** in section D

- complete and attach a Non-individual PAYG payment summary schedule.

If you include an amount at **H** that is exempt current pension income, include it also at **Y Exempt current pension income**.

For more information, see:

- PAYG withholding
- Division 18 of Schedule 1 of the *Taxation Administration Act 1953*.

Example: PAYG withheld because ABN not quoted

In 2020–21, SMSF H received $5,100 from a company. That company also gave SMSF H a PAYG payment summary which stated that the company had withheld $4,900 tax from the payment.

SMSF H reports:

H Gross payments where ABN not quoted in section B $10,000

H3 Credit for tax withheld – where ABN or TFN not quoted (non-individual) in section D $4,900

Continue to: I Gross distribution from partnerships

QC 64911

I Gross distribution from partnerships

Did the SMSF receive any gross distribution from partnerships?

Last updated 6 August 2024

Did the SMSF receive any gross distributions from partnerships?

No	Leave **I** blank. Go to J, K, L Dividend amounts and franking credits
Yes	Read on.

Write at **I** the total of all gross distributions from partnerships received in 2020–21. If the total amount is a loss, print **L** in the box to the right of the amount.

A distribution from a partnership can include different types of income. Include all types of income included in the distribution at **I** except:

- capital gains (include these at **A Net capital gain**)
- foreign income, including New Zealand franking company dividends and supplementary dividends (include it at **D1 Gross foreign income**)
- part of a distribution on which family trust distribution tax or trustee beneficiary non-disclosure tax has been paid (do not include anywhere in **Section B: Income**)
- franking credits, if the SMSF is not entitled to a corresponding tax offset (do not include these anywhere in the SMSF annual return)
- the SMSF's share of net income from pooled superannuation trusts (PSTs)
- non-arm's length income of a complying SMSF (include it at **U3 Net other non-arm's length income**).

For example, if a distribution from a partnership includes interest, include this interest income at **I** rather than at **C Gross interest**.

If the partnership distributions included franking credits attached to dividends and the SMSF is entitled to a corresponding franking credits tax offset (see Entitlement to franking credits tax offset), include the amount of the franking credit at **I** and also at either:

- **E1 Complying fund's franking credits tax offset** in section D if the SMSF is a complying fund

- **C2 Rebates and tax offsets** in section D if the SMSF is a non-complying fund.

If partnership distributions included amounts subject to foreign resident withholding in Australia, include the SMSF's share of credit for foreign resident withholding at **I** and also at **H2 Credit for tax withheld – foreign resident withholding** in section D.

If you include an amount at **I** that is exempt current pension income, include it also at **Y Exempt current pension income**.

Keep a record of the following:

- full name of the partnership
- TFN of the partnership if known
- amount of income.

For more information, see Record-keeping requirements.

Example: Distributions from partnerships

SMSF G had a 50% share in a partnership. In 2020–21, the partnership's income was:

$6,000 bank interest
$10,000 franked dividends
$5,000 franking credits.

The SMSF's share of this income was:

$3,000 bank interest
$5,000 franked dividends
$2,500 franking credits

The total of the SMSF's share of the partnership income was $10,500.

Assuming SMSF G is complying and the income is at arm's length, SMSF G reports:

I Gross distributions from partnerships $10,500

E1 Complying fund's franking credits tax offset in section D
$2,500

Continue to: J, K, L Dividends and franking credits

QC 64911

J, K, L Dividends and franking credits

Was the SMSF paid dividends?

Last updated 6 August 2024

No	Leave **J**, **K** and **L** blank. Go to **M**.
Yes	Read on.

Dividends and **non-share dividends** from Australian entities may carry **franking credits**. We call such dividends **franked dividends**. Franking credits reflect tax the company has paid.

Dividends and non-share dividends with no franking credits are called **unfranked dividends**.

An SMSF's assessable income includes:

- unfranked dividends (include these at **J Unfranked dividend amount**)
- franked dividends (include these at **K Franked dividend amount**)
- franking credits (include these at **L Dividend franking credit** if the SMSF is entitled to a corresponding tax offset).

Include non-share dividends at **J**, **K** and **L** in the same way as dividends. For more information about non-share dividends see Guide to the debt and equity tests.

If the SMSF was paid a dividend from a private company, you must establish whether the dividend is **non-arm's length income**. If the SMSF is a complying SMSF and it is non-arm's length income, include the dividend and franking credit at **U1 Net non-arm's length private company dividends** instead of at **J**, **K** or **L**.

Example: Dividends and franking credits

In 2020–21, SMSF JKL owned shares in an Australian publicly listed company. The dividend statement shows that the SMSF received $21,000 dividends and $9,000 Australian franking credits. SMSF JKL is a complying SMSF.

SMSF JKL reports:

J Unfranked dividend amount $0

K Franked dividend amount $21,000

L Dividend franking credit $9,000

E1 Complying fund's franking credits tax offset in section D $9,000

J Unfranked dividend amount

Was the SMSF paid unfranked dividends, including unfranked non-share dividends?

No	Leave **J** blank. Go to **K**.
Yes	Read on.

Write at **J** the total amount of unfranked dividends, and unfranked non-share dividends, that were paid to the SMSF. The amount at **J** should not be reduced by any loss or outgoing related to the income.

If you include an amount at **J** that is exempt current pension income, also include it at **Y Exempt current pension income**. Do not include unfranked dividends:

- that are a share of net income from a trust (include these at **M Gross trust distributions**)
- that are part of a distribution from a
  - partnership (include these at **I Gross distribution from partnerships**)

  - pooled development fund (do not include the distribution anywhere in the SMSF's assessable income as it is exempt income but take it into account when calculating **M1 Tax losses deducted** in section C)

- from a New Zealand franking company (include these at **D1 Gross foreign income**)
- on which family trust distribution tax has been paid
- that are non-arm's length income of a complying SMSF (include these at **U1 Net non-arm's length private company dividends**).

K Franked dividend amount

Was the SMSF paid franked dividends, including franked non-share dividends?

No	Leave **K** blank. Go to **L**.
Yes	Read on.

Write at **K** the total amount of franked dividends, and franked non-share dividends, that were paid to the SMSF. The amount at **K** should not be reduced by any loss or outgoing related to the income.

If you include an amount at **K** that is exempt current pension income, also include it at **Y Exempt current pension income**.

Do not include:

- franking credits (include these at **L Dividend franking credit**)
- franked dividends that are a share of net income from a trust (include these at **M Gross trust distributions**)
- franked dividends that are part of a distribution from a partnership (include these at **I Gross distribution from partnerships**)
- franked dividends that are part of a distribution from a pooled development fund (unless you have elected to include the franked dividends in the SMSF's assessable income)
- franked dividends from a New Zealand franking company (include these at **D1 Gross foreign income**)

- franked dividends on which family trust distribution tax has been paid
- franked dividends that are non-arm's length income of a complying SMSF (include these at **U1 Net non-arm's length private company dividends**).

L Dividend franking credit

Were franking credits attached to dividends paid to the SMSF for which it is entitled to a franking credits tax offset?

No	Leave **L** blank. Go to **M**.
Yes	Read on.

Write at **L** the total amount of the franking credits:

- attached to franked dividends, and franked non-share dividends, paid to the SMSF in 2020–21, and
- for which the SMSF is entitled to a franking credits tax offset (see Entitlement to franking credits tax offset).

In addition to including a franking credit at **L**, you must also include it at either:

- **E1 Complying fund's franking credits tax offset** in section D if the SMSF is a complying fund
- **C2 Rebates and tax offsets** in section D if the SMSF is a non-complying fund.

If you include an amount at **L** that is exempt current pension income, also include it at **Y Exempt current pension income**.

The amount at **L** should not be reduced by any loss or outgoing related to the income.

Do not include:

- the dividend that the franking credit is attached to (include it at **K Franked dividend amount**)

- franking credits where the SMSF is not entitled to a franking credits tax offset (do not include these anywhere on the SMSF annual return)
- franking credits that are part of a share of net income from a trust (include these at **M Gross trust distributions**)
- franking credits that are part of a distribution from a partnership (include these at **I Gross distribution from partnerships**)
- Australian franking credits from a New Zealand franking company (include these at **E Australian franking credits from a New Zealand company**)
- franking credits that are part of a distribution from a pooled development fund (unless you have elected to include franked dividends and thus the franking credits in the SMSF's assessable income)
- franking credits on which family trust distribution tax has been paid
- franking credits attached to a dividend that is non-arm's length income of a complying SMSF (include these at **U1 Net non-arm's length private company dividends**).

Continue to: M Gross trust distributions

QC 64911

M Gross trust distributions

Did the SMSF receive, or was the SMSF entitled to receive, a share of net income from other trusts?

Last updated 6 August 2024

No	Leave **M** blank. Go to R1, R2, R3, R6, R Assessable contributions
Yes	Read on.

Write at **M** the total share of net income that the SMSF received or was entitled to receive from other trusts. The amount at **M** cannot be a loss. Complete the code box to the right of M, according to table 3.

A share of net income from a trust can include different types of income. Include at **M** all types of income that are included in a share of net income from another trust except:

- capital gains (include these at **A Net capital gain**)
- foreign income, including New Zealand franking company dividends and supplementary dividends (include it at **D1 Gross foreign income**)
- a share of net income on which family trust distribution tax or trustee beneficiary non-disclosure tax has been paid (do not include anywhere in **Section B: Income**)
- franking credits if the SMSF is not entitled to a corresponding tax offset (do not include these anywhere in the SMSF annual return)
- non-arm's length income of a complying SMSF (include it at **U2 Net non-arm's length trust income**)

If the share of net income from trusts included franking credits attached to dividends and the SMSF is entitled to a corresponding franking credits tax offset (see Entitlement to franking credits tax offset), include the amount of the franking credit at **M** and also at either:

- **E1 Complying fund's franking credits tax offset** in section D if the SMSF is a complying fund
- **C2 Rebates and tax offsets** in section D if the SMSF is a non-complying fund.

If the share of net income from trusts included amounts subject to foreign resident withholding in Australia, include the SMSF's share of credit for foreign resident withholding at **M** and also at **H2 Credit for tax withheld – foreign resident withholding** in section D.

The share of net income at **M** may include payments from a closely held trust, including the SMSF's share of credits if any amounts were withheld because a TFN was not provided. If amounts were withheld because a TFN was not provided then the SMSF's share of credits for the withheld amounts are included at **H5 Credit for TFN amounts withheld from payments from closely held trusts** in section D.

If you include an amount at **M** that is exempt current pension income, also include it at **Y Exempt current pension income**.

A distribution from a trust is non-arm's length income if:

- the SMSF does not have a fixed entitlement to income from that trust (for example, it is a discretionary trust), or
- the SMSF has a fixed entitlement to income from the trust (generally unit trusts), which is derived under a scheme where the parties were not dealing with each other at arm's length and either or both of the following applies (see subsection 295-550(5) of the ITAA 1997)
  - the income is greater than might have been expected had the parties been dealing with each other at arm's length in relation to the scheme
  - the loss, outgoing or expenditure (either revenue or capital in nature) incurred in acquiring the entitlement, or in gaining or producing that income, is less than (including a nil amount) what might have been expected had the parties been dealing with each other at arm's length in relation to the scheme.

Keep a record of the:

- full name of the trust
- TFN of the trust, and
- amount paid by the trust to the SMSF.

For more information about record keeping, see Record-keeping requirements.

Code

You must print a letter from **table 3** in the code box to the right of **M Gross trust distributions** if you write an amount at **M**.

Print the letter from **table 3** that best describes the type of trust from which you received the income you wrote at **M**. If this income is from more than one type of trust, print the letter that describes the type of trust from which you received the greatest amount of income.

If you cannot identify the type of trust from which the SMSF received a share of net income, contact the trustee of that trust.

Table 3: Trust type codes

Code letter	Type of trust
D	**Deceased estate**
E	**Testamentary trust** A trust that resulted from a will, codicil, court order, or intestacy.
F	**Fixed trust (other than the fixed unit trusts and public unit trusts described at codes U, P and Q)** A fixed trust is a trust in which persons have fixed entitlements to all of the income and capital of the trust at all times during the income year. The 'fixed entitlement' test operates in the manner described in Taxation Ruling TR 2006/7.
H	**Hybrid trust** A hybrid trust is a trust which is not a fixed trust but in which persons have fixed entitlements to income or capital of the trust during the income year. The 'fixed entitlement' test operates in the manner described in Taxation Ruling TR 2006/7.
S	**Discretionary trust** – where the main source of income of the trust is from service and management activities A discretionary trust is a trust: • which is neither a fixed trust nor a hybrid trust, and • under which a person or persons benefit from income or capital of the trust upon the exercise of a discretion by a person or persons, usually the trustee.
T	**Discretionary trust** – where the main source of income of the trust is from trading activities

I	**Discretionary trust** – where the main source of income of the trust is from investment activities
M	**Cash management unit trust** A cash management unit trust is a unit trust which: • pools the funds of separate unit holders, and • primarily invests in a range of short term securities.
U	**Fixed unit trust (other than a public trust described in codes P or Q)** A fixed unit trust is a fixed trust in which interest in the income and capital of the trust are represented by units.
P	**Public unit trust – listed (other than a cash management unit trust)** A public unit trust is a fixed unit trust which is a widely held unit trust (as defined in section 272-105 of Schedule 2F to the *Income Tax Assessment Act 1936)* at all times during the income year.
Q	**Public unit trust – unlisted (other than a cash management unit trust)** A public unit trust in which none of its units were listed for quotation in the official list of a stock exchange in Australia or elsewhere during the income year.

Example: Trust distributions

SMSF M received a share of net income from a publicly listed unit trust in 2020–21 which included:

$700 franked dividends, and
$300 franking credits.

SMSF M reports:

M Gross trust distributions $1,000

Gross trust distributions code box P (Public unit trust)

E1 Complying fund's franking credits tax offset in section D $300

Continue to: R1, R2, R3, R6, R Assessable contributions

QC 64911

R1, R2, R3, R6, R Assessable contributions

Did the SMSF receive assessable contributions?

Last updated 6 August 2024

Did the SMSF have assessable contributions?

No	Leave **R1**, **R2** and **R6** blank. Answer **R3** and **R**.
Yes	Read on.

Include at **R1**, **R2**, **R3** and **R6** all contributions to the SMSF that are assessable income.

The following types of contributions are not part of the SMSF's assessable income, do not include them at **R1**, **R2**, **R3** or **R6**:

- contributions made by a member that are not assessable personal contributions
- super co-contributions and Government super contributions
- contributions for a person under 18 which are not made by, or on behalf of, the person's employer

- amounts transferred to the SMSF for a member from the member's spouse's super as a result of a contributions splitting arrangement (for more information see Contributions splitting)
- amounts transferred to the SMSF from another super fund because of a family law obligation (such as a super agreement or a Family Law Court order as a result of a marriage or relationship breakdown)
- spouse contributions for which the contributor cannot claim a deduction.

Legislation

Subdivision 295-C of the *Income Tax Assessment Act 1997*

Contributions caps

Caps apply to contributions made to a member's super account. Members that contribute more than these caps may have to pay extra tax. For more information on the contributions caps, see Super contributions – too much can mean extra tax.

Example: Assessable contributions

In 2020–21, SMSF R received:

- $20,000 contributions from members' employers (for members whose TFN the SMSF holds)
- $10,000 contributions directly from members.

One member also provided a valid *Notice of intent to claim a deduction for personal super contributions* stating that the member would claim a deduction for a $3,000 contribution they made to the SMSF. The notice was received before the SMSF lodged its annual return and the SMSF acknowledged the notice.

SMSF R reports:

R1 Assessable employer contributions $20,000

R2 Assessable personal contributions $3,000

R Assessable contributions $23,000

The remaining $7,000 of personal contributions that were not covered by the *Notice of intent to claim a deduction for personal super contributions* are not reported at any question in section B. They are not assessable income of the SMSF.

The SMSF does not report any contributions at:

- **R3 No-TFN-quoted contributions** since all members have provided their TFNs to the SMSF
- **R6 Transfer of liability to life insurance company or PST** since it has not made an agreement to transfer its tax liability to a life insurance company or pooled superannuation trust.

Contributions are reported in section F or G for each member.

R1 Assessable employer contributions

Did the SMSF receive assessable employer contributions?

No	Leave **R1** blank. Go to **R2**.
Yes	Read on.

Write at **R1** the total of all assessable contributions received by the SMSF for members where the contribution was made by someone other than the member. The amount at **R1** should not be reduced by any loss or outgoing related to the income.

Assessable employer contributions received in 2020–21 must be included at **R1** even if they were not allocated to the member's account until the following financial year.

The amount at **R1** includes:

- contributions paid by an employer (including amounts contributed under effective salary sacrifice arrangements) to
  - a complying SMSF
  - a non-complying SMSF that is an Australian super fund

  - an SMSF that is not an Australian super fund where the contributions relate to a period when the member was an Australian resident, or was a foreign resident deriving employment or similar income, such as salary or wage income, that is subject to Australian withholding payment rules

- shortfall amounts paid by us to a complying SMSF under the provisions of the *Superannuation Guarantee (Administration) Act 1992*
- amounts transferred by us from the Superannuation Holding Account special account to a complying SMSF under the provisions of the *Small Superannuation Accounts Act 1995*, other than amounts which represent super co-contributions or low income super amounts
- most amounts contributed for a member by other third parties (the total of any amounts written at **G Other third party contributions** in sections F and G).

Do not include contributions received for a member who has not quoted their TFN and that you are required to include at **R3 No-TFN-quoted contributions**.

Assessable contributions from employers or other third parties are not exempt from income tax under the exempt current pension income rules.

R2 Assessable personal contributions

Did the SMSF receive assessable personal contributions?

No	Leave **R2** blank. Go to **R3**.
Yes	Read on.

Write at **R2** the total of:

- assessable personal contributions
- any untaxed element of a rollover super benefit, up to the untaxed plan cap amount ($1.480 million in 2020–21).

The amount of a rollover super benefit with an untaxed element is included in the income year in which it is received by the SMSF.

The amount at **R2** should not be reduced by any loss or outgoing related to the income.

Assessable personal contributions received in 2020–21 must be included at **R2** even if they were not allocated to the member's account until the following financial year.

Personal contributions are assessable only if the member has provided a valid notice stating their intent to claim a deduction for their contributions and the SMSF trustee has acknowledged receipt of the notice. The contribution is included in the income year in which it is received if the SMSF trustee receives the notice by the time the SMSF lodges its annual return for that income year. Otherwise the contribution is included in the income year in which the notice is received. For information about deductions for a personal super contribution, see Notice of intent to claim or vary a deduction for personal super contributions.

If the SMSF receives a notice varying the amount of a previous valid *Notice of intent to claim a deduction for personal super contributions* and:

- you have not yet lodged the annual return that includes the contribution as assessable income, write at **R2** the reduced amount of the personal contribution, or
- you have already lodged an annual return that included the contribution as assessable income then you can either
  - amend the annual return for the income year that included the contribution as assessable income, or
  - deduct an amount at **L1 Other amounts** in section C, in the income year the SMSF received the notice varying the amount.

Assessable personal contributions are not exempt from income tax under the exempt current pension income rules.

For more information, see Notice of intent to claim or vary a deduction for personal super contributions.

R3 No-TFN-quoted contributions

Did the SMSF receive employer contributions for a member that has not provided their TFN to the SMSF?

No	Write **0** (zero) at **R3**. Go to **R6**.
Yes	Read on.

Write at **R3** the total of all assessable contributions that the SMSF received in 2020–21 for all members who had not quoted their tax file number (TFN) and where:

- a member's account was opened on or after 1 July 2007, or
- a member's total assessable contributions for 2020–21 were more than $1,000.

The amount at **R3** should not be reduced by any loss or outgoing related to the income.

Do not include employer contributions at **R3** if:

- the member's account was opened before 1 July 2007, and
- the member's total assessable contributions for 2020–21 are $1,000 or less (include these employer contributions at **R1 Employer contributions**).

R3 is mandatory. If you leave **R3** blank, you will have specified a zero amount.

Tax on no-TFN-quoted contributions

The SMSF has to pay additional tax on no-TFN-quoted contributions. This additional tax must be paid regardless of any tax offsets or amounts the SMSF may have transferred to a life insurance company or PST. See **table 4** for the tax rates.

Table 4: Tax rates on no-TFN-quoted contributions

SMSF status	Tax rate (on all assessable contributions)	Additional tax rate (on no-TFN-quoted contributions)	Overall tax rate (on no-TFN-quoted contributio

Complying	15%	32%	47%
Non-complying	45%	2%	47%

The SMSF will show in **Section D: Income tax calculation statement**:

- the tax payable (at the standard rate of income tax) on the no-TFN-quoted contributions at **T1 Tax on taxable income**
- the additional tax payable on the no-TFN-quoted contributions at **J Tax on no-TFN-quoted contributions**.

No-TFN-quoted contributions are not exempted from income tax under the exempt current pension income rules.

If a member provided their TFN to the SMSF for the first time in 2020–21, the SMSF may be able to recover the no-TFN-quoted contributions tax it paid in one of the most recent three income years ending before 2020–21 by claiming a no-TFN tax offset. For information on whether the SMSF is able to claim this offset, see E2 No-TFN tax offset.

Legislation

Section 295-610 of the *Income Tax Assessment Act 1997*

R6 Transfer of liability to life insurance company or PST

Did the SMSF transfer an amount to a life insurance company or pooled superannuation trust (PST) under an agreement that meets the requirements of section 295-260 of the Income Tax Assessment Act 1997?

No	Leave **R6** blank. Go to **R**.
Yes	Read on.

Write at **R6** the total amount that would otherwise have been included in the complying SMSF's assessable income for the 2020–21 income year that the trustee of the SMSF (the transferor) has agreed to

transfer to a life insurance company or PST (the transferee) under an agreement with that transferee entity. The amount at **R6** should not be reduced by any loss or outgoing related to the income.

The SMSF will not pay tax (at the rate of 15%) on the amount transferred to the life insurance company or PST. The amount of the income transferred is included in the transferee's assessable income instead. However, if a contribution is a no-TFN-quoted contribution, the SMSF must still pay tax on the no-TFN-quoted contribution (at the rate of 32%); the SMSF cannot transfer the tax liability on the no-TFN quoted contribution income.

Keep all relevant documents as evidence of the transferee's consent to accept the transfer of assessable contributions and the associated tax liability.

Legislation

Section 295-260 of the *Income Tax Assessment Act 1997*

R Assessable contributions

Did you write amounts at R1, R2, R3 or R6?

No	Leave **R** blank. Go to **S**.
Yes	Read on.

Write at **R** the total assessable contributions received by the SMSF. That total should not be reduced by any loss or outgoing related to the income.

To work out the amount you write at **R**:

- add the amounts you wrote, at
  - **R1 Assessable employer contributions**
  - **R2 Assessable personal contributions**
  - **R3 No-TFN-quoted contributions**
- deduct from that amount
  - **R6 Transfer of liability to life insurance company or PST**.

Assessable contributions are not exempt from income tax under the exempt current pension income rules.

Continue to: S Other income

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S Other income

Did the SMSF receive any income not included at another question in Section B?

Last updated 6 August 2024

Did the SMSF receive any income that is not included at another question in section B?

No	Leave **S** blank. Go to **T**.
Yes	Read on.

Write at **S** any assessable income of the SMSF that does not fall into any other category in section B. The amount at **S** should not be reduced by any loss or outgoing related to the income.

Write in the **code** box the letter from **Table 5: Codes for other income** (below) that best describes the greatest amount you include at **S Other income**.

Table 5 lists six categories of assessable income. There is a description of each category below the table.

If you include an amount at **S** that is exempt current pension income, include it also at **Y Exempt current pension income**.

Table 5: Codes for other income

Code	Type of income

letter	
B	Assessable balancing adjustment amount
C	Listed investment company capital gain amount
F	Forex gains
R	Rebate or refund of premium paid to provide death or disability benefits
T	Taxation of financial arrangements (TOFA) amounts
W	Gross payments subject to foreign resident withholding (excluding capital gains)
O	Other types of income not listed above

Assessable balancing adjustment amount (B)

If the SMSF ceased to hold or to use a depreciating asset, you need to calculate a balancing adjustment amount which you include at either:

- **S Other income** (this question) if the balancing adjustment is assessable income or
- **L1 Other amounts** (deductions) or **L2 Other amounts** (non-deductible expenses), in section C.

For more information, see Guide to depreciating assets 2021.

Listed investment company (LIC) capital gain amount (C)

If the SMSF received:

- a distribution from a partnership, or
- a share of net income from a trust

and if that partnership or trust claimed a deduction for a LIC capital gain amount, you must include at **S**:

- one-third of its share of the deduction claimed by the partnership or trust, if the SMSF is a complying fund
- its entire share of the deduction claimed by the partnership or trust, if the SMSF is a non-complying fund.

Foreign exchange (forex) gain (F)

If the SMSF has any assessable foreign exchange gains that have not been shown at any other category of income, include the total of such gains at **S**.

For more information, see Foreign exchange gains and losses.

Rebate or refund of premium paid to provide death or disability benefits (R)

The SMSF, if it is a complying SMSF, has this type of income if it received a rebate on, or refund of, an insurance premium during 2020–21 where the original insurance premium:

- was to provide super benefits in the event of
  - death
  - a terminal medical condition
  - disability or temporary inability to engage in gainful employment, and
- had been claimed as a deduction (at **F1 Insurance premiums members** in Section C) in a previous SMSF annual return.

You must include the amount of such income at **S**.

Legislation

Item 4 of the table in section 295-320 and section 295-465 of the *Income Tax Assessment Act 1997*

Taxation of financial arrangements (TOFA) amounts (T)

If the TOFA rules apply to calculate an assessable gain or deductible loss on the SMSF's financial arrangements, include at **S** any assessable gains relating to financial arrangements. TOFA amounts that have been included elsewhere should not be included here.

Complete **Section I: Taxation of financial arrangements** if you include at **S** an amount determined under the TOFA rules.

For more information about whether the TOFA rules apply, see Section I: Taxation of financial arrangements.

Gross payments subject to foreign resident withholding (excluding capital gains) (W)

Gross payments subject to foreign resident withholding (excluding capital gains) refers to payments made to the SMSF where the payer withheld an amount from the payment because the SMSF is a foreign fund.

Only an SMSF that is a foreign fund should have a gross payment subject to foreign resident withholding in Australia.

The amount that you write at **S** must be the gross value. That means that the amount you write must include both the amount:

- paid to the SMSF, and
- that payers withheld from these payments.

These payers must provide you with a PAYG payment summary by 14 July following the end of the financial year. The PAYG payment summary has the information that you need to include at **S**.

If you write an amount at **S** for gross payments subject to foreign resident withholding in Australia, you must also complete and attach a Non-individual PAYG payment summary schedule. Keep the PAYG payment summary (or equivalent information) with your tax records.

The amount you write at **S** for gross payments subject to foreign resident withholding in Australia does not include:

- payments received by an Australian SMSF that was subject to foreign resident withholding in another country (include these at **D1 Gross foreign income**)

- payments subject to foreign resident withholding in Australia that were distributed to the SMSF from partnerships or included in a share of net income from trusts (include these at **I Gross distribution from partnerships** or **M Gross trust distributions** as appropriate)
- payments where the amount of foreign resident withholding in Australia was reduced to nil because the income was not taxable under a double tax agreement.

If you include a gross payment subject to foreign resident withholding in Australia at **S**, you can also claim a credit for tax withheld at **H2 Credit for tax withheld – foreign resident withholding** in section D.

For more information, see Division 18 of Schedule 1 of the *Taxation Administration Act 1953*.

Other types of income not listed above (O)

If the greatest amount that you include at **S Other income** is not one of the types of income listed above for codes **B**, **C**, **F**, **R**, **T** or **W**, then use code **O** for 'other'.

Continue to: T Assessable income due to changed tax status of fund

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T Assessable income due to changed tax status of fund

Did the SMSF change from a complying to non-complying fund, or from a foreign fund to an Australian super fund?

Last updated 6 August 2024

No	Leave **T** blank. Go to **U1**, **U2**, **U3** and **U**.
Yes	Read on.

Write at **T** the amount that is to be included in the SMSF's assessable income because it changed from:

- complying to non-complying at the beginning of 2020–21, or
- a foreign fund to an Australian super fund at the beginning of 2020–21.

The amount at **T** should not be reduced by any loss or outgoing related to the income.

You must:

- work out the amount of ordinary income and statutory income from previous years using the appropriate formula below and
- write the amount you worked out at **T**.

A change in the SMSF's compliance or residency status can change its tax rate (see the tax rates at T1 Tax on taxable income).

Assessable income arising from a change in the tax status of the SMSF is not exempt from income tax under the exempt current pension income rules.

The SMSF became a non-complying SMSF for 2020–21

If the SMSF was a complying SMSF at the end of 2019–20 and became a non-complying SMSF for 2020–21, include at **T** an amount calculated using **formula A**. Including this amount at **T** means that the SMSF loses the benefit of the tax concessions that it had when it was a complying SMSF.

Formula A

> asset value – non-concessional contributions = assessable amount to be included at **T**

Asset value is the total market value of the SMSF's assets at 30 June 2020 (that is, immediately before the start of the income year in which the SMSF became non-complying).

Non-concessional contributions are the total of:

- the part of the crystallised undeducted contributions that relate to the period after 30 June 1983, and

- the contributions segment for current members at the time that have not been, and cannot be, deducted.

Write at **T** the amount you calculated using **formula A**.

When you work out **T1 Tax on taxable income** in section D, the amount you worked out using **formula A** is taxed at 45%.

Legislation

Sections 295-320 and 295-325 of the *Income Tax Assessment Act 1997*

The SMSF changed from a foreign fund to an Australian super fund for 2020–21

If the SMSF was a foreign super fund for 2019–20 and became an Australian super fund for 2020–21, include at **T** an amount calculated using **formula B**.

Formula B

> asset value – member contributions = assessable amount to be included at **T**

Asset value is the total market value of the SMSF's assets at 30 June 2020 (that is, immediately before the start of the income year in which the SMSF became an Australian super fund).

Member contributions is the amount in the SMSF at that time representing contributions made by current members.

Write at **T** the amount you worked out using **formula B**.

When you calculate **T1 Tax on taxable income** in section D the amount you worked out using **formula B** is taxed at:

- 15% if the fund changed from a foreign fund to a complying Australian super fund
- 45% if the fund changed from a foreign fund to a non-complying Australian super fund.

Note that the SMSF is not entitled to a tax offset (at **C1 Foreign income tax offset** in section D) for foreign income tax paid before the

start of the income year on income reported at **T** as a result of the change in the tax status of the SMSF.

Legislation

Sections 295-320 and 295-330 of the *Income Tax Assessment Act 1997*

Example: Assessable income due to changed tax status of the fund

In 2020–21, SMSF T changed from being a complying SMSF to a non-complying SMSF.

On 30 June 2020 SMSF T had assets of $1,000,000, including $50,000 non-concessional contributions. The non-concessional contributions were personal contributions that the SMSF's members had made without notifying the SMSF that they intended to claim a deduction.

Using **Formula A**, SMSF T works out:

> $1,000,000 (asset value) − $50,000 (non-concessional contributions) = $950,000 (assessable amount)

SMSF T reports $950,000 at **T Assessable income due to changed tax status of the fund**.

Continue to: U1, U2, U3 and U Non-arm's length income

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U1, U2, U3 and U Non-arm's length income

Did the SMSF receive non-arm's length income?

Last updated 6 August 2024

Did the SMSF receive non-arm's length income?

No	Leave **U1**, **U2**, **U3** and **U** blank. Go to **W**.
Yes	Read on.

Was the SMSF a complying SMSF for 2020–21?

No	Leave **U1**, **U2**, **U3** and **U** blank. Write the non-complying SMSF's non-arm's length income where appropriate at **A** to **T** above. Then go to **W**.
Yes	Read on.

Write the SMSF's non-arm's length income at:

- U1 Net non-arm's length private company dividends
- U2 Net non-arm's length trust distributions
- U3 Net other non-arm's length income

Consider whether any income that the SMSF earned in 2020–21 was earned through a transaction that was not at arm's length.

For more information about identifying the SMSF's non-arm's length income, see Non-arm's length income.

Note: These instructions have been updated to reflect retrospective law changes for non-arm's length expenses for superannuation entities. The changes apply from 1 July 2018 and are contained in *Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Act 2024*.

Don't include at labels **U1, U2, U3, U** or any other label in **Section B** – non-arm's length income as a result of non-arm's length expenses that have a sufficient nexus to all ordinary or statutory income of the fund

(general expense) rather than a particular asset or assets of the fund. These general expenses result in non-arm's length income calculated using the 'Twice the difference approach' and will be taken into account when calculating the 'Tax on taxable income' at label **T1** in **Section D**.

Non-arm's length income is not exempt from income tax under the exempt current pension income rules.

Net non-arm's length income

Each amount of non-arm's length income is reduced by any deductions attributable, either in whole or in part, to that income.

Deductions against that income are those that relate exclusively to the non-arm's length income and as much of other deductions that appropriately relate to that income. The amounts deducted against the SMSF's non-arm's length income at labels **U1**, **U2** or **U3** should not be included in **Section C**, except, where non-arm's length general expenses that are actually incurred, these are included as a deduction at the appropriate label in **Section C** - Deductions and non-deductible expenses, to the extent that they are deductible.

Non-arm's length losses

If the net amount of non-arm's length income is a loss, do not show the loss at **U**. The loss may be offset against future non-arm's length income. Keep a record of the loss amount with the SMSF's tax records.

U1 Net non-arm's length private company dividends

Was the SMSF paid non-arm's length private company dividends?

No	Leave **U1** blank. Go to **U2**.
Yes	Read on.

Write at **U1** the total of:

- non-arm's length private company dividends which were paid to the complying SMSF in 2020–21, and
- franking credits attached to the non-arm's length private company dividends if the SMSF is entitled to a corresponding franking credits tax offset (see Entitlement to franking credits tax offset)

less

- deductible expenses related to earning the non-arm's length private company dividends.

If you are unsure whether some or all of the SMSF's income is non-arm's length, see Non-arm's length income.

Include non-share dividends that are non-arm's length income at **U1**.

Do not include private company dividends that are arm's length income (include these at **A** to **T** as appropriate). In addition to including a franking credit at **U1**, you must also include it at either:

- **E1 Complying fund's franking credits tax offset** in section D if the SMSF is a complying fund
- **C2 Rebates and tax offsets** in section D if the SMSF is a non-complying fund.

Non-arm's length private company dividends are not exempt from income tax under the exempt current pension income rules.

U2 Net non-arm's length trust distributions

Did the SMSF receive a share of net income from a trust that is non-arm's length?

No	Leave **U2** blank. Go to **U3**.
Yes	Read on.

Write at **U2** the total of:

- any non-arm's length income which the complying SMSF received in 2020–21 as a share of net income from a trust

less

- deductible expenses related to earning the amount at **U2**.

If you are unsure whether a share of net income from a trust is non-arm's length, see Non-arm's length income.

Include the following types of income at **U2** if the income is non-arm's length income and received as a share of net income from a trust:

- net capital gains
- dividends (or non-share dividends), along with any attached franking credits if the SMSF is entitled to a corresponding tax offset (see Entitlement to franking credits tax offset)

In addition to including a franking credit at **U2**, you must also include it at either:

- **E1 Complying fund's franking credits tax offset** in section D if the SMSF is a complying fund
- **C2 Rebates and tax offsets** in section D if the SMSF is a non-complying fund.

Do not include a share of net income from a trust that is arm's length income (include this at **M Gross trust distributions**).

A share of net income from a trust that is non-arm's length is not exempt from income tax under the exempt current pension income rules.

U3 Net other non-arm's length income

Does the SMSF have any other non-arm's length income?

No	Leave **U3** blank. Go to **U**.
Yes	Read on.

Write at **U3** any non-arm's length income which the complying SMSF has for 2020–21 and that was not included at **U1** or **U2**. If you are unsure whether the income is non-arm's length, see Non-arm's length income.

Do not include at label **U3**:

- non-arm's length income that is more appropriately included at **U1 Net non-arm's length private company dividends** or **U2 Net non-arm's length trust distributions**
- non-arm's length income as a result of a general expense calculated using the 'Twice the difference approach' (being the multiple of 2 of the difference between the amount that might have been expected to be incurred if the parties had been dealing at arm's length and the amount actually incurred) – this income will be taken into account when calculating the 'Tax on taxable income' at label **T1** in **Section D**
- income that is arm's length income (write it at **A** to **T** as appropriate).

Non-arm's length income is not exempt from income tax under the exempt current pension income rules.

U Net non-arm's length income

Add the amounts you wrote at **U1**, **U2** and **U3**.

Note: Due to retrospective law changes for non-arm's length general expenses, label **U** may not align with the descriptor on the return form being 'subject to 45% tax rate'.

Non-arm's length income is not exempt from income tax under the exempt current pension income rules.

Continue to: W Gross income

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W Gross income

Instructions on calculating gross income.

Last updated 6 August 2024

Add the amounts from **A** to **U**, including **D** and **R**.

Do not include the following because they make up **D**, **R** and **U**:

- **D1 Gross foreign income**
- **R1 Assessable employer contributions**
- **R2 Assessable personal contributions**
- **R3 No-TFN-quoted contributions**
- **R6 Transfer of liability to life insurance company or PST**
- **U1 Net non-arm's length private company dividends**
- **U2 Net non-arm's length trust distributions**
- **U3 Net other non-arm's length income**.

Write the total at **W**. If the SMSF has no gross income, write **0** at **W**. If the amount at **W** is a loss, print **L** in the **Loss** box at the right of the amount.

Continue to: Y Exempt current pension income

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Y Exempt current pension income

Did the SMSF pay retirement phase super income stream benefits to a member in 2020-21?

Last updated 6 August 2024

Did the SMSF pay retirement phase super income stream benefits to a member in 2020–21?

No	Leave **Y** blank. Go to **V**.
Yes	Read on.

If the SMSF paid retirement phase super income stream benefits to one or more members during 2020–21, some, or all, of its ordinary income and statutory income may be exempt from income tax under the exempt current pension income rules. This exempt income is called 'exempt current pension income' or ECPI.

Do not reduce the exempt income at **Y** by the amount of expenses incurred in deriving that exempt income.

Expenses incurred in gaining or producing exempt income are not generally deductible. Those expenses must be shown as non-deductible expenses in section C.

The amount that you write at **Y** must be the same as the amount at Section **A** item **10** label **A Exempt current pension income amount**.

To work out your SMSF's ECPI, see How expenses are treated when an SMSF has ECPI.

Legislation

Subdivision 295-F of the *Income Tax Assessment Act 1997*

If your SMSF has PAYG instalments

If you use the instalment rate method to calculate your SMSF's PAYG instalments, you must exclude the SMSF's exempt current pension income from the amount you write at **T1 PAYG instalment income** on the PAYG activity statement. See PAYG instalments.

V Total assessable income

Work out the SMSF's total assessable income or loss for 2020–21: take **Y Exempt current pension income** away from **W Gross income**.

Write the answer at **V**. If the SMSF has no total assessable income, write **0** at **V**. If the amount at **V** is a loss, print **L** in the **Loss** box at the right of the amount.

Continue to: Section C: Deductions and non-deductible expenses (item 12)

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Section C: Deductions and non-deductible expenses (item 12)

You must complete Section C for the SMSF. Report all the SMSF's expenses both deductible and non-deductible.

Last updated 6 August 2024

What to include at Section C

Section C deals with all expenses, both deductible and non-deductible. Provide details of all expenses the SMSF incurred in 2020–21 at the appropriate questions. Do not show cents for any amount you write in this section. In the column headed **Deductions**, at the appropriate items (**A1** to **M1**), list all expenses and allowances for which the SMSF can claim a deduction.

For more information, see SMSF deductibility of expenses.

In the column headed **Non-deductible expenses**, at the appropriate items (**A2** to **L2**), list all other expenses. The SMSF cannot claim a deduction for these expenses. They include:

- income tax paid (include it at **L2**)
- most expenses incurred in earning exempt current pension income
- losses or outgoings that the SMSF incurred in deriving an amount that is excluded from assessable income because family trust distribution tax (FTDT) has been paid.

Do not include super benefits paid at any question in section C.

Generally, SMSFs that derive exempt current pension income cannot claim a deduction for expenses to the extent they are incurred in deriving that exempt income. Such expenditure must be apportioned.

However, some expenditure is deductible and does not have to be apportioned even though the SMSF has exempt current pension income.

For more information, see:

- How expenses are treated when an SMSF has ECPI
- TR 2006/7 *Income tax: special income derived by a complying superannuation fund, a complying approved deposit fund or a pooled superannuation trust in relation to the year of income*.

Expenses that relate to non-arm's length income

Expenses incurred in deriving non-arm's length income:

- are not included anywhere in **Section C**; such expenses reduce the amount you write at the non-arm's length income labels **U1**, **U2** and **U3** in **Section B**, except, that where non-arm's length general expenses are actually incurred, they are included as a deduction at the appropriate label in **Section C** – Deductions and non-deductible expenses, to the extent that they are deductible.
- are included in **Section C** (labels **A2** to **L2** as appropriate) to the extent the expenses are non-deductible.

Expenses that relate to foreign income

Expenses incurred in deriving foreign income:

- are not included anywhere in section C to the extent the expenses are deductible; such expenses reduce the amount you write at **D Net foreign income** in section B.
- are included in section C (**A2** to **L2** as appropriate) to the extent the expenses are non-deductible.

Taxation of financial arrangements (TOFA)

If the TOFA rules apply to the SMSF, include expenses from financial arrangements subject to the TOFA rules at the appropriate question. Complete **Section I: Taxation of financial arrangements** if you include an amount determined under the TOFA rules.

For more information, see Section I: Taxation of financial arrangements.

Continue to: A1 and A2 Interest expenses within Australia

A1 and A2 Interest expenses within Australia

Did the SMSF incur interest expenses on money borrowed from an Australian source?

B1 and B2 Interest expenses overseas

Did the SMSF incur interest expenses on money borrowed from on overseas source?

D1 and D2 Capital works expenditure

Does the SMSF have deductible or non-deductible capital works expenditure?

E1 and E2 Decline in value of depreciating assets

Did the SMSF's depreciating assets decline in value?

F1 and F2 Insurance premiums – members

Did the SMSF have insurance to cover its members?

H1 and H2 SMSF auditor fee

Did the SMSF incur auditor's fees?

I1 and I2 Investment expenses

Did the SMSF incur expenses of a revenue nature in managing or

J1 and J2 Management and administration expenses

Did the SMSF incur management or administration expenses?

U1 and U2 Forestry managed investment scheme expense

Did the SMSF incur expenses for a forestry managed investment scheme (FMIS)?

L1 and L2 Other amounts

Did the SMSF incur other expenses?

M1 Tax losses deducted

Does the SMSF have a tax loss from an earlier year?

N, Y, O and Z Deduction and non-deductible expense totals

Information on total deductions.

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A1 and A2 Interest expenses within Australia

Did the SMSF incur interest expenses on money borrowed from an Australian source?

Last updated 6 August 2024

Did the SMSF incur interest expenses on money borrowed from an Australian source?

No	Leave **A1** and **A2** blank. Go to **B1** and **B2**.
Yes	Read on.

Write at **A1** and **A2**, as required, the amount of interest that the SMSF incurred in 2020–21 on money borrowed from an Australian source.

A1 Deductible interest expenses within Australia

Write at **A1** the amount of deductible interest expenses incurred on borrowings from sources within Australia.

For example, interest expenses incurred on borrowings are deductible to the extent the borrowed money is used to:

- acquire assets for the purpose of earning assessable income
- finance operations for the purpose of earning assessable income, or
- meet current expenses incurred for the purpose of earning assessable income.

Do not include at **A1** interest expenses (or any part of such expenses) that relate to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income)

If the SMSF paid retirement phase income stream benefits to a member, refer to Exempt current pension income before you claim a deduction for the SMSF's interest expenses incurred on borrowings from Australian sources.

A2 Non-deductible interest expenses within Australia

Write at **A2** the amount of interest expenses that the SMSF incurred on borrowings from Australian sources that is not deductible. This includes an amount of interest expense to the extent it is incurred for the purposes of earning exempt income.

Continue to: B1 and B2 Interest expenses overseas

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B1 and B2 Interest expenses overseas

Did the SMSF incur interest expenses on money borrowed from on overseas source?

Last updated 6 August 2024

Did the SMSF incur interest expenses on money borrowed from an overseas source?

No	Leave **B1** and **B2** blank. Go to **D1** and **D2**.
Yes	Read on.

Write at **B1** and **B2**, as required, the amount of interest that the SMSF incurred in 2020–21 on money borrowed from an overseas source.

B1 Deductible interest expenses overseas

Write at **B1** the amount of deductible interest expenses incurred on borrowings from overseas sources.

For example, interest expenses incurred on borrowings from overseas sources are deductible to the extent the borrowed money is used to:

- acquire assets for the purpose of earning assessable income
- finance operations for the purposes of earning assessable income, or
- meet current expenses incurred for the purposes of earning assessable income.

Do not include at **B1** interest expenses (or any part of such expenses) that relate to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income)

If the SMSF paid retirement phase income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for the SMSF's interest expenses overseas.

B2 Non-deductible interest expenses overseas

Write at **B2** the amount of interest expenses that the SMSF incurred on borrowings from overseas sources that is not deductible. This includes an amount of interest expense to the extent the expense is incurred for the purposes of earning exempt income.

PAYG withholding

SMSFs must remit to us the amount of tax (withholding tax) they have withheld, or should have withheld, from interest paid or payable to:

- non-residents, or
- residents, where the resident's interest is derived through an overseas branch.

If the SMSF is required to have withheld an amount from interest paid, or is required to withhold from interest payable, the SMSF must register for PAYG withholding and lodge a PAYG withholding from

interest, dividend and royalty payments paid to non-residents – annual report.

If the SMSF paid interest to non-residents, keep a record of the following:

- name and address of recipients
- amount of interest paid or credited
- amount of tax withheld
- the date that the tax withheld was remitted to us.

For more information, see Record-keeping requirements.

Continue to: D1 and D2 Capital works expenditure

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D1 and D2 Capital works expenditure

Does the SMSF have deductible or non-deductible capital works expenditure?

Last updated 6 August 2024

Capital works include the construction, extension, alteration and improvement of any capital asset (such as buildings, dams and roads) and structural improvements such as fences, retaining walls and sealed driveways.

Does the SMSF have deductible or non-deductible capital works expenditure?

No	Leave **D1** and **D2** blank. Go to **E1** and **E2**.
Yes	Read on.

Write at **D1** and **D2**, as required, the amount that the SMSF calculated in 2020–21 for capital works expenditure.

Do not include at **D1** or **D2** capital works expenditure that you can include at another question in section C.

D1 Deductible capital works expenditure

Write at **D1** the amount of deductible capital works expenditure. For more information about amounts that are deductible, see Appendix 1: Capital works expenditure.

Do not include at **D1** capital works expenditure (or any part of such expenditure) that relates to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income)

If the SMSF paid retirement phase income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for capital works expenditure.

D2 Non-deductible capital works expenditure

Write at **D2** the amount of capital works expenditure that is not deductible. For example, if the SMSF uses the capital works area for the purposes of earning exempt income, such as exempt current pension income.

Example 'SMSF with no ECPI': Capital works expenditure

SMSF D has no exempt current pension income, foreign income or non-arm's length income.

SMSF D spent $40,000 in 2020–21 to renovate its investment property. It is able to deduct 2.5% of this expenditure for 2020–21 (that is, 2.5% of 40,000 = $1,000).

SMSF D reports:

D1 Deductible capital works expenditure $1,000

D2 Non-deductible capital works expenditure (Blank)

Example 'SMSF with ECPI': Capital works expenditure

SMSF DD pays retirement phase income stream benefits to one of its three members and some of its income is exempt from income tax under the exempt current pension income rules.

SMSF DD spent $40,000 in 2020–21 to renovate its investment property. *SMSF DD* calculates 2.5% of this expenditure for 2020–21 (that is, 2.5% of 40,000 = $1,000).

Using the rules described at How expenses are treated when an SMSF has ECPI SMSF DD determines that $250 of the capital works expenditure relates to earning its exempt current pension income.

SMSF DD reports:

D1 Deductible capital works expenditure $750

D2 Non-deductible capital works expenditure $250

Continue to: E1 and E2 Decline in value of depreciating assets

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E1 and E2 Decline in value of depreciating assets

Did the SMSF's depreciating assets decline in value?

Last updated 6 August 2024

Depreciating assets are capital assets, such as cars, computers or machinery. Their cost is not generally an expense at the time of purchase, but their value may decline over their effective life. This decline in value may be a deduction or a non-deductible expense.

Did the SMSF's depreciating assets decline in value?

No	Leave **E1** and **E2** blank. Go to **F1** and **F2**.
Yes	Read on.

Write at **E1** and **E2**, as required, the amount by which the SMSF's depreciating asset declined in value during 2020–21.

If you are uncertain whether an asset is a depreciating asset or whether you can claim a deduction, see Guide to depreciating assets 2021.

E1 Deductible decline in value of depreciating assets

Write at **E1** the deductible amount for the decline in value of the SMSF's depreciating assets, for example, the decline in value of a depreciating asset that the SMSF uses for the purposes of earning assessable income.

Do not include at **E1** an amount for the decline in value of an asset to the extent the amount is taken into account in working out:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income).

If the SMSF pays retirement phase income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for the amount the SMSF's depreciating assets declined in value.

For more information, see Guide to depreciating assets 2021.

You can work out your capital allowance deductions by using the Depreciation and capital allowances tool (DCAT).

From 1 July 2017, you are generally not entitled to a deduction for decline in value of certain second-hand depreciating assets in your residential property:

- which you entered into a contract to acquire, or which you otherwise acquired, at or after 7.30pm on 9 May 2017, or
- which you used, or had installed ready for use, for any private purpose in 2016–17 or earlier, and for which you were not entitled to a deduction for a decline in value in 2016–17.

You may be entitled for these deductions if you are using your residential rental property in carrying on a business (including the business of property investing) or another exception applies.

Residential rental property is residential premises you use to provide residential accommodation for the purpose of producing assessable income.

For more information, see:

- Rental properties 2021
- Guide to depreciating assets 2021

E2 Non-deductible decline in value of depreciating assets

Write at **E2** the amount for the decline in value of the SMSF's depreciating assets that is not deductible. This includes an amount for the decline in value of a depreciating asset to the extent the asset is used for the purposes of earning exempt income, such as exempt current pension income.

Example 'SMSF with no ECPI': Decline in value of depreciating assets

SMSF E has no exempt current pension income, foreign income or non-arm's length income.

SMSF E owns a commercial property that it rents to a business. The property contains furnishings and fittings. SMSF E is able to claim a deduction of $4,000 for 2020–21 for the decline in value of the furnishings and fittings in the property.

SMSF E reports:

E1 Deductible decline in value of depreciating assets $4,000

E2 Non-deductible decline in value of depreciating assets (Blank)

Example 'SMSF with ECPI': Decline in value of depreciating assets

SMSF EE pays retirement phase income stream benefits to one of its three members and some of its income is exempt from income tax under the exempt current pension income rules.

SMSF EE owns a commercial property that it rents to a business. The property contains furnishings and fittings. The decline in value of the furnishings and fittings is $4,000 for 2020–21.

Using the rules described at How expenses are treated when an SMSF has ECPI SMSF EE determines that $1,000 of the depreciation relates to earning its exempt current pension income.

SMSF E reports:

E1 Deductible decline in value of depreciating assets $3,000

E2 Non-deductible decline in value of depreciating assets $1,000

Continue to: F1 and F2 Insurance premiums – members

F1 and F2 Insurance premiums – members

Did the SMSF have insurance to cover its members?

Last updated 6 August 2024

Did the SMSF have insurance to cover its members?

No	Leave **F1** and **F2** blank. Go to **H1**.
Yes	Read on.

Write at **F1** and **F2**, as required, the amount of insurance premiums incurred by the SMSF for 2020–21 for insurance policies that provide cover to enable benefits to be paid for members.

F1 Deductible insurance premiums – members

Write at **F1** the amount that is deductible for insurance premiums to provide benefits upon the death, existence of a terminal medical condition or temporary or permanent disability of a member:

If in 2020–21 the SMSF purchased or provided any of the following types of insurance, read on to find out what amount the SMSF is able to deduct:

- 'whole of life' insurance policies
- 'endowment' insurance policies
- 'total and permanent disability' cover
- temporary disability
- self-insurance

A complying SMSF may instead choose to deduct an amount calculated using the formula in section 295-470 of the ITAA 1997

rather than claiming a deduction for insurance premiums paid, or an amount under the self-insurance provisions.

If the SMSF has exempt current pension income this does not affect the amount the SMSF is entitled to deduct for insurance premiums. For more information, see Methods for calculating ECPI.

Since 1 July 2014, an SMSF trustee can no longer enter into insurance policies to provide benefits that are not consistent with the conditions of release in the *Superannuation Industry (Supervision) Regulations 1994* (SISR) for death, terminal medical condition, permanent incapacity and temporary incapacity.

However, this does not apply to the continued provision of insured benefits to members who joined the SMSF, and were covered by that insured benefit, before 1 July 2014 or to the provision of benefits under an approval that has been granted. (For more information see regulation 4.07D of the SISR).

F2 Non-deductible insurance premiums – members

Write at **F2**, the amount that is not deductible for insurance premiums.

Non-deductible insurance premiums include:

- any insurance premiums paid by a non-complying SMSF
- payments for insurance that covers events other than death, the existence of a terminal medical condition, or temporary or permanent disability (for example, funeral insurance).

For more information, see Subdivision 295-G of the *Income Tax Assessment Act 1997*.

Example: Insurance premiums for an SMSF, with or without ECPI (see note 1)

SMSF F is a complying SMSF that provides insurance for its members.

In 2020–21 SMSF F paid $10,000 for insurance premiums as follows:

- $3,000 for death cover
- $2,500 for terminal medical condition cover
- $2,500 for temporary or permanent disability cover
- $2,000 for cover of specified traumas (such as strokes) (see note 2).

SMSF F reports:

F1 Deductible insurance premiums $8,000

F2 Non-deductible insurance premiums $2,000

Notes:

1: The amount of insurance premiums that the SMSF can deduct is not affected by any exempt current pension income.

2: This insurance policy started before 1 July 2014. The insurance only covers members who joined the SMSF before 1 July 2014. SMSF trustees are prohibited from obtaining a policy covering trauma insurance that started after 30 June 2014.

Whole of life policies

A complying SMSF can deduct 30% of the premium for a whole of life policy if all the individuals whose lives are insured are members of the SMSF. For more information see section 295-480 of the ITAA 1997 and Australian Taxation Office Interpretative Decision ATO ID 2009/100.

If the whole of life policy is bundled with other types of insurance, the SMSF can deduct 30% of the part of the insurance premium that is specified in the policy as being for a distinct part of the policy that would have been a whole of life policy if it had been a separate policy and all of the individuals whose lives are insured are members of the SMSF.

Endowment policies

A complying SMSF can deduct 10% of a premium for an endowment policy if all the individuals whose lives are insured are members of the SMSF. For more information on what an 'endowment policy' is for these purposes, see section 295-480 of the ITAA 1997.

If the endowment policy is bundled with other types of insurance, the SMSF can deduct 10% of the part of the insurance premium that is specified in the policy as being for a distinct part of the policy that would have been an endowment policy if it had been a separate policy and all of the individuals whose lives are insured are members of the SMSF.

Total and permanent disability (TPD) cover

TPD any occupation

'TPD any occupation' means insurance against the member suffering an illness or injury that is likely to result in the member's permanent inability to work in any job for which the member is reasonably qualified by education, training or experience.

A complying SMSF can deduct 100% of insurance premiums for 'TPD any occupation' cover for its members as shown in **table 6**.

TPD own occupation

'TPD own occupation' means insurance against the member suffering an illness or injury that is likely to result in the member's permanent inability to work in the member's own occupation (other than in a substantially reduced capacity).

A complying SMSF can deduct a portion of insurance premiums for 'TPD own occupation' cover for its members, as shown in **table 6**.

Actuary certificate

An actuarial certificate is not required to be obtained in order to deduct:

- the premium, or a proportion of the premium, as shown in **table 6**, or
- a percentage of a part of a bundled insurance premium that is specified as being for a policy that would have been deductible if it had been a separate policy.

An actuarial certificate is required to be obtained in order to deduct:

- a proportion other than that specified in **table 6**, or

- an amount for a bundled insurance premium where no amount has been specified for insurance to provide superannuation benefits upon the death, existence of a terminal medical condition or disability of a member.

If an actuarial certificate is required it must be obtained before the date of lodgment of the annual return.

Table 6: Proportions of insurance premiums for TPD cover that are deductible (see note 1)

The SMSF can deduct:	%
TPD any occupation cover	100%
TPD any occupation cover with one or more of the following inclusions: • activities of daily living • cognitive loss • loss of limb • domestic (home) duties	100%
TPD own occupation cover	67%
TPD own occupation cover with one or more of the following inclusions: • activities of daily living • cognitive loss • loss of limb • domestic (home) duties	67%
TPD own occupation cover bundled with death (life) cover	80%
TPD own occupation cover bundled with death (life) cover with one or more of the following inclusions:	80%

• activities of daily living • cognitive loss • loss of limb • domestic (home) duties	

Note 1: This table shows the proportions of insurance premiums for TPD cover that are deductible under item 6 of the table in subsection 295-465(1) of the ITAA 1997 as specified in regulation 295-465.01 of the *Income Tax Assessment Regulations 1997*.

For information about deductions for premiums for total and permanent disability cover, see Taxation Ruling TR 2012/6.

Temporary disability

A complying SMSF may also deduct premiums on insurance policies to replace members' income during periods of their temporary disability.

Self-insurance

Since 1 July 2013, an SMSF cannot enter into any new arrangements to provide self-insurance for a member. Even where the SMSF was providing self-insurance for a member on or before 1 July 2013, the arrangement must have ended before 1 July 2016. For more information see Regulation 4.07E of *Superannuation Industry (Supervision) Regulations 1994*.

Continue to: H1 and H2 SMSF auditor fee

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H1 and H2 SMSF auditor fee

Did the SMSF incur auditor's fees?

Last updated 6 August 2024

Did the SMSF incur auditor's fees?

No	Write **0** (zero) at **H1**. Go to **I1** and **I2**.
Yes	Read on.

Write at **H1** and **H2**, as required, the amount of auditor fees that the SMSF incurred in 2020–21.

H1 Deductible SMSF auditor fee

Write at **H1** the deductible amount for SMSF auditor fees.

Do not include at **H1** any part of the SMSF's auditor fees that relate to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income)

If the SMSF pays retirement phase superannuation income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for the SMSF's auditor fees.

H2 Non-deductible SMSF auditor fees

Write at **H2** the amount for auditor fees that is not deductible. This includes auditor fees to the extent the fees are incurred for the purposes of earning exempt income, such as exempt current pension income.

Example 'SMSF with no ECPI': SMSF auditor fee

SMSF H has no exempt current pension income, foreign income or non-arm's length income.

In 2019–20, SMSF H paid an auditor $1,000 to audit its 2018–19 accounts.

SMSF H reports:

H1 Deductible SMSF auditor fee $1,000

H2 Non-deductible SMSF auditor fee (Blank)

Example SMSF with ECPI: SMSF auditor fee

SMSF HH pays retirement phase superannuation income stream benefits to one of its three members and some of its income is exempt from income tax under the exempt current pension income rules.

In 2019–20, SMSF HH paid an auditor $1,000 to audit its 2018–19 accounts.

Using the rules described at How expenses are treated when an SMSF has ECPI SMSF HH determines that $250 of the audit fee relates to earning its exempt current pension income.

SMSF HH reports:

H1 Deductible SMSF auditor fee $750

H2 Non-deductible SMSF auditor fee $250

Continue to: I1 and I2 Investment expenses

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I1 and I2 Investment expenses

Did the SMSF incur expenses of a revenue nature in managing or maintaining its investments?

Last updated 6 August 2024

Did the SMSF incur expenses of a revenue nature in managing or maintaining its investments?

No	Leave **I1** and **I2** blank. Go to **J1** and **J2**.
Yes	Read on.

Write at **I1** and **I2**, as required, the amount of expenses (of a revenue nature) that the SMSF incurred in managing or maintaining its investments.

I1 Deductible investment expenses

Write at **I1** the deductible amount of investment expenses.

The exact nature of the investment related expenses is critical in determining deductibility. Examples of deductible investment related expenses include:

- interest expenses
- ongoing management fees or retainers paid to investment advisers
- costs of servicing and managing an investment portfolio such as bank fees, rental property expenses, brokerage fees
- the cost of advice to change the mix of investments, whether by the original or a new investment adviser, provided it does not amount to a new financial plan.
- if the advice covers other matters, or relates in part to investments that do not produce assessable income, only a proportion of the fee is deductible.

For more information, see Investment related expenses.

Do not include at **I1** investment expenses (or any part of such expenses) that relate to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income)

There are special rules for the deductibility of expenses relating to investments in pooled superannuation trusts and life insurance policies (see Investments in pooled superannuation trusts (PSTs) and life insurance policies).

If the SMSF pays retirement phase superannuation income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for the SMSF's investment expenses.

I2 Non-deductible investment expenses

Write at **I2** the amount of investment expenses that are not deductible. This includes an amount of investment expense to the extent the expense is incurred for the purposes of earning exempt income, such as exempt current pension income.

Example 'SMSF with no ECPI': Investment expenses

SMSF I has no exempt current pension income, foreign income or non-arm's length income.

In 2020–21, SMSF I paid a total of $400 for annual investment manager fees.

SMSF I reports:

I1 Deductible investment expenses $400

I2 Non-deductible investment expenses (Blank)

Example 'SMSF with ECPI': Investment expenses

SMSF II pays retirement phase superannuation income stream benefits to one of its three members and some of its income is exempt from income tax under the exempt current pension income rules.

In 2020–21, SMSFII paid a total of $400 for annual investment manager fees.

Using the rules described at How expenses are treated when an SMSF has ECPI SMSF II determines that $100 of the fees relates to earning its exempt current pension income.

SMSF II reports:

I1 Deductible investment expenses $300

I2 Non-deductible investment expenses $100

Investments in pooled superannuation trusts (PSTs) and life insurance policies

Complying SMSFs can claim deductions for expenses they incurred to acquire, hold or dispose of:

- units in a PST
- life insurance policies issued by life insurance companies
- interests in trusts whose assets consist wholly of such life insurance policies.

The SMSF can claim the expenditure as a deduction if the expenditure would qualify for deduction under the provisions of the ITAA 1936 or the ITAA 1997 if any profits, gains or bonuses received from the investments listed above that are not assessable income were instead included in assessable income.

Do not include amounts at **I1** or **I2** if you can more appropriately include them at **F1** or **F2**.

The SMSF cannot deduct amounts for investment charges that the PST or life insurance company deducts from the gross contributions transferred to it from the SMSF. These charges are not deductible because they are capital expenditure (since they reduce the amount of the investment).

Legislation

Section 295-100 of the *Income Tax Assessment Act 1997*

Continue to: J1 and J2 Management and administration expenses

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J1 and J2 Management and administration expenses

Did the SMSF incur management or administration expenses?

Last updated 6 August 2024

Did the SMSF incur management or administration expenses?

No	Leave **J1** and **J2** blank. Go to **U1** and **U2**.
Yes	Read on.

Write at **J1** and **J2**, as required, the amount of management and administration expenses (of a revenue nature) that the SMSF incurred in 2020–21.

Do not include at **J1** or **J2**:

- investment management expenses (include these at **I1** or **I2 Investment expenses**)
- SMSF auditor fees (include these at **H1** or **H2 SMSF auditor fees**).

J1 Deductible management and administration expenses

Write at **J1** the amount of deductible management and administration expenses.

The SMSF can claim a deduction for management and administration expenses incurred:

- for the purposes of earning assessable income
  - such as the cost of collecting contributions (Australian SMSFs can claim a deduction whether or not the contribution is assessable, foreign SMSFs cannot claim a deduction)
- that were tax-related (as described in section 25-5 of the ITAA 1997), such as
  - tax agent fees
  - SMSF supervisory levy
  - general interest charge
  - shortfall interest charge

Do not include at **J1** management and administration expenses (or any part of such expenses) that relate to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income)

If the SMSF pays retirement phase superannuation income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for the SMSF's management and administration expenses.

J2 Non-deductible management and administration expenses

Write at **J2** the amount of management and administration expenses that are not deductible.

Non-deductible management and administration expenses include:

- fees for setting up the SMSF
- legal fees incurred to amend a trust deed to include a new member
- late lodgment penalties
- most expenses incurred in earning income that is exempt, such as exempt current pension income.

Example: Management and administration expenses

SMSF J has no exempt current pension income, foreign income or non-arm's length income.

In 2020–21, SMSF J paid the following management and administration expenses:

- $600 for tax agent fees
- $259 for the SMSF supervisory levy
- $1,000 to an SMSF administrator
- $800 to change its trust deed.

SMSF J determines that:

- the tax agent's fees, SMSF supervisory levy and SMSF administrator fees ($1,859) are deductible
- the legal fees for the change to the trust deed ($800) are not deductible.

SMSF J reports:

H1 Deductible management and administration expenses
$1,859

H2 Non-deductible management and administration expenses
$800

Continue to: U1 and U2 Forestry managed investment scheme

QC 64911

U1 and U2 Forestry managed investment scheme expense

Did the SMSF incur expenses for a forestry managed investment scheme (FMIS)?

Last updated 6 August 2024

Did the SMSF incur expenses for a forestry managed investment scheme (FMIS)?

No	Leave **U1** and **U2** blank. Go to **L1** and **L2**.
Yes	Read on.

Write at **U1** and **U2**, as required, the amount of forestry managed investment scheme expenses that the SMSF incurred in 2020–21.

U1 Deductible forestry managed investment scheme expenses

Write at **U1** the total amount of deductible payments made under an FMIS.

Do not include at **U1** payments (or any part of such payments) that relate to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income).

You can read more about calculating deductible FMIS payments at Appendix 2: Forestry managed investment schemes.

If the SMSF pays retirement phase superannuation income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for the SMSF's FMIS expenses.

U2 Non-deductible forestry managed investment scheme expenses

Write at **U2** the total amount of payments made under an FMIS that are not deductible The SMSF cannot claim a deduction for certain excluded payments. For more information see Appendix 2: Forestry managed investment schemes

The SMSF cannot claim a deduction for payments if the income from the FMIS is exempt income, such as exempt current pension income.

For information on the SMSF's eligibility to claim deductions, if the SMSF incurred expenses to do with a collapsed agribusiness managed investment scheme, then see Collapse and restructure of agribusiness managed investment schemes – participant information.

Example 'SMSF with no ECPI': FMIS expenses

SMSF U has no exempt current pension income, foreign income or non-arm's length income.

SMSF U is entitled to a deduction of $800 for payments made to an FMIS in 2020–21.

SMSF U reports:

I1 Deductible forestry managed investment scheme expenses $800

I2 Non-deductible forestry managed investment scheme expenses (Blank)

Example 'SMSF with ECPI': FMIS expenses

SMSF UU pays retirement phase superannuation income stream benefits to one of its three members and some of its income is exempt from income tax under the exempt current pension income rules.

SMSF UU made payments of $800 to an FMIS in 2020–21.

Using the rules described at How expenses are treated when an SMSF has ECPI SMSF UU determines that $200 of the payments relate to earning its ECPI.

SMSF UU reports:

I1 Deductible forestry managed investment scheme expenses $600

I2 Non-deductible forestry managed investment scheme expenses $200

Continue to: L1 and L2 Other amounts

QC 64911

L1 and L2 Other amounts

Did the SMSF incur other expenses?

Last updated 6 August 2024

Did the SMSF incur other expenses?

No	Leave **L1** and **L2** blank. Go to **M1**.
Yes	Read on.

Write at **L1** and **L2**, as required:

- the amount of expenses incurred by the SMSF in 2020–21 that do not fall into any other category in section C. You will need to refer to:
  - Table 7: 'Other amounts' categories and codes which specifically identifies, and provides codes for, nine categories of other amounts, and
  - the description of each category below **Table 7**.
- any amount of non-arm's length general expense actually incurred (that gave rise to the 'Twice the difference approach') that does not

fall in any other category in **Section C** to the extent that is deductible.

Do not include at **L1** or **L2**:

- expenses that are more appropriately included elsewhere in section C
- super benefits paid (do not include these anywhere in section C).

L1 Deductible other amounts

Write at **L1** the total of any other deductible expenses that are not included at any other question.

Do not include at **L1** expenses (or any part of expenses) that relate to earning:

- foreign income (see Expenses that relate to foreign income)
- non-arm's length income (see Expenses that relate to non-arm's length income) – except any amount of non-arm's length general expense actually incurred that gave rise to the 'Twice the difference approach', that does not fall in any other category in **Section C** and to the extent that is deductible.

If the SMSF pays retirement phase superannuation income stream benefits to a member, refer to How expenses are treated when an SMSF has ECPI before you claim a deduction for the expenses that you include at **L1**.

L2 Non-deductible other amounts

Write at **L2** the total of any other expenses that the SMSF incurred that are not deductible and that are not included at any other question. For example, include income tax paid by the SMSF at **L2** as it is not deductible at all.

Also include an amount for any other expenses (that are not included at any other question) to the extent those expenses are incurred for the purposes of earning exempt income, such as exempt current pension income.

Code boxes

You must print a code letter in the code box to the right of:

- **L1** if you write an amount at **L1**
- **L2** if you write an amount at **L2**.

Print the code letter from **table 7** that best describes the largest amount you include at each of **L1** and **L2**.

Table 7: 'Other amounts' categories and codes

Code letter	Amounts in respect of
A	Balancing adjustment amounts
B	Contribution that is a fringe benefit
C	Exclusion of personal contributions
E	Environmental protection activities (EPA) expenditure
F	Forex losses
I	Deduction relating to listed investment company (LIC) capital gain amount
N	Deduction relating to foreign non-assessable non-exempt income
R	Return of contributions by a non-complying SMSF
T	Taxation of financial arrangements (TOFA) amounts
O	Other amounts not listed above

Balancing adjustment amounts (A)

If the SMSF ceases to hold or to use a depreciating asset, you need to work out a balancing adjustment amount. Include balancing adjustment losses at **L1** or **L2**.

For more information, see Guide to depreciating assets 2021.

Contribution that is a fringe benefit (B)

A 'contribution that is a fringe benefit' is a contribution that is:

- included in the SMSF's assessable income as an assessable contribution that is a fringe benefit, and
- taxed as a fringe benefit in the hands of the contributor.

The SMSF can deduct a contribution that is a fringe benefit in the income year in which the contribution is included in assessable income. The deduction is included at **L1**.

A contribution made for an employee to a complying SMSF is not a fringe benefit.

Legislation

Section 295-490 of the ITAA 1997

Exclusion of personal contributions (C)

'Exclusion of personal contributions' refers to situations where an SMSF:

- received (from a member) during 2020–21 a valid variation of the *Notice of intent to claim a deduction for personal super contributions* that reduced the amount of personal contributions that were assessable income of the SMSF in a previous income year, and
- did not choose to amend the SMSF annual return for that earlier income year in which it included the contributions as assessable income.

In this situation the SMSF may claim a deduction by including an amount at **L1** for 'exclusion of personal contributions'. The SMSF's assessable income for 2020–21 is reduced by the amount its assessable income in a previous income year is overstated, following a valid variation notice being received from the member.

Do not include an amount at **L1** for 'exclusion of personal contributions' if a member varies a *Notice of intent to claim a deduction for personal super contributions* for personal super contributions made by the member in 2020–21 (include the reduced amount at R2 Assessable personal contributions).

For more information, see Notice of intent to claim or vary a deduction for personal super contributions.

Environmental protection activities (EPA) expenditure (E)

A deduction is allowed for certain capital expenditure incurred for the sole or dominant purpose of:

- preventing, fighting or remedying pollution of the environment resulting from an earning activity, or the site of an earning activity, or
- treating, cleaning up, removing or storing waste resulting from an earning activity, or the site of an earning activity.

Include at **L1** a deduction for EPA expenditure.

Expenditure that forms part of the cost of a depreciating asset is not deductible as expenditure on EPA if a deduction is available for the decline in value of the asset.

You can write off expenditure incurred on or after 19 August 1992 on certain earthworks constructed as a result of carrying out EPA at the rate of 2.5% per annum under the provisions for capital works expenditure.

For more information, see:

- Guide to depreciating assets 2021
- Section 40-755 of the ITAA 1997.

Forex losses (F)

If the SMSF has any deductible or non-deductible foreign exchange losses of a revenue nature that have not been shown at any other question in section C, include the amount of the losses at **L1** or **L2**.

See Foreign exchange gains and losses to work out the SMSF's forex losses, if any.

Deduction relating to listed investment company (LIC) capital gain amount (I)

A listed investment company (LIC) can pay a dividend to an SMSF that includes a LIC capital gain amount (shown in the LIC's dividend statement). A complying SMSF can claim a deduction of one-third of that LIC capital gain amount. An Australian resident non-complying SMSF that is a trust can claim a deduction of one-half of that LIC capital gain amount.

Include at **L1** allowable deductions for a LIC capital gain amount.

For more information, see Subdivision 115-D of the *Income Tax Assessment Act 1997*.

Deduction relating to foreign non-assessable non-exempt income (N)

Certain expenses relating to foreign non-assessable non-exempt income (that is, tax-free income) are allowable deductions against the SMSF's assessable income if the expenses incurred are a cost in relation to certain debt interests.

Include at **L1** a deduction for such expenses.

For SMSFs, the relevant non-assessable non-exempt income is foreign income covered by sections 23AI or 23AK of the ITAA 1936.

For more information, see:

- Section 25-90 of the ITAA 1997
- Sections 23AI or 23AK of the ITAA 1936 if the amount is attributed income.

Return of contributions by non-complying SMSF (R)

An SMSF that has been non-complying since 1 July 1988, or since it was established if this is later, can deduct at **L1** an amount which it

pays to an entity (the receiving entity), so far as:

- the amount reasonably represents the direct or indirect return of
  - a contribution for which the receiving entity or another entity has deducted or can deduct an amount, or
  - earnings on such a contribution, and
- the receiving entity includes the amount in its assessable income under section 290-100 of the ITAA 1997.

The amount can be deducted by the SMSF in the income year in which it is included in the receiving entity's assessable income.

For more information, see Section 295-490 of the ITAA 1997.

Taxation of financial arrangements (TOFA) amounts (T)

If the TOFA rules apply to calculate an assessable gain or deductible loss on the SMSF's financial arrangements, include at **L1** any deductible losses relating to financial arrangements. Show at **L2** any TOFA losses for which a deduction could not be claimed. TOFA amounts that have been included elsewhere should not be included here.

Complete **Section I: Taxation of financial arrangements** if what you write at **L1** or **L2** includes an amount determined under the TOFA rules.

Other amounts not listed above (O)

If the amount that you include at **L1** or **L2** is not one of the types of deduction listed above for codes **A**, **B**, **C**, **E**, **F**, **I**, **N**, **R** or **T**, then use code **O** for 'other'.

Continue to: M1 Tax losses deducted

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M1 Tax losses deducted

Does the SMSF have a tax loss from an earlier year?

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Does the SMSF have a tax loss from an earlier income year?

No	Leave **M1** blank. Go to **N**.
Yes	Read on.

Write at **M1** the tax losses from an earlier income year that the SMSF is claiming. The SMSF can claim tax losses only to the extent that its total assessable income exceeds total deductions (other than tax losses).

The trust loss legislation in Schedule 2F to the ITAA 1936 affects the deductibility of prior year losses by all trusts that are not excepted trusts as defined in section 272-100 of Schedule 2F to the ITAA 1936, such as non-complying super funds.

You may need to complete and attach a *Losses schedule 2021* to the SMSF's annual return. For more information, see Losses schedule instructions 2021.

Tax losses are not the same as 'capital losses' which may result from a capital gains tax event. Do not include net capital losses at **M1**. Capital losses from prior years can be applied against the current year's capital gains at **A Net capital gain** in section B or carried forward to later income years. See **V Net capital losses carried forward to later income years** in section E.

Do include foreign tax losses from prior years at **M1**.

Do not include at **M1** tax losses that relate to non-arm's length income. Tax losses that relate to non-arm's length income can only be applied against non-arm's length income. If the SMSF has carried forward a loss from a non-arm's length transaction in a prior year, use the loss to reduce the amount that you write at the non-arm's length income questions (**U1**, **U2** and **U3**) in section B.

Tax losses and tax exempt income

If the SMSF had Net exempt income in 2020–21, you must first deduct the SMSF's tax losses from earlier income years from the SMSF's net exempt income (section 36-15 of the ITAA 1997).

If tax losses from earlier years remain after the net exempt income has been reduced to zero, write the remaining tax losses at **M1** to be deducted from the SMSF's assessable income (but only to the extent such losses are necessary to reduce the SMSF's taxable income to zero).

For more information, see Exempt current pension income.

Example 'SMSF with no ECPI': Tax losses deducted

SMSF M has no exempt current pension income, foreign income or non-arm's length income.

In 2019–20, SMSF M made a tax loss of $30,000 which it reported at **U Tax losses carried forward to later income years** in section E of its 2019–20 annual return.

In its 2020–21 annual return, SMSF M reports $30,000 at **M1 Tax losses deducted**.

Example 'SMSF with ECPI': Tax losses deducted

SMSF MM pays retirement phase superannuation income stream benefits to one of its three members and some of its income is exempt from income tax under the exempt current pension income rules.

In 2019–20, SMSF MM made a tax loss of $30,000 which it reported at **U Tax losses carried forward to later income years** in section E of its 2019–20 annual return.

Using the rules described at How expenses are treated when an SMSF has ECPI, SMSF MM determines that for 2020–21, $20,000 of its income is exempt current pension income and $2,000 of its

expenses relate to earning that exempt current pension income. Therefore its net exempt income is $18,000 ($20,000 − $2,000).

In its 2020–21 annual return, SMSF MM writes $12,000 ($30,000 – $18,000) at **M1 Tax losses deducted**.

Continue to: N, Y, O and Z Deduction and non-deductible expense totals

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N, Y, O and Z Deduction and non-deductible expense totals

Information on total deductions.

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N Total deductions

Add all the deductions from **A1** to **M1**.

Write the total at **N**.

Y Total non-deductible expenses

Add all the non-deductible expenses from **A2** to **L2**.

Write the total at **Y**.

O Taxable income or loss

Take **N Total deductions** away from **V Total assessable income** in section B. If **V** is a loss, add **N** and **V**.

Write the result at **O**. If the result is:

- zero, you must write **0**
- a loss

- print **L** in the box at the right of the total
- include that total at **U Tax losses carried forward to later income years** in section E.

O is mandatory. If you leave **O** blank, you will have specified a zero amount.

Z Total SMSF expenses

Add **N Total deductions** and **Y Total non-deductible expenses**.

Write the total at **Z**.

Continue to: Section D: Income tax calculation statement (item 13)

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Section D: Income tax calculation statement (item 13)

You must complete Section D. Calculate the amount of tax and other charges payable, or refundable to, the SMSF.

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Mandatory labels

You must complete section D. You must answer questions **A**, **T1**, **J**, **T5** and **I**.

This section works out the amount of tax and other charges payable by, or refundable to, the SMSF. We also use the information which you provide in this section to work out the SMSF's 2021–22 PAYG instalments (if applicable to the SMSF).

Work through each question from **A Taxable income** to **S Amount due or refundable** and:

- write the relevant amount if the question applies to your SMSF, or
- write **0** if the question

  - does not apply to your SMSF, and
  - is one of the mandatory questions (**A**, **T1**, **J**, **T5** and **I**) or
- leave the answer box blank for any other question that does not apply to your SMSF.

Answer the questions in their sequence.

- Some questions rely on information you have already entered in previous questions.
- On page 6 and 7 you will need to go through the questions in the left-hand column (**C1–2**, **D1–4**, **E1–4**, **H1–8**) before you can complete three questions in the right-hand column (**C**, **D**, **E**, **H**).

Entitlement to franking credits tax offset

Under the imputation system, tax paid by a company is able to be passed on to its members (shareholders) as a credit (referred to as a franking credit). The member may be able to claim a tax offset for that franking credit (referred to as a franking credits tax offset).

If the SMSF receives dividends with franking credits attached, and none of the exceptions in the following paragraph apply, the SMSF can claim a franking credits tax offset equal to the amount of the franking credit or the SMSF's share of the franking credit.

The SMSF is not entitled to a franking credits tax offset if:

- the SMSF was not an Australian resident
- the SMSF did not satisfy the holding period rule and the related payments rule for the dividend
- the dividend washing integrity rule applies
- there is some other manipulation of the imputation system
- the franking credits are attached to tax exempt dividends (unless they are exempt from income tax under the exempt current pension income rules)
- the franking credits are attached to dividends that are non-assessable non-exempt income.

If the SMSF is entitled to a franking credits tax offset, include the amount of the franking credit (along with the dividend income) at the

appropriate question in section B and include the franking credit amount at either:

- **E1 Complying fund's franking credits tax offset** if the SMSF is complying, or
- **C2 Rebates and tax offsets** if the SMSF is non-complying.

A complying SMSF is entitled to a refund if it is unable to fully utilise the tax offset in reducing its income tax whereas a non-complying SMSF is not entitled a refund of the unused portion of a tax offset amount.

Continue to: A, T1, J and B Calculation of gross tax

A, T1, J and B Calculation of gross tax

Information on the calculation of gross tax.

C1, C2, C Non-refundable non-carry forward tax offsets

Information on non-refundable non-carry forward tax offsets.

T2 Subtotal 1

Information on calculating T2 Subtotal 1.

D1, D2, D3, D4, D Non-refundable carry forward tax offsets

Information on non-refundable carry forward tax offsets.

T3 Subtotal 2

Information of calculating T3 Subtotal 2.

E1, E2, E3 and E4 - E Refundable tax offsets questions

Information on refundable tax offset questions.

T5 Tax payable

Information on calculating T5 Tax payable.

G Section 102AAM interest charge

Is the SMSF required to pay a Section 102AAM interest change?

H1, H2, H3, H5, H6, H8 and H Eligible credit questions

Information on eligible credit questions.

I Tax offset refunds

Information on calculating tax offset refunds.

K PAYG instalments raised

Did the SMSF pay, or was it required to pay, PAGY instalments for 2020-21.

L, M and N Supervisory levy questions

Information on the supervisory levy questions.

S Amount due or refundable

Information on calculating the amount due or refundable.

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A, T1, J and B Calculation of gross tax

Information on the calculation of gross tax.

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A Taxable income

You wrote the SMSF's taxable income, or its loss, at **O Taxable income or loss** in section C.

Is the amount at O Taxable income or loss a loss?

No	Transfer the amount from **O Taxable income or loss** in section **C**.
Yes	Write **0** at **A**. Go to **T1**.

A is mandatory. If you leave **A** blank, you will have specified a zero amount.

T1 Tax on taxable income

Is the amount at A zero?

Yes	Write **0** (zero) at **T1**. Go to **J**.
No	Read on.

Is the SMSF a complying SMSF for the income year?

No	All assessable income for a non-complying SMSF is taxed at 45%, whether arm's length income, non-arm's length income or arising from a change in the SMSF's tax status.

Multiply A by 45%.

Write the result at **T1**.

Yes Different tax rates apply to arm's length and non-arm's length income.

- Add 45% of the lesser of (the 'Lesser of' calculation):
  - **U Net non-arm's length income** (in **Section B**) plus the total non-arm's length income that arises due to general expenses (if any)
  - **Where**, for each general expense, the amount of the non-arm's length income is calculated as:
    - the difference between the amount of loss, outgoing or expense (revenue or capital in nature) expected to be incurred if the parties had been dealing at arm's length and the amount of loss, outgoing or expense (revenue or capital in nature) actually incurred (zero if no loss, outgoing or expense was incurred), with the result multiplied by 2 (the 'Twice the difference approach' amount)

      Note: Don't reduce this amount by any deduction, including the amount of general expense actually incurred and
    - the total taxable income for the year written at label **O** in **Section C** less any assessable contributions you have written at label **R** in **Section B** and adding any deductions against those contributions.
- 15% of (label **A** in **section D** *less* the result of the 'Lesser of' calculation above).
- The result is the tax on the SMSF's taxable income before applying rebates, tax offsets, and credits. Write the result at label **T1**, then go to label **J**.

Label **T1** is mandatory. If you leave label **T1** blank, you will have specified a zero amount.

J Tax on no-TFN-quoted contributions

If the SMSF received no-TFN-quoted contributions (recorded at label **R3 No-TFN-quoted contributions** in section B), it pays extra tax on those contributions.

Did the SMSF receive contributions from a member who has not provided their TFN?

No	Write **0** at **J.** Go to **B**.
Yes	Read on.

Extra tax applies to no-TFN-quoted contributions. To work out the extra tax, multiply the no-TFN-quoted contributions by:

- 32% if the SMSF is a complying SMSF
- 2% if the SMSF is a non-complying SMSF.

Write the result at **J**.

All SMSFs, complying and non-complying, have an overall tax rate of 47% on no-TFN-quoted contributions:

- complying SMSFs pay 15% (at **T1**) and 32% (at **J**), a total of 47%
- non-complying SMSFs pay 45% (at **T1**) and 2% (at **J**), a total of 47%.

You must complete **J**. If you leave **J** blank, you specify a zero amount.

B Gross tax

Write at **B** the total of **T1** and **J**. If the sum is zero, write **0** at **B**.

Example: Calculating B Gross tax (without non-arm's length income)

SMSF B is a complying SMSF. It does not have any non-arm's length income or no-TFN-quoted contributions.

SMSF B calculated its taxable income as $14,500 which it wrote in at **O Taxable income or loss** in section C and also at **A Taxable income** in section D.

SMSF B calculates its tax on taxable income at **T1** to be $2,175 as follows:

- Rate: 15%
- Income: $14,500

- Tax: $2,175

SMSF B does not have any no-TFN-quoted contributions so it writes $0 at **J Tax on no-TFN-quoted contributions**.

B Gross tax is the sum of **T1** and **J** ($2,175 + $0).

In the SMSF annual return, SMSF B writes:

Section D Income tax calculation statement (without non-arm's length income)

Section D: Fields	Amounts $
A Taxable income	14,500
T1 Tax on taxable income	2,175
J Tax on no-TFN-quoted contributions	0
B Gross tax	2,175

Example: Calculating B Gross tax (with non-arm's length income)

SMSF BB is a complying SMSF. It has non-arm's length income but does not have any no-TFN-quoted contributions.

SMSF BB acquires accounting services (market value of $7,000) from Malia, one of the four members of SMSF BB, for $4,000. The accounting services were general in nature and did not relate to any particular asset or assets so are a general expense. The non-arm’s length expense provisions apply to this expense.

The total income of SMSF BB was $23,000 in rent from a rental property which is rented to Malia’s accounting business. Had the property been rented at arm’s length, it might have been

expected to receive $15,000 in rent. The non-arm's length income provisions apply to make the rental income non arm's length income. Maintenance was carried out on the commercial property at arm's length constituting $8,000 in eligible deductions.

Further, $10,000 assessable contributions were made in that income year to which a $1,000 deduction applies.

SMSF BB calculates its taxable income as $20,000. Made up of:

- rental income of $23,000
- **plus** assessable contributions of $10,000
- **less** deductions for maintenance of $8,000
- **less** deduction for accounting fees of $4,000, and
- **less** deduction for assessable contributions of $1,000.

They show the total at label **O Taxable income or loss** in **Section C** and also at label **A Taxable income** in **Section D**. Net non-arm's length income of $15,000 (rental income of $23,000 less $8,000 deductions for maintenance) was written at label **U3 Net other non-arm's length income** and as a result is included at label **U Net non-arm's length income** in **Section B**. The non-arm's length income that has arisen as a result of the accounting expense is not disclosed at the labels **U1**, **U2**, **U3**, and **U**, instead it is taken into account in label **T1 Tax on taxable income calculation**.

Note: Due to the changes to the rules for non-arm's length expenses for superannuation entities under the Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Act 2024, the amount you have written as non-arm's length income at label **U Net non-arm's-length income** in **Section B** may not be the amount that is taxed at the highest marginal rate. Instead, the amount calculated under the **'Lesser of' non-arm's length component (NALC) calculation** is taxed at the highest marginal rate.

In this example, the **'lesser of' NALC'** is calculated as the lesser of:

- $21,000 – calculated as:

  - label **U** at **Section B**, being the net rental income of $15,000 ($23,000 − $8,000) plus
  - twice the difference amount of $6,000 (($7,000 − $4,000) × 2) and
- $11,000 worked out as taxable income of $20,000 less $10,000 assessable contributions plus $1,000 deduction against assessable contributions.

Accordingly, the NALC is $11,000. Arm's length income (low tax component) is $9,000 worked out as taxable income of $20,000 less the non -arm's length income of $11,000.

SAF BB's calculation of tax on taxable income to show at T1

Description	Calculation	Tax
Tax on low tax component	15% of $9,000	$1,350
Tax on non-arms length component	45% of $11,000	$4,950
T1 Tax on taxable income	$1,350 + $4,950	$6,300

SMSF BB does not have any no-TFN-quoted contributions so it writes $0 at label **J Tax on no-TFN-quoted contributions**.

B Gross tax is the total of label **T1** and label **J**($6,300 + $0).

In the SMSF annual return, SMSF BB writes:

Section D Income tax calculation statement (with non-arm's length income)

Section D: Fields	Amounts $
A Taxable income	20,000
T1 Tax on taxable income	6,300

J Tax on no-TFN-quoted contributions	0
B Gross tax	6,300

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C1, C2, C Non-refundable non-carry forward tax offsets

Information on non-refundable non-carry forward tax offsets.

Last updated 6 August 2024

Non-refundable non-carry forward tax offsets (if the SMSF is entitled to them) reduce the SMSF's gross tax. If the total of the 'non-refundable non-carry forward' tax offsets is greater than the gross tax, the excess cannot be carried forward and is lost. If the SMSF's gross tax is greater than the total of non-refundable non-carry forward tax offsets, the remaining tax is shown at **T2 Subtotal 1**.

C1 Foreign income tax offset

Is the SMSF entitled to a foreign income tax offset?

No	Leave **C1** blank. Go to **C2**.
Yes	Read on.

The SMSF may be able to claim a foreign income tax offset where it has paid foreign income tax on an amount included in its assessable

income. The SMSF's foreign income tax offset is limited to the lesser of:

- the foreign income tax that the SMSF paid (or is taken to have paid), and
- the SMSF's foreign income tax offset limit (which is $1,000 or the amount calculated under paragraph 770-75(2)(b) of the ITAA 1997, whichever is greater).

Write at **C1** the amount that the SMSF can claim as a foreign income tax offset.

Do not include Australian franking credits from a New Zealand company at **C1**. Include these at:

- **E1 Complying fund's franking credits tax offset** if the SMSF is complying, or
- **C2 Rebates and tax offsets** if the SMSF is non-complying.

For more information, see Guide to foreign income tax offset rules.

Legislation

Subdivision 770-B of the *Income Tax Assessment Act 1997*

C2 Rebates and tax offsets

Is the SMSF entitled to rebates and tax offsets (other than those that the SMSF claims at C1, D1–4 or E1–4)?

No	Leave **C2** blank. Go to **C.**
Yes	Read on.

Write at **C2** the total of rebates and tax offsets available other than those that are included at **C1**, **D1–4** or at **E1–4**.

Include franking credits tax offsets at **C2** if the SMSF is non-complying. For details on entitlement to a franking credits tax offset, see Entitlement to franking credits tax offset.

You must also include the franking credit as income at the appropriate question in section B.

Do not include:

- franking credits tax offsets if the SMSF is **complying** (include these at **E1 Complying fund's franking credits tax offset**)
- no-TFN tax offsets (include these at **E2 No-TFN tax offset**)
- franking credits attributable to a dividend that is excluded from assessable income because family trust distribution tax has been paid
- franking credits tax offsets for foreign (including New Zealand) imputation credits (the SMSF cannot claim these in Australia)
- early stage venture capital limited partnership tax offset (include these at **D1 Early stage venture capital limited partnership tax offset** and/or **D2 Early stage venture capital limited partnership tax offset carried forward from previous year**)
- early stage investor tax offset (include these at **D3 Early stage investor tax offset** and/or **D4 Early stage investor tax offset carried forward from previous year**).

Legislation

Subsection 67-25(1A) and Division 207 of the *Income Tax Assessment Act 1997*

C Non-refundable non-carry forward tax offsets

Write at **C** the total of **C1 Foreign income tax offset** and **C2 Rebates and tax offsets**. If you did not write an amount at **C1** or **C2**, leave **C** blank.

Continue to: T2 Subtotal 1

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T2 Subtotal 1

Information on calculating T2 Subtotal 1.

Last updated 6 August 2024

Take **C Non-refundable non-carry forward tax offsets** away from **B Gross tax**.

If the answer is:

- positive, write the answer at **T2**
- zero or negative, write **0** at **T2**.

If the non-refundable non-carry forward tax offsets are greater than the gross tax, the excess cannot be carried forward and is lost.

Example: Calculating T2 SUBTOTAL 1 (non-refundable non-carry forward tax offsets greater than gross tax)

SMSF T2 is a complying SMSF with excess non-refundable non-carry forward tax offsets. It writes the following amounts in its 2021 SMSF annual return:

Calculation of T2 Subtotal 1 (offsets greater than gross tax)

Section D: Income tax calculation statement	Amount used in calculation $
B Gross tax	2,000
C Non-refundable non-carry forward tax offsets	2,500
T2 Subtotal 1	0

SMSF T2 has more non-refundable non-carry forward tax offsets ($2,500) than gross tax ($2,000).

SMSF T2 uses its non-refundable non-carry forward tax offsets of $2,000 to reduce its gross tax to $0 at **T2 Subtotal 1**. It loses the remaining non-refundable non-carry forward tax offsets ($500).

Example: Calculating T2 SUBTOTAL 1 (non-refundable non-carry forward tax offsets less than gross tax)

SMSF T2 is a complying SMSF. Its non-refundable non-carry forward tax offsets are less than its gross tax. It writes the following amounts in its SMSF annual return:

Calculation of T2 Subtotal 1 (offsets less than gross tax)

Section D: Income tax calculation statement	Amount used in calculation $
B Gross tax	2,175
C Non-refundable non-carry forward tax offsets	675
T2 Subtotal 1	1,500

SMSF T2 uses its $675 non-refundable non-carry forward tax offsets against its $2,175 gross tax. The amount it enters at **T2 Subtotal 1** is $1,500 ($2,175 − $675).

Continue to: D1, D2, D3, D4, D Non-refundable carry forward tax offsets

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D1, D2, D3, D4, D Non-refundable carry forward tax offsets

Information on non-refundable carry forward tax offsets.

Last updated 6 August 2024

Non-refundable carry forward tax offsets reduce any remaining tax at **T2 Subtotal 1**. If the total of the non-refundable carry forward tax offsets at **D** is greater than the remaining tax at **T2**, the excess may be carried forward to a future income year. If the amount at **T2** is greater than the total of the non-refundable carry forward tax offsets at **D**, the remaining tax is shown at **T3 Subtotal 2**.

Write at **D** the total of:

- **D1** Early stage venture capital limited partnership tax offset
- **D2** Early stage venture capital limited partnership tax offset carried forward from previous year
- **D3** Early stage investor tax offset, and
- **D4** Early stage investor tax offset carried forward from previous year.

If you did not write an amount at **D1**, **D2**, **D3** or **D4**, leave **D** blank.

The tax offsets shown at **D** are not refundable.

D1, D2 Early stage venture capital limited partnership tax offset

An SMSF may be able to claim the early stage venture capital limited partnership (ESVCLP) tax offset if one or both of the following applies:

- it is entitled to the ESVCLP tax offset in 2020–21
- it has an amount of unused ESVCLP tax offset carried forward from a previous year.

D1 Early stage venture capital limited partnership tax offset

Is the SMSF entitled to claim an ESVCLP tax offset for contributions made during 2020–21?

No	Leave **D1** blank. Go to **D2**.
Yes	Read on.

The SMSF's 2020–21 ESVCLP tax offset is the sum of its tax offsets based on the SMSF's contributions to the ESVCLP:

- as a limited partner of the ESVCLP, or
- through a partnership or a trust.

The ESVCLP must have become unconditionally registered on or after 7 December 2015.

If the SMSF is a limited partner of an ESVCLP, the SMSF's tax offset is limited to 10% of the lesser of the following:

- the SMSF's total contributions to the ESVCLP during 2020–21 (certain exclusions apply), and
- the SMSF's share (based on the SMSF's interest in the entire capital of the ESVCLP at the end of the current income year) of the sum of eligible venture capital investments made by the ESVCLP during the period starting at the start of the current income year and ending two months after the end of the current income year.

If the SMSF is a partner in a partnership or a beneficiary of a trust which has contributed to an ESVCLP, the SMSF may be entitled to an amount of ESVCLP tax offset. A written notification will be provided by the partnership or trustee of the trust setting out the SMSF's entitlement to this tax offset. If a written notification has not been provided, contact the partnership or the trustee.

Write the total amount of the 2020–21 ESVCLP tax offset at **D1**.

For more information on the ESVCLP tax offset and the eligibility requirements, see ESVCLP tax incentives and concessions.

D2 Early stage venture capital limited partnership tax offset carried forward from previous year

Does the SMSF have an amount of unused ESVCLP tax offset carried forward from a previous year?

No	Leave **D2** blank. Go to **D3**.
Yes	Read on.

To work out whether the SMSF can carry forward an amount of ESVCLP tax offset from a previous year to 2020–21, see Division 65 of the ITAA 1997.

The unused ESVCLP tax offset carried forward from a previous year may need to be adjusted for any net exempt income.

The unused ESVCLP tax offset carried forward from a previous year is reduced by 30 cents for every dollar of unused net exempt income, provided the SMSF had taxable income for that year.

Write at **D2** the amount of unused ESVCLP tax offset carried forward from the previous year, less any reductions, if applicable.

For more information, see ESVCLP tax incentives and concessions.

Legislation

Subdivision 61-P of the *Income Tax Assessment Act 1997*

D3, D4 Early stage investor tax offset

An SMSF may be entitled to the early stage investor tax offset for the income year if the fund:

- invested in an early stage innovation company during the year, or
- has an amount of unused early stage investor tax offset carried forward from a previous year.

The maximum offset (including current year and carried forward prior year amounts) that the fund, and its affiliates combined, can claim in 2020–21 is $200,000.

D3 Early stage investor tax offset

Is the SMSF entitled to claim an early stage investor tax offset in 2020–21?

No	Leave **D3** blank. Go to **D4**.
Yes	Read on.

Step 1: Work out the total amount the SMSF paid for eligible shares in early stage innovation companies in 2020–21.

If the requirements of the 'sophisticated investor' test under the *Corporations Act 2001* are not met for at least one of the investments in an early stage innovation company during 2020–21, the step 1 amount must not exceed $50,000. If the step 1 amount exceeds $50,000 the SMSF cannot claim this offset.

Step 2: Multiply the step 1 amount by 20%.

Step 3: Identify the SMSF's entitlements to any early stage investor tax offsets as a beneficiary of a trust or a partner in a partnership that has invested in an early stage innovation company in 2020–21.

If the SMSF is a partner in a partnership or a beneficiary of a trust which has invested in an early stage innovation company during 2020–21, the SMSF may be entitled to an early stage investor tax offset. A written notification will be provided by the partnership or trustee of the trust setting out the SMSF's entitlement to this tax offset. If a written notification has not been provided, contact the partnership or the trustee.

Step 4: Add together the amounts at step 2 and step 3. This is the step 4 amount.

Step 5: Subtract from $200,000 the amount (if any) reported at **D4 Early stage investor tax offset carried forward from previous year**. This result is the step 5 amount.

Step 6: If the step 4 amount is equal to or less than the step 5 amount, write the step 4 amount at **D3**.

If the step 4 amount is greater than the step 5 amount, write the step 5 amount at **D3**.

The amount reported at **D3** may need to be further reduced if any of the SMSF's affiliates are entitled to the early stage investor tax offset (whether for investments they made in 2020–21 or carried forward from a previous year).

The maximum offset (including current year and carried forward prior year amounts) that the SMSF, and its affiliates combined, can claim in 2020–21 is $200,000

D4 Early stage investor tax offset carried forward from previous year

Does the SMSF have an amount of unused early stage investor tax offset carried forward from a previous year?

No	Leave **D4** blank. Go to **D**.
Yes	Read on.

To work out whether the SMSF can carry forward an amount of the early stage investor tax offset from a previous year to 2020–21, see Division 65 of the *Income Tax Assessment Act 1997*.

The unused early stage investor offset carried forward from a previous year may need to be adjusted for any net exempt income.

The unused early stage investor tax offset carried forward from a previous year is reduced by 30 cents for every dollar of unused net exempt income, provided the SMSF had taxable income for that year.

Write at **D4** the amount of unused early stage investor tax offset carried forward from the previous year, less any reductions, if applicable.

Example: Calculating early stage investor tax offset

The Retiresoon SMSF has a carried forward early stage investor tax offset of $60,000 from 2019–20.

In 2020–21, the Retiresoon SMSF invested $500,000 in eligible shares in one early stage innovation company, and $250,000 in

another. The Retiresoon SMSF meets the requirements of the sophisticated investor test.

The Retiresoon SMSF has gross tax of $180,000 at **B**, no amounts at **C** (non-refundable non-carry forward offsets) and no exempt income.

The amount that the Retiresoon SMSF writes at **D4** is $60,000. It calculates the amount reported at **D3** as:

Step 1: The total amount paid for eligible shares the early stage innovation companies in 2020–21 = $750,000.

Step 2: Multiply step 1 amount ($750,000) by 20% = $150,000.

Step 3: Nil – The Retiresoon SMSF has no early stage investor entitlements via trusts or partnerships.

Step 4: The Retiresoon SMSF adds the amounts from steps 2 and 3. The result is $150,000.

Step 5: The Retiresoon SMSF subtracts the amount at **D4**, $60,000, from $200,000. The result is $140,000.

Step 6: As the step 4 amount ($150,000) is greater than the step 5 amount ($140,000), the Retiresoon SMSF writes $140,000 at **D3**.

The Retiresoon SMSF can claim an early stage investor tax offset equal to the sum of the **D4** and **D3** amounts ($60,000 plus $140,000, totalling $200,000). Although the carried forward tax offset from 2019–20 ($60,000) and the current year tax offset of $150,000 (step 4 amount) equals $210,000, the Retiresoon SMSF's total tax offset is capped at $200,000 for 2020–21. The unused excess of $10,000 cannot be carried forward to future income years.

As the Retiresoon SMSF's entitlement to the tax offset ($200,000) is greater than its gross tax payable ($180,000), the unused portion of the offset ($20,000) may be carried forward to future income years (subject to the rules in Division 65).

For more information on the early stage investor tax offset and the eligibility requirements, see Tax incentives for early stage investors.

Legislation

- Division 65 of the *Income Tax Assessment Act 1997*
- Subdivision 360-A of the *Income Tax Assessment Act 1997*

Continue to: T3 Subtotal 2

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T3 Subtotal 2

Information of calculating T3 Subtotal 2.

Last updated 6 August 2024

Take **D Non-refundable carry forward tax offsets** away from **T2 Subtotal 1**.

If the answer is:

- positive, write the answer at **T3**
- zero or negative, write **0** at **T3**.

If the non-refundable carry forward tax offsets are greater than the subtotal at **T2**, the excess may be carried forward and applied in a later income year.

Example: Calculating T3 Subtotal 2 (non-refundable carry forward tax offsets greater than T2 Subtotal 1)

SMSF T3 is a complying SMSF with excess non-refundable carry forward tax offsets. It writes the following amounts in its 2021 SMSF annual return:

Calculation of T3 Subtotal (offsets greater than amount at T2 Subtotal 1)

Section D: Income tax calculation statement	Amount used in calculation

	$
T2 Subtotal 1	2,000
D Non-refundable carry forward tax offsets	2,500
T3 Subtotal	0

SMSF T3 has more non-refundable carry forward tax offsets ($2,500) than its **T2 Subtotal 1** ($2,000).

SMSF T3 uses its non-refundable carry forward tax offset of $2,000 to reduce its **T2 Subtotal 1** to $0 at **T3 Subtotal**. It may carry forward the remaining non-refundable carry forward tax offset ($500) to the next income year.

Example: Calculating T3 Subtotal
(non-refundable carry forward tax offsets less than amount at T2 Subtotal 1)

SMSF T3 is a complying SMSF. Its non-refundable carry forward tax offsets are less than its **T2 Subtotal 1**. It writes the following amounts in its SMSF annual return:

Calculation of T3 Subtotal (offsets less than amount at T2 Subtotal 1)

Section D: Income tax calculation statement	**Amount used in calculation $**
T2 Subtotal 1	2,175
D Non-refundable carry forward tax offsets	675
T3 Subtotal	1,500

SMSF T3 uses its $675 non-refundable carry forward tax offsets against its $2,175 **T2 Subtotal 1**. The amount it enters at **T3 Subtotal** is $1,500 ($2,175 − $675).

Continue to: E1, E2, E3 and E4 – E Refundable tax offset questions

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E1, E2, E3 and E4 - E Refundable tax offsets questions

Information on refundable tax offset questions.

Last updated 6 August 2024

If the SMSF is entitled to any **refundable tax offsets**, the offsets reduce any remaining tax at **T3 Subtotal**. If the amount of **refundable tax offsets** exceeds the remaining tax at **T3**, show the excess at **I Tax offset refunds**. If the amount of refundable tax offsets is less than the remaining tax at **T3** the shortfall becomes the tax payable amount at **T5**.

E1 Complying fund's franking credits tax offset

For details on entitlement to a franking credits tax offset, see Entitlement to franking credits tax offset.

Is the SMSF entitled to a complying fund's franking credits tax offset?

No	Leave **E1** blank. Go to **E2**.
Yes	Read on.

Write the franking credits tax offsets at **E1**.

You must also include the franking credits as income at the appropriate question in section B.

Include at **E1** Australian franking credits that are attached to:

- dividends and non-share dividends including where they are exempt current pension income

- a New Zealand franking company's
  - franked non-share dividends, and
  - assessable franked dividends.

Do not include:

- franking credits if the SMSF is non-complying (include these at **C2 rebates and tax offsets**)
- credits that you included at **C1 Foreign income tax offset**
- franking credits attributable to a dividend that is excluded from assessable income because family trust distribution tax has been paid
- New Zealand imputation credits (an Australian resident cannot claim New Zealand imputation credits).

Legislation

Section 67-25 and Division 207 of the *Income Tax Assessment Act 1997*

E2 No-TFN tax offset

An SMSF is entitled to a no-TFN tax offset in 2020–21 if:

- it was required to pay extra tax on no-TFN-quoted contributions in any of the previous three income years, and
- the no-TFN-quoted contributions were for a member who gave their TFN to the SMSF for the first time in 2020–21.

Is the SMSF entitled to a no-TFN tax offset?

No	Leave **E2** blank. Go to **E3**.
Yes	Read on.

Write the no-TFN tax offset at **E2**.

The amount of no-TFN tax offset that the SMSF can claim is the total of the additional no-TFN-quoted contributions tax (see J Tax on no-TFN-quoted contributions) that the SMSF was required to pay:

- in any of the three previous income years
- for members who gave their TFN to the SMSF for the first time in 2020–21.

Because SMSF members are generally either trustees of the SMSF, or directors of a corporate trustee, it is very rare for an SMSF to pay no-TFN-quoted contributions tax, and therefore very rare for SMSFs to be entitled to a no-TFN tax offset. Penalties may apply if you claim a no-TFN tax offset that the SMSF is not entitled to.

Legislation

Section 67-23 and Subdivision 295-J of the *Income Tax Assessment Act 1997*.

Example: Entitlement to a no-TFN tax offset

SMSF E2 received $10,000 assessable contributions for Julie, a member, during 2019–20. Julie had not provided the SMSF with her TFN by 30 June 2020. In the SMSF 2019–20 annual return the SMSF reported Julie's $10,000 contribution as a no-TFN-quoted contribution. It paid additional tax of $3,400 on the no-TFN-quoted contributions.

Julie provided her TFN to SMSF E2 on 30 September 2020.

SMSF E2 is entitled to claim a no-TFN tax offset for the additional no-TFN-quoted contributions tax of $3,400 paid for 2019–20.

SMSF E2 writes $3,400 at **E2 No-TFN tax offset** in its 2020–21 annual return.

E3 National rental affordability scheme tax offset

Is the SMSF entitled to a national rental affordability scheme (NRAS) tax offset?

No	Leave **E3** blank. Go to **E4**.

Yes	Read on.

Write the NRAS tax offset at **E3**.

The refundable tax offset is only available when the Secretary of the Department of Social Services has issued a certificate under the NRAS. In order to claim the tax offset in the 2020–21 SMSF annual return, the NRAS certificate must relate to the NRAS year 1 May 2020 to 30 April 2021.

For more information, see:

- National rental affordability scheme – taxation issues
- Section 67-23 and Division 380 of the *Income Tax Assessment Act 1997*.

E4 Exploration credit tax offset

Is the SMSF entitled to an exploration credit tax offset?

No	Leave **E4** blank. Go to **E**.
Yes	Read on.

Write the exploration credit tax offset at **E4**.

An SMSF may be entitled to a tax offset for exploration credits received during the income year if it was an Australian resident for the whole of the income year.

The amount of the tax offset is the total value of exploration credits the SMSF received in the income year. However, special rules may apply where the SMSF has received exploration credits from a partnership or a trust.

For more information, see:

- Exploration Development Incentive
- Division 418 of the *Income Tax Assessment Act 1997*.

E Refundable tax offsets

Write at **E** the total of:

- **E1 Complying fund's franking credits tax offset**
- **E2 No-TFN tax offset**
- **E3 National rental affordability scheme tax offset**, and
- **E4 Exploration credit tax offset**.

The tax offsets reduce the tax that remains at **T3 Subtotal**. If the amount of **refundable tax offsets** at **E**:

- is less than the tax at **T3**, the shortfall becomes the SMSF's tax payable amount at **T5 Tax payable**
- is greater than the tax at **T3**, show the excess at **I Tax offset refunds**.

Continue to: T5 Tax payable

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T5 Tax payable

Information on calculating T5 Tax payable.

Last updated 6 August 2024

T5 is mandatory. If you leave **T5** blank, you will have specified a zero amount.

Is the amount at T3 Subtotal more than the amount at E Refundable tax offsets?

No	Write **0** (zero) at **T5**. Take **T3 Subtotal** away from **E Refundable tax offsets**. Write the result at **I Tax offset refunds**.
Yes	• Take **E Refundable tax offsets** away from **T3 Subtotal**. • Write the result at **T5**.

Example: Calculating T5 Tax payable (refundable tax offsets less than T3)

SMSF T5 has no excess refundable tax offsets. It writes the following amounts in its SMSF annual return:
Calculation of T5 Tax payable (refundable offsets less than T3)

Calculation of T5 Tax payable (refundable offsets less than T3)

Section D: Income tax calculation statement	Amount used in calculation $
T3 Subtotal	1,500
E Refundable tax offsets	500
T5 Tax payable	1,000
I Tax offset refunds	0

SMSF T5 takes the $500 refundable tax offsets away from its **T3 Subtotal** of $1,500. The amount at **T5 Tax payable** is $1,000 (that is, $1,500 − $500).

Example: Calculating T5 Tax payable (refundable tax offsets greater than T3)

SMSF T5 writes the following amounts in its SMSF annual return:
Calculation of T5 Tax payable (refundable offsets greater than T3)

Calculation of T5 Tax payable (refundable offsets greater than T3)

Section D: Income tax calculation statement	Amount used in calculation $
T3 Subtotal	1,500
E Refundable tax offsets	2,000
T5 Tax payable	0
I Tax offset refunds	500

SMSF T5 has more refundable tax offsets ($2,000) than tax (**T3 Subtotal** $1,500).

SMSF T5 uses the refundable tax offsets of $2,000 to reduce the tax to $0, which it writes at **T5 Tax payable**.

SMSF T5 writes the remaining refundable tax offset ($500) at **I Tax offset refunds** and this is available as a credit amount in the overall calculation.

Continue to: G Section 102AAM interest charge

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G Section 102AAM interest charge

Is the SMSF required to pay a Section 102AAM interest change?

Last updated 6 August 2024

An interest charge is imposed on certain distributions from non-resident trusts under section 102AAM of the *Income Tax Assessment Act 1936*.

Is the SMSF required to pay a Section 102AAM interest charge?

No	Leave **G** blank.
Yes	Write at **G** the Section 102AAM interest charge that the SMSF is required to pay.

Continue to: H1, H2, H3, H5, H6, H8 and H Eligible credit questions

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H1, H2, H3, H5, H6, H8 and H Eligible credit questions

Information on eligible credit questions.

Last updated 6 August 2024

If the SMSF is entitled to any credits for tax or TFN amounts withheld or for interest, the total eligible credits are available as a credit amount in the overall calculation. If the amount of eligible credits exceeds the tax payable and the levy amount then the SMSF may be entitled to a refund of the excess.

H1 Credit for interest on early payments – amount of interest

Is the SMSF entitled to interest on early payments made to the ATO?

No	Leave **H1** blank. Go to **H2**.
Yes	Read on.

Write at **H1** the calculated interest amount of 50 cents or more for early payments.

Do not write the amount of the early payment at **H1**.

We may pay interest where the SMSF paid certain amounts more than 14 days before the due date of payment. Amounts that may attract early payment interest include payments of:

- income tax
- shortfall interest charge
- interest payable under section 102AAM of the ITAA 1936.

Amounts that you do not pay directly to us, but which are reduced by the crediting or applying of an amount, do not attract early payment interest. These amounts include:

- credit for instalments payable under the PAYG instalment regime
- credit for amounts withheld from withholding payments under the PAYG withholding regime
- an overpayment of other income tax liabilities
- a running balance account (RBA) surplus, and
- any other credit entitlement arising under a tax law.

Early payment interest is also not payable on any part of the payment that exceeds the amount due or attracts interest on overpayment.

Early payment interest is calculated from the date the early payment is made to the date the amount becomes due and payable. However, if you pay an amount early on account of a tax liability, and we refund it before the due date of the liability, interest will not accrue for the period after the date on which we refund the amount.

Date of payment is either:

- the date shown on the receipt
- the date the payment is mailed to us plus three business days, or
- the date shown on the SMSF's bank statement if payment is made through direct debit, that is, electronic funds transfer (EFT).

Table 8: Interest on early payments

The rates of interest on early payments for 2020–21 are:

Quarter	Interest rate (pa) %
Jul–Sep 2020	0.10
Oct–Dec 2020	0.10
Jan–Mar 2021	0.02
Apr–Jun 2021	0.01

If the early payment extends over two or more quarters, calculate the interest for the number of days in each quarter.

For 2020–21 interest is calculated as follows:

> Interest = (number of days ÷ 365) × amount of payment for that quarter × interest rate (for that quarter)

You cannot claim a credit for interest of less than 50 cents on early payments.

Keep a record of the amount of the early payment interest payable. This interest is assessable income in the income year in which it is paid to the SMSF or credited against another SMSF liability.

To work this out, see the Credit for interest on early payments calculator.

H2 Credit for tax withheld – foreign resident withholding (excluding capital gains)

Is the SMSF entitled to a credit for tax withheld through foreign resident withholding in Australia?

No	Leave **H2** blank. Go to **H3**.
Yes	Read on.

Do not include credits for amounts withheld from foreign resident capital gains withholding at **H2**. Include these at **H8 Credit for**

amounts withheld from foreign resident capital gains withholding.

Write at **H2** the total amount of tax withheld from payments to the SMSF that were subject to foreign resident withholding in Australia. Include at **H2** the SMSF's share of foreign resident withholding credits distributed to the SMSF from a partnership or included in a share of net income from a trust.

If a payer has withheld tax for foreign resident withholding from a payment to the SMSF, the payer must give the SMSF a payment summary that shows how much the payer withheld from its payments to the SMSF.

If you claim a credit at **H2**:

- you must include the corresponding gross payment at the appropriate item in section B
- you must complete a Non-individual PAYG payment summary schedule 2021.

The SMSF is entitled to a credit at **H2** only if the amount was:

- withheld in Australia, and
- remitted to us.

For more information, see PAYG withholding.

H3 Credit for tax withheld – where ABN or TFN not quoted (non-individual)

Is the SMSF entitled to credits for tax withheld where it didn't quote its Australian business number (ABN) or tax file number (TFN)?

No	Leave **H3** blank. Go to **H5**.
Yes	Read on.

Write at **H3** the total tax withheld from payments to the SMSF because the SMSF had not quoted its ABN or TFN.

If a payer has withheld tax from a payment to the SMSF because the SMSF did not quote its ABN or TFN, the payer must give the SMSF a

payment summary that shows how much tax was withheld.

Do not include at **H3**:

- contributions that the SMSF received for a member who has not quoted their TFN (include these at **R3 No-TFN-quoted contributions** in section B)
- amounts withheld from payments because the SMSF did not provide its TFN to the trustee of a closely held trust (include these at **H5**).

If you claim a credit at **H3**:

- you must include the corresponding gross payment at the appropriate item in section B
- complete a Non-individual PAYG payment summary schedule 2021.

For more information, see PAYG withholding.

H5 Credit for TFN amounts withheld from payments from closely held trusts

Is the SMSF entitled to credits for TFN amounts withheld from payments from closely held trusts?

No	Leave **H5** blank. Go to **H6**.
Yes	Read on.

Write at **H5** the total tax withheld from payments where the SMSF has not provided its TFN to the trustee of a closely held trust and the payment is subject to the TFN withholding rules.

If a closely held trust has withheld tax from a payment to the SMSF because the SMSF did not provide its TFN, the closely held trust must give the SMSF a payment summary that specifies how much it withheld from its payments to the SMSF.

If you claim a credit at **H5**:

- the corresponding gross payment must be included at the appropriate item in section B)

- you must complete a Non-individual PAYG payment summary schedule 2021.

For more information, see TFN withholding for closely held trusts.

H6 Credit for interest on no-TFN tax offset

Is the SMSF entitled to interest on no-TFN tax offsets?

If the SMSF has not claimed a no-TFN tax offset at **E2**, it cannot claim a credit at **H6**.

No	Leave **H6** blank. Go to **H8**.
Yes	Read on.

Write at **H6** the total calculated interest amount of 50 cents or more for interest payable on the no-TFN tax offset claimed at **E2 No-TFN tax offset**. Do not include no-TFN tax offsets at **H6** (include these offsets at **E2 No-TFN tax offset**).

Interest on the no-TFN tax offset is only payable if all the following occurred:

- the member of the SMSF provided their TFN to their employer before the end of a past income year
- the employer was required by section 299C of the *Superannuation Industry (Supervision) Act 1993* (SISA) to inform the SMSF of the individual's TFN by the end of the year, but did not do so
- contributions made for that member were no-TFN-quoted contributions in that past income year and the SMSF was required to pay additional tax (which is the interest bearing tax) on those contributions
- the SMSF claimed a no-TFN tax offset in 2020–21 for the additional tax paid on those no-TFN-quoted contributions in a past income year
- the no-TFN tax offset is applied when assessing the SMSF for 2020–21.

The rate of interest payable on the interest-bearing tax is the base interest rate determined under section 8AAD of the *Taxation Administration Act 1953* (TAA). Table 8 at **H1 Credit for interest on early payments – amount of interest** provides the applicable interest rates for 2020–21.

Keep a record of the amount of interest payable on tax that counts towards the no-TFN tax offset. This interest is assessable income of the SMSF in the income year in which it is paid to the SMSF or credited against another SMSF liability.

For more information, see Interest on no-TFN quoted tax offset.

H8 Credit for amounts withheld from foreign resident capital gains withholding

Is the SMSF entitled to a credit for tax withheld through foreign resident capital gains withholding in Australia?

No	Leave **H8** blank. Go to **H**.
Yes	Read on.

Write at **H8** the total amount of tax withheld from payments to the SMSF that were subject to foreign resident capital gains withholding in Australia. Include at **H8** the SMSF's share of foreign resident capital gains withholding credits distributed to the SMSF from its share of net income from a trust.

You should only claim at **H8** a credit equal to the amount of foreign resident capital gains withholding paid by a purchaser to the ATO on your behalf. The ATO would have issued you with confirmation of this amount.

Do not include credits for amounts withheld from foreign resident withholding at **H8**. Include these at **H2 Credit for tax withheld – foreign resident withholding**.

For more information, see Capital gains withholding: Impacts on foreign and Australian residents.

H Eligible credits

Is there an amount at:

- H1 Credit for interest on early payments – amount of interest
- H2 Credit for tax withheld – foreign resident withholding
- H3 Credit for tax withheld – where ABN or TFN not quoted (non-individual)
- H5 Credit for TFN amounts withheld from payments from closely held trusts
- H6 Credit for interest on no-TFN tax offset
- H8 Credit for amounts withheld from foreign resident capital gains withholding?

No	Leave **H** blank.
Yes	Write at **H** the total of the amounts at **H1**, **H2**, **H3**, **H5**, **H6** and **H8**.

Continue to: I Tax offset refunds

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I Tax offset refunds

Information on calculating tax offset refunds.

Last updated 6 August 2024

Is the amount at T3 Subtotal less than the amount at E Refundable tax offsets?

No	Write **0** (zero) at **I**. Go to **K**.
Yes	Read on.

Take **T3 Subtotal** away from **E Refundable tax offsets**. Write the result at **I**.

See the examples at T5 Tax payable showing the calculation of **I Tax offset refunds**.

T5 is mandatory. If you leave **T5** blank, you will have specified a zero amount.

Continue to: K PAYG instalments raised

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K PAYG instalments raised

Did the SMSF pay, or was it required to pay, PAGY instalments for 2020-21.

Last updated 6 August 2024

Did the SMSF pay, or was it required to pay, PAYG instalments for 2020–21?

No	Leave **K** blank. Go to **L**.
Yes	Read on.

Write at **K** the total of the SMSF's PAYG instalments for 2020–21, whether or not the PAYG instalments have actually been paid.

You can find the SMSF's PAYG instalment amounts on its activity statements.

If the SMSF used the instalment amounts worked out by us, its PAYG instalment amounts were pre-printed at:

- **T7** on the SMSF's quarterly activity statements, or
- **T5** on the annual instalment activity statement.

If the SMSF did not use the instalment amounts worked out by us, work out its PAYG instalment amounts by subtracting the credits

claimed at **5B** from the amounts reported at **5A** on its activity statements.

To ensure the SMSF receives the correct amount of credit for its PAYG instalments, make sure all of its activity statements are finalised before lodging the annual return. If the SMSF is required to lodge its activity statements, it should do so even if it can't pay on time, or has nothing to pay.

The SMSF is entitled to a credit for its PAYG instalments even if it has not actually paid a particular instalment. However, the SMSF will be liable for the general interest charge on any outstanding instalment for the period from the due date for that instalment until the date it is fully paid.

When you complete your SMSF's PAYG instalment activity statement

You must exclude the SMSF's exempt current pension income from the amount you write at **T1 PAYG instalment income** on the PAYG activity statement if you use the instalment rate method to calculate your SMSF's PAYG instalments. See PAYG instalments.

Continue to: L, M and N Supervisory levy questions

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L, M and N Supervisory levy questions

Information on the supervisory levy questions.

Last updated 6 August 2024

SMSF supervisory levy questions

Labels **L**, **M** and **N** are used to calculate the amount of SMSF supervisory levy that the SMSF must pay with the 2021 SMSF annual return. The amount that you must write at each of these questions depends on whether the SMSF was:

- an existing SMSF at the start of 2020–21 and was not wound up in 2020–21
- a newly registered SMSF in 2020–21 and its first SMSF annual return is for 2020–21
- wound up during 2020–21
- both newly registered and wound up during 2020–21.

Table 9 shows the amounts you must write at **M** and **N**. **L** is already completed.

Table 9: Supervisory levy amounts

Type of SMSF	Amount at L $	Amount at M $	Amount at N $	Net amount (L−M+N) $
Existing SMSF that was not wound up during 2020–21	259	0 or blank	0 or blank	259
Newly registered SMSF in 2020–21 that was not wound up in 2020–21	259	0 or blank	259	518
Newly registered SMSF in 2020–21 that was wound up in 2020–21	259	0 or blank	0 or blank	259

Existing SMSF that was wound up in 2020–21	259	259	0 or blank	0

L Supervisory levy

L shows the amount of supervisory levy due for 2021–22 ($259). Do not change the amount printed on the annual return.

The supervisory levy is included in the SMSF's tax assessment calculation and is to be paid with its income tax liability. The levy is payable even if the SMSF has no tax liability 2020–21.

For more information, see Superannuation (Self-Managed Superannuation Funds) Supervisory Levy Imposition Act 1991.

M Supervisory levy adjustment for wound up funds

Was the SMSF wound up in 2020–21?

No	Leave **M** blank. Go to **N**.
Yes	Write $259.00 at **M**. Make sure you answered **Yes** in section A at **9 Was the fund wound up during the income year?**

An SMSF which was wound up during 2020–21 does not pay the SMSF supervisory levy for 2021–22. Writing $259 at **M** reduces the levy payable by $259 since the amount that you write at **M** will be subtracted when you calculate **S Amount due or refundable**.

N Supervisory levy adjustment for new funds

Is this the first annual return for a newly registered SMSF?

No	Leave **N** blank. Go to **S**.
Yes	Write $259.00 at **N**. Make sure you answered **Yes** to **5B Is this the first required return for a newly registered SMSF?** in section A.

The amount at **N** is the SMSF supervisory levy for 2020–21. SMSFs that are lodging their first annual return have not paid this amount previously while the other SMSFs paid the SMSF supervisory levy for 2020–21 with their 2020 SMSF annual return.

For more information, see SMSF supervisory levy – 2013 to 2020 financial years.

Continue to: S Amount due or refundable

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S Amount due or refundable

Information on calculating the amount due or refundable.

Last updated 6 August 2024

To work out **S**:

- add
  - **T5 Tax payable**
  - **G** Section 102AAM **interest charge**
  - **L Supervisory levy**
  - **N Supervisory levy adjustment for new funds**
- and then subtract
  - **H Eligible credits**
  - **I Tax offset refunds**
  - **K PAYG instalments raised**
  - **M Supervisory levy adjustment for wound up funds**.

S Amount due or refundable can be zero, positive or negative:

- a positive amount is what you must pay to us
- a negative amount is the refund that you will receive.

If the amount at **S** is negative, write '–' to the left of the amount that you printed at **S**.

If the amount at **S** is negative, complete **7 Electronic Funds Transfer** in section A to receive the refund.

If the SMSF has made any interim or voluntary payments against its 2020–21 tax liability:

- do not take the payments into account when working out the amount at **S**
- take the payments into account when working out the amount you must pay to us.

Do not attach any payment to the annual return.

For more information, see Payment.

Record keeping

The SMSF must keep:

- all documentation issued by financial institutions detailing
  - payments of income
  - any TFN amounts deducted from those payments
- details of any TFN amounts deducted from the SMSF's income payments and subsequently refunded to the SMSF by the financial institution.

Where an amount is refunded the SMSF must keep details of the:

- amount of refund
- date of refund
- investment reference number, for example, the bank account number of the investment relating to the refund.

Continue to: Section E: Losses (item 14)

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Section E: Losses (item 14)

Complete this section if the SMSF has tax losses or capital losses to carry forward to later income years.

Last updated 6 August 2024

Section E and the losses schedule

Section E deals with tax and capital losses for 2020–21. You do not need to complete section E if the SMSF has no tax losses or capital losses to carry forward to later income years.

In addition to recording losses in section E, complete a Losses schedule and attach it to the annual return if the SMSF has:

- a combined total for tax losses and net capital losses carried forward to later income years of greater than $100,000, or
- an interest in a controlled foreign company (CFC) that has
  - 2020–21 losses greater than $100,000, or
  - deducted or carried forward to later income years a loss greater than $100,000.

Do not show cents for any amount you write in this section.

U Tax losses carried forward to later income years

Does the SMSF have tax losses to be carried forward to later income years?

No	Leave **U** blank. Go to **V**.
Yes	Read on.

Write at **U** the total tax losses incurred by the SMSF that are to be carried forward to later income years. The amount is the sum of:

- the SMSF's tax loss for 2020–21, and
- the SMSF's prior year tax losses to the extent that they have not previously been utilised

The SMSFs 2020–21 net exempt income, if any, is taken into account to calculate the amount of its tax loss for 2020–21.

If the SMSF's 2020–21 net exempt income is greater than the amount by which the SMSF's deductions (not including prior year tax losses) exceed its assessable income in 2020–21, the SMSF's 2020–21 tax loss will be nil and the surplus net exempt income will reduce prior year losses.

If you lodge a *Losses schedule 2021*, the amount at **U Tax losses carried forward to later income years** on that schedule (item **1** in part **A**) must be the same as the amount at **U**, section E on the annual return.

Do not include:

- a loss at **U** if you wrote a positive amount at **O Taxable income or loss** in section C
- net capital losses to be carried forward to later income years at **U**; include these at **V Net capital losses carried forward to later income years** and in the CGT schedule (if a schedule is required)
- losses that relate to non-arm's length income. Losses that relate to non-arm's length income cannot be applied against the SMSF's arm's length income. You should keep a record of losses that relate to non-arm's length income with the SMSF's tax records.

For more information, see:

- Losses
- Sections 36-15 and 960-20 of the *Income Tax Assessment Act 1997*.

Tax losses and record keeping

If the SMSF incurred tax losses, it may need to keep records for longer than five years from the date it incurred the losses.

Generally you can carry forward tax losses indefinitely until they are applied by recoupment. When applied, the loss amount is a figure that is included in the calculation of the SMSF's taxable income in that year.

It is in the SMSF's interest to keep records substantiating this year's losses until the amendment period for the assessment in which the losses are applied has lapsed (in most cases up to four years from the date of that assessment).

For more information, see:

- Record-keeping requirements
- Taxation Determination TD 2007/2.

V Net capital losses carried forward to later income years

Does the SMSF have net capital losses to carry forward to later income years?

No	Leave **V** blank. Go to sections **F** and **G**.
Yes	Read on

Write at **V** the total of any unapplied net capital losses from collectables and unapplied net capital losses from all other CGT assets and events.

If this item applies to the SMSF you must refer to the Guide to capital gains tax 2021 to complete this item. It also explains the special CGT rules that apply to foreign residents and trustees of foreign trusts.

This information is calculated or transferred from:

- **3B** in table 5 and **3A** in Table 9 of the *CGT summary worksheet*, or
- **A** and **B** at item **3** of the *CGT schedule*, if one is required.

You cannot include a loss at **V** if you wrote an amount at **A Net capital gain** in section B.

If the SMSF must lodge a *Losses schedule 2021*, the amount on that schedule at **V Net capital losses carried forward to later income**

years item **2** in **part A** must be the same as the amount at **V** here on this annual return.

For more information, see Guide to capital gains tax 2021.

Continue to: Sections F and G: Member information and supplementary member information

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Sections F and G: Member information and Supplementary member information

Complete Section F or G for the SMSF members to report contributions, other transactions, and accounts balances.

Last updated 6 August 2024

How to complete Section F and G

Each page in section F and section G is a statement of the transactions on a member's account in 2020–21. Complete a separate page in either section F or section G for every person that was a member of the SMSF during 2020–21.

If a member has multiple accounts, combine them so that each member has only one statement in either section F or section G.

Each member's opening account balance (at 1 July 2020) should equal their closing account balance in the prior year (at 30 June 2020). The closing balance (at 30 June 2021) should reflect the value of the member's actual interest in the SMSF. The amounts that you record in section F and section G summarise all the transactions that affect that balance.

Section G has the same information as section F plus two additional questions:

- the account status code box

- the date of death for deceased members.

Who do you include in section F and section G?

In section F, include anyone who was a member of the SMSF on 30 June 2020, even if the SMSF:

- paid them an income stream during 2020–21, or
- received no contributions for them during 2020–21.

To avoid processing delays, the total of the amounts you show at **S1**, **S2** and **S3** must equal the **Closing account balance** at **S**.

In section G, include anyone who was a member of the SMSF at any time during 2020–21, but is not a member on 30 June 2021. This could include:

- deceased members (even if there was money in their account on 30 June 2021)
- former members who left the SMSF by rolling out all their benefits
- former members who left the SMSF by being paid all of their benefits as a super lump sum or the final payment of an income stream.

If the SMSF has more than four members on 30 June 2021:

- it has breached superannuation law (see the self-managed superannuation fund definition)
- in section G include the members whom you cannot include in section F due to lack of space.

Example: Deciding where to report members – section F or section G?

On 1 July 2020, there were four members in an SMSF: Mary, Michael, Sara and Angelo.

Mary left on 1 May 2021 when she rolled over all her entitlements to another fund.

Michael left on 27 May 2021 when he was paid out all his entitlements as a super lump sum.

Two new members, Ari and Jess, joined the SMSF on 1 June 2021. The SMSF received contributions for them in June 2021.

The SMSF must report all six members in the SMSF annual return 2021:

- Sara, Angelo, Ari and Jess were members on 30 June 2021, so they are reported in section F.
- As Ari and Jess received employer contributions from a non-related employer in 2020–21, the SMSF financial institution details and ESA alias are reported in section A.
- Mary and Michael were members for part of 2020–21 but were not members on 30 June 2021, so they are reported in section G.

Our use of information in section F and section G

We use the information in section F and section G to:

- determine members' entitlements to the super co-contribution and Government super contributions
- make a determination or assessment of excess contributions for members
- assess Division 293 tax for members
- check superannuation guarantee compliance of employers.

Continue to: Member detail questions (name, TFN, date of birth)

Member detail questions (name, TFN, date of birth) ›

Information on member detail questions.

Contributions questions

Information on contribution questions.

Other transactions

Information on reporting other transactions.

TRIS count

Information on TRIS count.

S Closing account balance

Information on closing account balance.

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Member detail questions (name, TFN, date of birth)

Information on member detail questions.

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Print **X** in the appropriate box for the member's title, or print a different title using the boxes at **Other**.

Print the member's:

- family name
- first given name
- other given names
- tax file number (TFN)
- date of birth.

The *Taxation Administration Act 1953* authorises us to request the member's TFN. We will use the TFN to identify the member in our records. It is not an offence not to provide the TFN. However, if you do not provide the TFN, there may be a delay in processing the SMSF annual return. For more information, see Your privacy.

Make sure you write the member's TFN, not the SMSF's TFN or a tax agent number (TAN) which also are nine digit numbers.

For members reported in section G, you also:

- write the **date of death**, if the member died during 2020–21
- print the **account status code** (from **Table 10: Account status codes**) in the **Account status code box**.

Table 10: Account status codes

Code	Account status
O	The member's account was open on 30 June 2021, and the SMSF will accept payments from us.
C	The former member's account was closed at 30 June 2021, and the SMSF will not accept payments from us.

Example: Reporting account status

On 1 July 2020, an SMSF had four members: Mark, his two daughters and a son-in-law.

Mark was retired and received a pension from the SMSF. Mark died in June 2021. The SMSF ceased pension payments but, by 30 June 2021, had not paid Mark's remaining interest in the SMSF as death benefits.

In the SMSF annual return, Mark's contribution information and account balance are reported at section G with account status code **O**. All other members' information is reported at section F.

Opening account balance

Write the member's opening account balance at 1 July 2020.

The opening account balance is:

- the 2019–20 closing account balance, or
- zero if the member joined the fund in 2020–21.

Continue to: Contributions questions

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Contributions questions

Information on contribution questions.

Last updated 6 August 2024

How to complete labels A to M

Print at **A** to **M** the gross total of the contributions received by the SMSF in 2020–21 for each member.

Do not reduce the amount that you write at **A** to **M** by (for example) allowances for taxes and fees.

Include contributions that the SMSF received in 2020–21 even if:

- some or all of those contributions had been
  - transferred or rolled over to another fund in 2020–21
  - paid to the member as a super lump sum or income stream in 2020–21
- the SMSF was wound up in 2020–21.

Do not include amounts credited to accounts but not yet received by 30 June 2021. Declare all amounts received after 30 June 2021 in the annual return for the year in which the SMSF actually received the contribution.

If you received a contribution in one financial year and chose not allocate it until the following financial year, there are reporting requirements for both trustees and members in relation to the cap on

excess concessional contributions. Before completing your annual return, see Request to adjust concessional contributions.

You must write contributions amounts at the correct questions so we can determine your members' eligibility for super co-contributions or low income super amounts, and accurately determine your member's excess concessional contributions, excess non-concessional contributions and liability for Division 293 tax. The contributions and related questions in section F and section G are:

- A Employer contributions
- A1 ABN of principal employer
- B Personal contributions
- C CGT small business retirement exemption
- D CGT small business 15-year exemption amount
- E Personal injury election
- F Spouse and child contributions
- G Other third party contributions
- H Proceeds from primary residence disposal
- H1 Receipt date
- I and J Foreign superannuation fund amounts
- K and L Transfers from reserves
- T Contributions from non-complying funds and previously non-complying funds
- M Any other contributions
- N Total contributions

For more information, see TR 2010/1 *Income tax: superannuation contributions*.

A Employer contributions

Employer contributions include:

- contributions made by an employer for an employee (including contributions made under a salary sacrifice arrangement or to meet

the employer's obligations under the super guarantee, awards, agreements or other obligations)

- super guarantee charge shortfall amounts
- employer contributions transferred from our (the ATO's) super holding accounts special account (SHA special account).

Did the SMSF receive employer contributions for the member?

No	Leave **A** blank. Go to **B**.
Yes	Read on.

Complete **A** and **A1**.

Write at **A** the total value of employer contributions made for the member in 2020–21. Do not include:

- contributions made by the member, even where the member has given the SMSF a Notice of intent to claim or vary a deduction for personal super contributions. that applies to the contribution and the SMSF has acknowledged it (include these at **B Personal contributions**)
- contributions that the member asked their employer to deduct from their after-tax income (include these at **B Personal contributions**)
- employment termination payments received from an employer (include these at **B Personal contributions**).

If you have used a contribution reserve strategy for concessional contributions as described in TD 2013/22:

- employer contributions which were received in 2020–21 must be included at **A** even if they were not allocated to the member's account before 1 July 2020
- the relevant members may need to complete Request to adjust concessional contributions.
- if a member received employer contributions and part or all of the contributions were made by a non-related employer, you must include the following at item **7** in section A:
  - Fund's financial institution account details, and

– Electronic service address alias (ESA).

Members with a defined benefit interest

If the member has a defined benefit interest in the SMSF, include at **A** their notional taxed contributions.

The notional taxed contributions are generally the amount of the assessable contributions which the trustee has allocated to the member's defined benefit interest during the financial year. See Regulation 292–170.03 of the *Income Tax Assessment Regulations 1997*.

If a member has both a defined benefit interest and an accumulation interest in the SMSF, include at **A**:

- the sum of the notional taxed contributions, and
- any employer contributions made to their accumulation account.

For more information, see Super contributions – defined benefit funds and constitutionally protected funds.

A1 ABN of principal employer

Write at **A1** the Australian business number (ABN) of the employer who made contributions to the member's account.

If more than one employer contributed to the member's account, write the ABN of the employer that contributed the largest amount in 2020–21.

Continue to: B Personal contributions

B Personal contributions ›

Did the SMSF receive personal contributions for the member?

C CGT small business retirement exemption ›

Information on the CGT small business retirement exemption.

D CGT small business 15-year exemption amount

Information on the CGT small business 15-year exemption amount.

E Personal injury election

Information on the personal injury election.

F Spouse and child contributions

Did the SMSF receive spouse or child contributions from the member?

G Other third party contributions

Did the SMSF receive other third party contributions for the member?

H Proceeds from primary residence disposal

Did the SMSF receive downsizer contributions from the member?

I and J Foreign superannuation fund amounts

Did the SMSF receive a transfer for the member from a foreign superannuation fund or scheme?

K and L Transfers from reserves

Did the SMSF transfer any amounts to the member's account

T Contributions from non-complying funds and previously non-complying funds

Was the SMSF non-complying on 2019-20 and its status changed to complying at the beginning of 2020-21?

M Any other contributions

Did the SMSF receive any other contributions for the member?

N Total contributions

Did you write any contributions at A to M for this member?

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B Personal contributions

Did the SMSF receive personal contributions for the member?

Last updated 6 August 2024

Did the SMSF receive personal contributions for the member?

No	Leave **B** blank. Go to **C**.
Yes	Read on.

Write at **B** the total value of personal contributions made for the member in 2020–21, other than contributions subject to elections to exclude them from the contributions caps.

Elections that exclude personal contributions from the contributions caps are:

- the CGT small business retirement exemption (include these contributions at **C CGT small business retirement exemption**)
- CGT small business 15-year exemption amount (include these contributions at **D CGT small business 15-year exemption amount**)
- personal injury election (include these contributions at **E personal injury election**)
- downsizer election for contribution of the proceeds from primary residence disposal (include these contributions at **H proceeds from primary residence disposal**.

Include at **B**:

- contributions received from an employer for the member paid from the member's after-tax income
- contributions made by the member themselves (regardless of whether they have been claimed or can be claimed by the member as a tax deduction)
- personal contributions funded by personal injury payments that are not included at **E Personal injury election**
- personal contributions funded by the proceeds of the sale of assets, other than those you include at
  - **C CGT small business retirement exemption**
  - **D CGT small business 15-year exemption amount**
- contributions received from a non-complying super fund (include all amounts received from a non-complying super fund).

Do not include at **B**:

- amounts excluded from the member's non-concessional contributions and which you include at
  - **C CGT small business retirement exemption**
  - **D CGT small business 15-year exemption amount**
  - **E Personal injury election**
  - **H Proceeds from primary residence disposal**

- amounts contributed for the member under salary sacrifice arrangements they have entered into (write these at **A Employer contributions**)
- a rollover super benefit reported at item **13** on a *Rollover benefits statement* which the SMSF received from another super provider (write the benefit at **P Inward rollovers and transfers**)
- a super lump sum from a foreign super fund or scheme (include these at **I**, **J** or **M**)
- contributions made by the member's spouse or other third party contributions (include these at **F** or **G)**.

If you have used a contribution reserve strategy for personal contributions similar to the strategy described in TD 2013/22 for concessional contributions:

- you must include at **B** any personal contributions which you received in 2020–21, even if they were not allocated to the member's account before July 2021
- the relevant members may need to complete a Request to adjust concessional contributions form for the amount of personal contributions they are claiming as tax deduction.

Continue to: C CGT small business retirement exemption

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C CGT small business retirement exemption

Information on the CGT small business retirement exemption.

Last updated 6 August 2024

Did the SMSF receive personal contributions for the member that the member elected to exclude from their non-concessional contributions with a CGT small business retirement exemption?

No	Leave **C** blank. Go to **D**.
Yes	Read on.

Write at **C** the total value of personal contributions made by the member in 2020–21 that the member elected to exclude from their non-concessional contributions with a CGT small business retirement exemption.

To include an amount at **C** the SMSF must have received a valid Capital gains tax cap election from the member.

The CGT cap election is valid if:

- the member gave it to the SMSF on or before the date the contribution was made, and
- the SMSF has not been advised or become aware that the cap election is no longer valid or applicable.

The exemption from being a non-concessional contribution is not effective if the member made the CGT cap election after making the contribution.

There are two limits that affect the amount you include at **C**:

- The **CGT small business retirement exemption lifetime limit** – a member cannot elect to apply a CGT small business retirement exemption to more than $500,000 during their lifetime.
- The **CGT cap** – this cap limits the amount of exemptions that a member can claim through a *CGT cap election* during their lifetime. The amounts at **C CGT small business retirement exemption** and **D CGT small business 15-year exemption** both apply to the CGT cap. The CGT cap is indexed annually. In 2020–21 the lifetime limit for the CGT cap is $1,565,000.

Do not include amounts at **C**:

- if you are aware that a CGT cap election is not valid or that the election is not applicable (include these at **B Personal contributions**)
- that are in excess of the CGT small business retirement exemption lifetime limit or the CGT cap (include these at **B Personal contributions**).

If you become aware that a CGT cap election is not valid or applicable after you have lodged the SMSF annual return, you must lodge an amended annual return.

For more information, see:

- Small business retirement exemption
- CGT cap amount

Continue to: D CGT small business 15-year exemption amount

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D CGT small business 15-year exemption amount

Information on the CGT small business 15-year exemption amount.

Last updated 6 August 2024

Did the SMSF receive personal contributions for the member that the member elected to exclude from their non-concessional contributions with a CGT small business 15-year exemption amount?

No	Leave **D** blank. Go to **E**.
Yes	Read on.

Write at **D** the total value of personal contributions made by the member in 2020–21 that the member elected to exclude from their non-concessional contributions with a CGT small business 15-year exemption amount.

You can include a member's personal contribution at **D** if it either:

- qualifies for the small business 15-year exemption, or
- would qualify for the small business 15-year exemption but for the fact that
  - the asset was a pre-CGT asset, or
  - there was no capital gain, or
  - the 15-year holding period was not met because of the permanent incapacity of the person (or of a significant individual of a company or trust).

To write an amount at **D** the SMSF must have received a valid Capital gains tax cap election from the member.

The CGT cap election is valid if:

- the member gave it to the SMSF on or before the date the contribution was made, and
- the SMSF has not been advised or become aware that the CGT cap election is no longer valid or applicable.

The exemption from being a non-concessional contribution is not effective if the member made the CGT cap election after making the contribution.

The amount that you include at **D** may be limited by the CGT cap. This cap limits the amount of exemptions that a member can claim through a *CGT cap election* during their lifetime. The amounts at **C CGT small business retirement exemption** and **D CGT small business 15-year exemption** both apply to the CGT cap. The CGT cap is indexed annually. In 2020–21 the lifetime limit for the CGT cap is $1,565,000.

Do not include amounts at **D**:

- if you are aware that a CGT cap election is not valid or that the election is not applicable (include these at **B Personal contributions**)
- that are in excess of the CGT cap (include these at **B Personal contributions**).

If you become aware that a CGT cap election is not valid or applicable after you have lodged the SMSF annual return, you must lodge an amended annual return.

For more information, see:

- Small business retirement exemption
- CGT cap amount

Continue to: E Personal injury election

QC 64911

E Personal injury election

Information on the personal injury election.

Last updated 6 August 2024

Did the SMSF receive personal contributions for the member funded by personal injury payments and where the member has elected to exclude the contributions from their non-concessional contributions?

No	Leave **E** blank. Go to **F**.
Yes	Read on.

Write at **E** the total value of all personal contributions made by the member in 2020–21 that were funded by eligible personal injury payments, and where the member has elected that the contributions be excluded from their non-concessional contributions.

Eligible personal injury payments are either of the following:

- a payment made under a written settlement agreement regarding a claim for damages for personal injury or a court order for such a claim
- a workers compensation payment taken as a lump sum.

To write an amount at **E,** the SMSF must have received a valid *Contributions for personal injury election* from the member or the member's legal personal representative. For information about making this election, see Contributions for personal injury.

Do not include at **E**:

- personal injury amounts the SMSF received before the member made a valid *Contributions for personal injury election* (include these at **B Personal contributions**)
- any part of a payment that is not compensation or damages for personal injury (include these at **B Personal contributions**)
- a personal injury amount which the member did not elect to exclude from their non-concessional contributions (include these at **B Personal contributions**)
- a personal injury amount that was not contributed to the SMSF within 90 days, or such longer period the Commissioner allows, of whichever of the following events occurs last (in each case include the amount at **B Personal contributions**)
  - the day on which the member received the personal injury payment
  - the day on which the agreement for settlement of a personal injury payment was entered into
  - the day on which a court order for the personal injury payment was made.

For more information, see Contributions for personal injury.

Continue to: F Spouse and child contributions

QC 64911

F Spouse and child contributions

Did the SMSF receive spouse or child contributions from the member?

Last updated 6 August 2024

Did the SMSF receive spouse or child contributions for the member?

No	Leave **F** blank. Go to **G**.
Yes	Read on.

Write at **F** the total value of the following contributions made for the member in 2020–21:

- contributions made by the member's spouse
- contributions made by parents, relatives or others on behalf of a member who is under 18 years old (excluding those made by (or on behalf of) the member's employer).

Do not include at **F**:

- contributions made by a parent for their child who is 18 years old or older (include these at **G Other third party contributions**)
- contributions made by a former spouse when the couple have separated and are now living apart on a permanent basis (include these at **G Other third party contributions**)
- contributions made by a member who is under 18 years old (include these at **B Personal contributions**)
- contributions made by (or on behalf of) a member's employer (include these at **A Employer contributions**)

- amounts transferred from a member's spouse's super for the member as a result of a contributions splitting arrangement. These amounts are super contributions for the person that split their contributions and not super contributions for the member that received the transferred amount into their super as a result of the contributions split. Include these transferred amounts at **P Inward rollovers and transfers**. For more information, see Contributions splitting.

Continue to: G other third party contributions

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G Other third party contributions

Did the SMSF receive other third party contributions for the member?

Last updated 6 August 2024

Did the SMSF receive other third-party contributions for the member?

No	Leave **G** blank. Go to **H**.
Yes	Read on.

Write at **G** the total value of all of the following third-party contributions the SMSF received for the member in 2020–21:

- contributions made by the member's former spouse
- contributions made by the member's current spouse who is now living separately and apart from the member on a permanent basis
- contributions made by any other person (excluding the member's employer) seeking to benefit the member where the member is 18 years of age or over

- contributions made by another third party contributor acting under an obligation to contribute for the member, for example
  - an insurance company where the member's policy provides for payment of super contributions in the event of sickness or incapacity
  - a government agency making a super contribution under a scheme to compensate injured or incapacitated workers (such as WorkCover Victoria)
  - the ATO or other government agency required to compensate the member through super contributions for errors in their administration of the law
  - a deceased estate where the entitlement is only to a super contribution (the member cannot direct that their share in the estate be paid to them personally).

Do not include at **G**:

- contributions that you must include at another contribution question **A** to **M**
- contributions made for a member who is under 18 years old (include these at **F Spouse and child contributions** or **A Employer contributions**).

Continue to: H Proceeds from primary residence disposal

QC 64911

H Proceeds from primary residence disposal

Did the SMSF receive downsizer contributions from the member?

Last updated 6 August 2024

What are downsizer contributions

Downsizer contributions are contributions made by a member who:

- is aged 65 years old or older when the contribution is made to the superannuation fund
- has signed a contract to sell their dwelling on or after 1 July 2018 if the dwelling sold was owned by only one spouse, the spouse who does not hold an ownership interest may also make a downsizer contribution, or have one made on their behalf, provided they meet all the eligibility requirements
- has provided the trustee of the SMSF with the Downsizer contribution into super form either before or at the time they make their contribution
- has not previously made a downsizer contribution to super from the sale of another dwelling
- meets all the other eligibility requirements (see Downsizing contributions into superannuation).

Did the SMSF receive downsizer contributions for the member?

No	Leave **H** and **H1** blank. Go to **I** and **J**.
Yes	Read on.

Write at **H** the total value of all downsizer contributions made by the member in 2020–21.

The member can make multiple contributions from the proceeds of a single sale of a dwelling.

The downsizer contribution amount cannot be greater than the member's share of the capital proceeds of the sale of their dwelling, up to a maximum (individual) limit of $300,000.

Example: Maximum amount of a downsizer contribution

In 2021 Rupert and Denise (joint tenants) sell their home for $500,000. The capital proceeds for the disposal of their interests are $250,000 each. The home is sold under a single contract.

Rupert and Denise are both eligible to make downsizer contributions. They are able to access the capital proceeds from each other's ownership interests to determine the maximum contribution they can each make.

Rupert and Denise can choose how to allocate the total available contribution amount, as long as neither individual contributes more than $300,000 in total, and the sum of their respective contributions does not exceed the capital proceeds of $500,000.

They choose to make a $300,000 contribution to Denise's superannuation and a $200,000 contribution to Rupert's superannuation.

H1 Receipt date

Write at **H1** the date the downsizer contribution was received by the fund.

Downsizer contributions must be made within 90 days of the change in ownership of the dwelling (usually the date of settlement).

If multiple downsizer contributions were made by the member, use the date the last contribution was received by the fund.

Continue to: I and J Foreign superannuation fund amounts

QC 64911

I and J Foreign superannuation fund amounts

Did the SMSF receive a transfer for the member from a foreign superannuation fund or scheme?

Last updated 6 August 2024

Did the SMSF receive a transfer for the member from a foreign superannuation fund or scheme?

No	Leave **I** and **J** blank. Do not include a foreign super fund amount at **M**. Go to **K**.
Yes	Read on.

Write, as explained below, the amount of the transfer or part of the transfer at:

- **I Assessable foreign superannuation fund amount**
- **J Non-assessable foreign superannuation fund amount**
- **M Any other contributions**.

Write the transfer from a foreign super fund or scheme received for the member in 2020–21 at **J Non-assessable foreign superannuation fund amount** except any part of the transfer that:

- exceeds the amount that was 'vested' in the member at the time of the transfer (include that part at **I Assessable foreign superannuation fund amount**), or
- the member has made a written choice to include in the assessable income of the SMSF (include that part at **M Any other contributions**).

The member can choose to have a transfer, or part of a transfer, included in the assessable income of the SMSF only under certain circumstances. For more information, see Tax treatment of transfers from foreign super funds.

I Assessable foreign superannuation fund amount

Did the SMSF receive a transfer from a foreign superannuation fund that exceeded the amount that was 'vested' in the member at the time of transfer?

No	Leave **I** blank. Go to **J**.
Yes	Read on.

Write at **I** the amount transferred in 2020–21 that exceeded the amount that was 'vested' in the member at the time of transfer.

For an example of 'an amount that is not vested in the member at the time of transfer' see Example: Transfer from a foreign super fund.

You must include the amount you write at **I Assessable foreign superannuation fund amount** in the amount at **F Transfers from foreign funds** in section B.

Do not include at **I** any part of a transfer from a foreign super fund or scheme that:

- was 'vested' in the member at the time of transfer (write that amount at **J Non-assessable foreign superannuation fund amount** or at **M Any other contributions**)
- the member made a written choice to include in the assessable income of the SMSF (include that amount at **M Any other contributions**).

J Non-assessable foreign superannuation fund amount

Did the SMSF receive a transfer from a foreign super fund that is not assessable income of the SMSF?

No	Leave **J** blank. Go to **K**.
Yes	Read on.

Write at **J** the total amount transferred from a foreign super fund or scheme for the member in 2020–21 except any part of the transfer that is assessable income of the fund because:

- it exceeds the amount that was 'vested' in the member at the time of the transfer (write that part at **I Assessable foreign superannuation fund amount**), or
- the member has made a written choice to include that amount in the assessable income of the SMSF (write that part at **M Any other contributions**).

Example: Transfer from a foreign super fund

(All amounts are in Australian dollars.)

David has been a resident of Australia for 2 years. David transfers his entire interest in a foreign super fund to his Australian SMSF. The amount of the transfer is $60,000 made up of:

- $2,000 that was not 'vested' in his account at the time of the transfer (this amount is the result of the exercise of discretion by the trustee of the foreign super fund)
- $50,000 that was the balance of his account in the foreign super fund when David became an Australian resident
- $8,000 of earnings in the foreign super fund that was allocated to his account while David was an Australian resident and which David chose to have included in the assessable income of the SMSF.

In David's record in section F, the SMSF reports:

- $2,000 at **I Assessable foreign superannuation fund amount**
- $50,000 at **J Non-assessable foreign superannuation fund amount**
- $8,000 at **M Any other contributions**.

The SMSF also reports $10,000 ($8,000 plus $2,000) at **F Transfers from foreign funds** in section B. If David had not chosen to have the $8,000 included in the assessable income of the SMSF, the $8,000 would have been included in David's assessable income. It would not be included at **M Any other contributions**, and $58,000 would be reported at **J Non-assessable foreign superannuation fund amount**. $2,000 is still

reported at **I Assessable foreign superannuation fund amount** in section F and also $2,000 at **F Transfers from foreign funds** in section B.

Continue to: K and L Transfers from reserves

QC 64911

K and L Transfers from reserves

Did the SMSF transfer any amounts to the member's account from the SMSF's reserves?

Last updated 6 August 2024

Did the SMSF transfer any amounts to the member's account from the SMSF's reserves?

No	Leave **K** and **L** blank. Do not include a transfer from reserve for the member at **O**. Go to **T**.
Yes	Read on.

Write the amount the SMSF transferred in 2020–21 from a reserve to the member's account at:

- **K Transfer from reserve: assessable amount**
- **L Transfers from reserve: non-assessable amount**
- **O Allocated earnings or losses**.

Read on for information about how to complete these items.

Legislation

Regulations 291-25.01 and 292-90.01 of the *Income Tax Assessment Regulations 1997*.

K Transfer from reserve: assessable amount

Did the SMSF allocate an amount to the member's account where the amount:

- is an assessable contribution of the SMSF not included at another question
- was allocated from a reserve and would be assessable income if the amount was made as a contribution, or
- was allocated from a reserve and is not excluded from being a concessional contribution?

No	Leave **K** blank. Go to **L**.
Yes	Read on.

Write at **K** the total of the assessable amounts allocated in 2020–21 from the SMSF's reserves to the member's account.

In some cases, the amount you write at **K** is greater than the amount actually allocated to the member's account. Where the amount was allocated to the member's account from a reserve instead of an employer making a contribution to the SMSF, multiply the amount that was transferred from the reserve by 1.176 to include the 15% tax that the SMSF would have paid if the employer had actually made a contribution to the SMSF for the member. Write at **K** this grossed-up amount rather than the amount that was transferred from the reserve.

The amount at **K** is included in the member's concessional contributions.

If you have used a contribution reserve strategy for concessional contributions as described in TD 2013/22 then do not include at **K** the contributions received by the SMSF in 2020–21 and allocated to the member's account in the following financial year (instead include those contributions at either **A Employer contributions** or **B Personal contributions)**.

Example: Grossing up a transfer from reserve: assessable amount

An employer has an obligation to make a $1,000 super contribution for the member.

Instead of the employer making the $1,000 contribution to the SMSF, the SMSF trustee allocates $850 to the member's account from a reserve. The $850 takes into account that 15% tax is payable on a $1,000 employer contribution to super.

The trustee writes $999.60 (that is, $850 × 1.176) at **K**.

L Transfer from reserve: non-assessable amount

Did the SMSF allocate an amount to the member's account where the amount is:

- not assessable contributions of the SMSF and not included at another question, and
- not an amount that should be included at **O Allocated earnings or losses** (see information at Transfers from reserves that are not included at K or L)?

No	Leave **L** blank. Go to **T**.
Yes	Read on.

Write at **L** the non-assessable amount allocated from the SMSF's reserves to the member's account (other than amounts included at **O Allocated earnings or losses**).

The amount written at **L** is included in the member's non-concessional contributions.

Transfers from reserves that are not included at K or L

Generally, all allocations from reserves are reported as either assessable or non-assessable amounts, but certain exceptions apply and these amounts are reported at **O Allocated earnings or losses**. For example, the following allocations from reserves are included at **O Allocated earnings or losses**:

- amounts allocated to all members, or to a class of members to which the reserve relates, on a fair and reasonable basis, and the amount allocated for 2020–21 is less than 5% of the value of the members' interest
- amounts allocated for the sole purpose of discharging super income stream liabilities that are currently payable
- allocations following the commutation of a pension, where the amount in the reserve is allocated to an individual as a result of the death of the primary beneficiary of the pension, and it is used to support another income stream for that individual.

Continue to: T Contributions from non-complying funds and previously non-complying funds

QC 64911

T Contributions from non-complying funds and previously non-complying funds

Was the SMSF non-complying on 2019-20 and its status changed to complying at the beginning of 2020-21?

Last updated 6 August 2024

Was the SMSF non-complying in 2019–20 and its status changed to complying at the beginning of 2020–21?

No	Leave **T** blank. Go to **M**.
Yes	Read on.

Write at **T** the total amount of contributions received for the member where those contributions:

- were made on or after 10 May 2006, and when the SMSF was non-complying, and
- haven't previously been reported at this question in an earlier year.

Do not include the contributions you write at **T** in the member's 'Opening account balance'.

Do not include at **T** contributions made in 2020–21 when the SMSF was complying. Include these amounts at **A** to **M**.

Continue to: M Any other contributions

QC 64911

M Any other contributions

Did the SMSF receive any other contributions for the member?

Last updated 6 August 2024

Did the SMSF receive any other contributions for the member (including super co-contributions and low income super amounts) that are not included at questions A to T?

No	Leave **M** blank. Go to **N**.
Yes	Read on.

Write at **M** the total value of other contributions received for the member in 2020–21 that you have not included at questions **A** to **T**.

Include at **M**:

- super co-contributions and low income super amounts paid to the SMSF for the benefit of the member by us (including where they are transferred by us to the SMSF from the Superannuation Holding Account (SHA) special account)
- any amount transferred from a foreign super fund or scheme that the member has chosen to have included in the SMSF's assessable income (see Tax treatment of transfers from foreign super funds).
- If a member has received any other contributions (including super co-contributions and low income superannuation amounts), you must include the following at item **7** in Section A
  - Fund's financial institution account details, and
  - Electronic service address alias (ESA).

Do not include at **M**:

- amounts transferred from the member's spouse's super as a result of a contributions splitting arrangement. These amounts are super contributions for the person that split their contributions and not super contributions for the member that received the transferred amount into their super as a result of the contributions split. Include these transferred amounts at **P Inward rollovers and transfers**.

For more information, see Contributions splitting for members.

Continue to: N Total contributions

QC 64911

N Total contributions

Did you write any contributions at A to M for this member?

Last updated 6 August 2024

Did you write any contributions at A to M above for this member?

No	Write **0** (zero) at **N**. Go to Other transactions questions.
Yes	Read on.

Write at **N** the total of all the contributions for this member that you wrote at **A** to **M**:

- **A Employer contributions**
- **B Personal contributions**
- **C CGT small business retirement exemption**
- **D CGT small business 15-year exemption amount**
- **E Personal injury election**
- **F Spouse and child contributions**
- **G Other third party contributions**
- **H Proceeds from primary residence disposal**
- **I Assessable foreign superannuation fund amount**
- **J Non-assessable foreign superannuation fund amount**
- **K Transfer from reserve: assessable amount**
- **L Transfers from reserve: non-assessable amount**
- **T Contributions from non-complying funds and previously non-complying funds**
- **M Any other contributions**.

Continue to: Other transactions

Other transactions

Information on reporting other transactions.

Last updated 6 August 2024

What to include

At **O** to **R2**, show transactions for the member in 2020–21 that were not contributions included at questions **A** to **M**:

- O Allocated earnings or losses
- P Inward rollovers and transfers
- Q Outward rollovers and transfers
- R1 Lump sum payments
- R2 Income stream payments

O Allocated earnings or losses

If you could not include an amount of a transaction at the contribution questions **A** to **M**, and cannot include it at **P Inward rollovers and transfers**, **Q Outward rollovers and transfers**, **R1 Lump sum payments**, or **R2 Income stream payments**, include it at **O Allocated earnings or losses**.

Did the SMSF allocate any earnings, losses, taxes or expenses to the member?

No	Leave **O** blank. Go to **P**.
Yes	Read on.

Write at **O** the sum of:

- all earnings allocated to this member

less

- expenses (including taxes) and losses allocated to this member.

If the amount at **O** is a loss, print **L** in the box to the right of the amount.

Include at **O** any transactions affecting the member's **closing balance** that you have not included at another question in section F or section G. For example, the amount at **O** could include:

- investment earnings allocated to the member's account
- expenses allocated to the member's account
- gains and losses allocated to the member's account
- payments received for the member under an insurance policy held by the SMSF for death or disability cover
- allocations from reserves that are not included at either **K Transfer from reserve: assessable amount** or **L Transfer from reserve: non-assessable amount**. For more information, see Transfers from reserves that are not included at K or L.

Continue to: P Inward rollovers and transfers

P Inward rollovers and transfers

Did the SMSF receive rollovers or transfers for the member?

Q Outward rollovers and transfers

Did the SMSF make any outward rollovers or transfers from the member's account?

R1 Lump sum payments

Did the SMSF pay any super lump sums for the member?

R2 Income stream payments

Did the SMSF pay a super income stream to the member?

QC 64911

P Inward rollovers and transfers

Did the SMSF receive rollovers or transfers for the member?

Last updated 6 August 2024

Did the SMSF receive rollovers or transfers for the member?

No	Leave **P** blank. Go to **Q**.
Yes	Read on.

Write at **P** the total amount of rollovers and transfers received for the member in 2020–21 from within the Australian superannuation system.

These rollovers and transfer amounts are shown on the Rollover benefits statement or Death benefit rollover statement that you should have received from the transferring fund. You should have received the *Rollover benefits statement* or *Death benefit rollover statement* within seven days of the member's previous fund making the rollover or transfer payment.

Examples of inward amounts you include at **P** include:

- rollover payments received for the member from other funds where you receive *a Rollover benefits statement* or *Death benefits rollover statement* from that fund
- amounts transferred from the member's spouse's super into the member's account as a result of a contributions splitting arrangement (for more information, see Contributions splitting for members)
- amounts transferred for the member because of a family law obligation (such as a super agreement or a Family Law Court order as a result of a relationship breakdown)

- amounts transferred to the member's account from their spouse's account as a result of the spouse's death (a reversionary pension or entitlement).

These amounts are not contributions for the member that receives them into their account.

If the SMSF can receive an inward rollover or transfer amount you must include the following at item **7** in Section A:

- Fund's financial institution account details, and
- Electronic service address alias (ESA).

Do not include transfers from foreign super funds at **P**. Show these at:

- **I Assessable foreign superannuation fund amount**
- **J Non-assessable foreign superannuation fund amount**, or
- **M Any other contributions**.

If an amount is transferred between members' accounts in your SMSF, for information about how to record the transaction, see Transfers between members within the SMSF.

Example: How to report inward rollovers

A large public offer super fund transferred $250,000 to SMSF P and provided a *Rollover benefits statement* that identified David as the recipient member and reported:

> **13 Tax components:**
>
> Taxable component:
>
> Element taxed in the fund: $250,000 (the net amount)

The SMSF reports the entire $250,000 at **P Inward rollovers or transfers** in David's record in section F.

If the $250,000 includes contributions that were made during 2020–21, the large public offer super fund must report this to us, as well as reporting the outward rollover amount. The SMSF does not report any of the inward rollover as a contribution at questions **A** to **M**.

Continue to: Q Outward rollovers and transfers

QC 64911

Q Outward rollovers and transfers

Did the SMSF make any outward rollovers or transfers from the member's account?

Last updated 6 August 2024

Did the SMSF make any outward rollovers or transfers from the member's account?

No	Leave **Q** blank. Go to **R1**.
Yes	Read on.

Write at **Q** the total amount of the outward rollovers and transfers paid from the member's account (other than to a foreign recipient).

The SMSF was required to report the transfers and rollovers on a *Rollover benefits statement* or *Death benefit rollover statement* that it gave to the receiving fund when the transfer or rollover occurred. The amount that you write at **Q** is the same as the total of the amounts shown at item **13** on the *Rollover benefits statement* or *Death benefits rollover statement*.

Examples of the outward amounts you write at **Q** include:

- rollover payments made for the member to another fund where you provided a *Rollover benefits statement* or *Death benefits rollover statement* to the fund
- amounts transferred out of the member's account, to their spouse's super account, as a result of a contributions splitting arrangement (for more information, see Contributions splitting for members)
- amounts transferred from the member's account because of a family law obligation (such as an order by a Family Law Court)

- amounts transferred from the member's account to their spouse's super account as a result of the member's death (a reversionary pension or entitlement).

Example: How to report outward rollovers

James is a member and trustee of an SMSF. On 1 July 2020 James' account balance in the SMSF was $300,000.

On 1 January 2021 James rolled over his entire interest in the SMSF to a large public offer super fund. Between 1 July 2020 and 1 January 2021:

- James's employer contributed $20,000 to the SMSF
- the SMSF deducted $3,000 from James's account as an allowance for tax.

The SMSF transfers the $317,000 in James's account to the large public offer super fund. It also sends a *Rollover benefits statement* to the large public offer super fund.

On the SMSF annual return for 2020–21, the SMSF reports for James in section G:

Opening account balance	$300,000
Contributions:	-
A Employer contributions	$20,000
N Total contributions	$20,000
O Allocated earnings or losses	$3,000 L
Other transactions	-
Q Outward rollovers and transfers	$317,000
S Closing account balance	$0

Transfers between members within the SMSF

If an amount is transferred between two members in the same SMSF, include the amount of the transfer at:

- **Q Outward rollovers and transfers** in the record of the member that sends the transfer, and
- **P Inward rollovers and transfers** in the record of the member that receives the transfer.

If contributions were made for a member and transferred to another member, they are reported as contributions in the record of the member for whom they were made. Do not report them as if they were contributions of the member that received the transfer.

Example: Transfer within an SMSF

Bob and Jasmine are both members of the same SMSF. As a result of a family court order, Bob transferred $100,000 to Jasmine in 2020–21. The $100,000 included $5,000 employer contributions that were made during 2020–21. In section F of the 2020–21 SMSF annual return:

- Bob's record includes $5,000 at **A Employer contributions** and $100,000 at **Q Outward rollovers and transfers**
- Jasmine's record includes $100,000 at **P Inward rollovers and transfers**.

Continue to: R1 Lump sum payments

QC 64911

R1 Lump sum payments

Did the SMSF pay any super lump sums for the member?

Last updated 6 August 2024

Did the SMSF pay any super lump sums for the member?

No	Leave **R1** blank. Go to **R2**.
Yes	Read on.

Write at **R1** the total amount of super lump sum benefits paid for the member in 2020–21.

Use **table 11** to work out which code applies to the amount you wrote at **R1**. Print the code in the **Code** box to the right of **R1**. If more than one benefit type applies, use the code that describes the largest payment amount.

Do not include at **R1**:

- amounts transferred from the member's account to their spouse's super account as a result of a contributions splitting arrangement (include these at **Q Outward rollovers and transfers**)
- amounts transferred from the member's account because of a family law obligation (include these at **Q Outward rollovers and transfers**).

A payment made as a result of a full commutation of an income stream is a super lump sum and must be reported at **R1 Lump sum payments**.

From 1 July 2017 the payment resulting from a partial commutation of a super income stream is a superannuation lump sum and must be reported at **R1 Lump sum payments**.

From 1 July 2017 a member can no longer elect to have a super income stream benefit treated as a super lump sum.Table 11: Lump sum benefit type codes

Code	Benefit type
A	Lump sum benefit for a member 60 years old or older
B	Lump sum benefit for a member less than 60 years old

C	Death benefit to a dependant
D	Death benefit to a non-dependant
E	Terminal medical condition benefit
F	Other lump sum benefit type (for example, permanent incapacity, severe financial hardship, approved compassionate payment)
G	Release authority payment (for example where an amount is released and issued to the ATO in response to a release authority)

Continue to: R2 Income stream payments

QC 64911

R2 Income stream payments

Did the SMSF pay a super income stream to the member?

Last updated 6 August 2024

Did the SMSF pay a super income stream to the member?

No	Leave **R2** blank. Go to **S**.
Yes	Read on.

Write at **R2** the total amount of super income stream benefits paid to the member in 2020–21.

Use **table 12** to work out which code applies to the amount you wrote at **R2**. Print the code in the Code box to the right of **R2**. If more than

one benefit type applies, use the code that describes the income stream with the largest total payment amount.

Do not include at **R2**:

- amounts transferred from the member's account to their spouse's super account as a result of a contributions splitting arrangement (include these at **Q Outward rollovers and transfers**)
- amounts transferred from the member's account because of a family law obligation (include these at **Q Outward rollovers and transfers**).

A payment made as a result of a full commutation of an income stream is a super lump sum and must be reported at **R1 Lump sum payments**.

From 1 July 2017 the payment resulting from a partial commutation of a super income stream is a super lump sum and must be reported at **R1 Lump sum payments**.

From 1 July 2017 a member can no longer elect to have a super income stream benefit treated as a super lump sum.

Table 12: Income stream benefit type codes

Code	Benefit type
M	Income stream benefit for a member 60 years old or older (other than transition to retirement)
N	Income stream benefit for a member under 60 years old (other than transition to retirement)
O	Transition to retirement
P	Death benefit to a dependant where: • the member died at 60 years old or older, or • the dependant is 60 years old or older.
Q	Death benefit to a dependant where: • the member died before age 60, **and**

	• the dependant is under 60 years of age.
R	Other income stream type (for example paid due to the member's temporary incapacity or permanent incapacity)

Continue to: TRIS count

QC 64911

TRIS count

Information on TRIS count.

Last updated 6 August 2024

Enter the total number of accounts that are transition to retirement income stream products that the member has in accumulation phase.

The TRIS is in accumulation phase unless you have reached age 65 or have met another nil cashing restriction condition of release (retirement, permanent incapacity, or terminal medical condition) and notified your SMSF.

S1 Accumulation phase account balance

Write at **S1** the closing account balance of accounts that are in the accumulation phase.

S2 Retirement phase account balance – Non CDBIS

Write at **S2** the closing account balance of accounts that are in the retirement phase and are:

- market linked capped defined benefit income streams, or

- other retirement income streams that are not capped defined benefit income streams.

For clarity, income streams included here are the following retirement income streams defined in subsection 307-230(4) ITAA 1997:

- an allocated annuity
- an allocated pension
- an allocated pension – within the meaning of the *Retirement Savings Accounts Regulations 1997*
- an account-based annuity
- an account-based pension – within the meaning of the *Superannuation Industry (Supervision) Regulations 1994*
- an account based pension – within the meaning of the *Retirement Savings Accounts Regulations 1997*
- a market linked annuity – within the meaning of the *Superannuation Industry (Supervision) Regulations 1994*
- a market linked pension – within the meaning of the *Superannuation Industry (Supervision) Regulations 1994*
- a market linked pension – within the meaning of the *Retirement Savings Accounts Regulations 1997*.

S3 Retirement phase account balance – CDBIS

Write at **S3** the closing account balance that is held in accounts that are in the retirement phase and are capped defined benefit income streams except capped defined benefit income streams that are market linked pensions and annuities. Capped defined benefit income streams are defined in subsection 294-130(1) of the ITAA 1997.

Continue to: S Closing account balance

QC 64911

S Closing account balance

Information on closing account balance.

Last updated 6 August 2024

Write at **S** the member's account balance at 30 June 2021. If the member's closing account balance is zero or a negative amount, write **0** (zero) at **S**. To work out the member's closing account balance at 30 June 2021:

- add
  - **Opening account balance** (at 1 July 2020)
  - **N Total contributions**
  - **O Allocated earnings and losses** (if the amount is positive)
  - **P Inward rollovers and transfers**
- and then subtract
  - **O Allocated earnings and losses** (if the amount is a loss)
  - **Q Outward rollovers and transfers**
  - **R1 Lump sum payments**
  - **R2 Income stream payments**.

If a member has multiple accounts, you should have combined them so that each member has only one statement in either section F or section G.

The amount you write at **Closing account balance** must also equal the sum of **S1**, **S2** and **S3**.

Continue to: X1 Accumulation phase value

X1 Accumulation phase value

Information on accumulation phase value.

QC 64911

X1 Accumulation phase value

Information on accumulation phase value.

Last updated 6 August 2024

Accumulation phase value

It is now conditional as to whether you provide for each member their 30 June accumulation phase value. The accumulation phase value is the total amount of the superannuation benefits that would become payable if the member voluntarily caused the interest to cease.

The accumulation phase value is often less than the value at **S1 Accumulation phase account balance** as the costs to cease the interest are subtracted from the account balance.

You may provide an accumulation phase value if your accumulation phase account balance does not equal your accumulation phase value.

You must provide an accumulation phase value where the difference between the accumulation phase value and the accumulation phase account balance is not limited to the value of the administration and exit fees and realisation costs if the member was to voluntarily cease the interest.

If you provide the accumulation phase value, we will use it to work out the total superannuation balance for the member and we will no longer use **S1 Accumulation phase account balance** for that calculation.

X2 Retirement phase value

It is now conditional as to whether you provide for each member their 30 June retirement phase value. The retirement phase value is the total amount of the superannuation benefits that would become payable from retirement phase accounts (non-CDBIS only) if the member voluntarily caused the interest to cease.

The retirement phase value is often less than the value at **S2 Retirement phase account balance – Non CDBIS** as the costs to cease

the interest are subtracted from the account balance.

You may provide a retirement phase value if your retirement phase account balance does not equal your retirement phase value.

You must provide a retirement phase value where the difference between the retirement phase value and the value at **S2** is not limited to the value of the administration and exit fees and realisation costs if the member was to voluntarily cease the interest.

If you provide the retirement phase value, we will use it to work out the total superannuation balance for the member and we will no longer use **S2** for that calculation.

Y Outstanding limited recourse borrowing arrangement amount

Label Y represents the member's outstanding limited recourse borrowing arrangement (LRBA) amount at 30 June (if applicable). The information below will help you decide if you need to report an amount at this label.

Does the fund have an LRBA that is a:

- new LRBA entered into on or after 1 July 2018
- refinancing of an existing LRBA and the refinanced amount entered into on or after 1 July 2018 is greater than the outstanding balance of the original LRBA, or
- refinancing of an existing LRBA to acquire different assets on or after 1 July 2018.

No	**Leave label Y blank.**
Yes	Read on.

Is the lender of the LRBA an associate of the fund?

No	Read on.
Yes	Write at label **Y** for each member the total value of the outstanding LRBA amount at 30 June 2021 that is attributable to them.

Has the member met a condition of release with a nil cashing restriction?

No	**Leave label Y blank.**
Yes	Write at label **Y** the total value of the outstanding LRBA amount at 30 June 2021 that is attributable to the member that meets a condition of release with a nil cashing restriction.

The total of all the amounts at Y for all the members should not be greater than the amount you report at **V1 Borrowings for limited recourse borrowing arrangements** in section H.

Do not include the value of the assets held under the LRBA amount here. Include this in section H.

For more information, see:

- Outstanding LRBA amount for total superannuation balance
- Changes to other laws relating to LRBAs
- LCR 2016/12 *Superannuation reform: total superannuation balance*

Total superannuation balance

We will use the amount you enter at **S1**, **S2**, **X1** and **X2** to calculate the total superannuation balance for each of the members.

From 1 July 2017 the member's total superannuation balance may impact upon their non-concessional contributions cap and affect other superannuation measures.

For more information, see Total superannuation balance.

Example: Calculating closing account balance

This example is for an SMSF with a single member. In such a case, all the SMSF's expenses are allocated to the member.

Closing account balance for previous year

The member's closing account balance at 30 June 2020 was $50,000.

Transactions for 2020–21

Transaction	Add/subtract	Amount $
Employer contributions	+	12,000
Bank interest	+	5,000
Partnership distribution	+	2,000
Auditor fees (see note 1)	–	1,000
Income tax (see note 1)	–	2,500
Supervisory levy (see note 1)	–	259

Note 1: These amounts were paid in 2020–21.

Member closing account balance 30 June 2021

Item	Amount $
Opening account balance	50,000 (2019–20 closing account balance)
N Total contributions	12,000 (employer contributions)

O Allocated earnings or losses (see note 2)	3,241
S Closing Account balance	65,241

Note 2: **O Allocated earnings or losses** is the total of all the transactions for 2020–21, excluding transactions accounted for at another question (in this case employer contributions, which are already accounted for at **N TOTAL CONTRIBUTIONS**).

Continue to: Section H: Assets and liabilities

QC 64911

Section H: Assets and liabilities

You must complete Section H for the SMSF. Report all of the SMSF's assets and liabilities at 30 June 2021.

Last updated 7 August 2024

You must complete section H. Section H covers the assets and liabilities of the SMSF.

The SMSF's total assets must equal its total liabilities, that is, the amount at **U Total Australian and overseas assets** must equal the amount at **Z Total liabilities**.

Print the market value of the assets, as shown in the SMSF's balance sheet (also known as the SMSF's statement of financial position) at 30 June 2021.

For more information, see Valuation guidelines for self-managed superannuation funds.

Section H: Assets and liabilities covers:

- 15a Australian managed investments (items **A** to **D**)
- 15b Australian direct investments (items **E** to **O**)
- 15c Other investments (item **N**)

- 15d Overseas direct investments (items **P** to **U**)
- 15e In-house assets (item **A**)
- 15f Limited recourse borrowing arrangements (items **A** and **B**)
- 16 Liabilities (items **V** to **Z**).

Continue to: 15a Australian managed investments

15a Australian managed investments

Information for Australian managed investments.

15b Australian direct investments

Information for Australian direct investments.

15c Other investments

Information for other investments.

15e In-house assets

Did the SMSF hold any in-house assets on 30 June 2021?

15f Limited recourse borrowing arrangements

Information on limited resource borrowing arrangements.

16 Liabilities

Information on liabilities.

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15a Australian managed investments

Information for Australian managed investments.

Last updated 7 August 2024

What is covered in label 15a

15a Australian managed investments covers the SMSF's investment in entities that make subsequent investments on behalf of the SMSF.

If the entity in which the SMSF has invested is located or registered in Australia, then the SMSF's investment in that entity is recorded at **A**, **B**, **C** or **D**. The four questions of **15a Australian managed investments** relate to:

- A Listed trusts
- B Unlisted trusts
- C Insurance policy
- D Other managed investments

A Listed trusts

A listed trust is a trust which has its units traded on an Australian stock exchange, and the unit values are reported as shares.

Did the SMSF own any units in an Australian listed trust?

No	Leave **A** blank. Go to **B**.
Yes	Read on.

Write at **A** the value (on 30 June 2021) of listed trust units owned by the SMSF. Do not include at **A** the value of units in listed trusts that are

held on trust under a limited recourse borrowing arrangement (include the value of these at **J6 Other** in **15b**).

B Unlisted trusts

Unlisted trusts are trusts that are not traded or purchased through an Australian stock exchange.

Did the SMSF own any units in an Australian unlisted trust?

No	Leave **B** blank. Go to **C**.
Yes	Read on.

Write at **B** the value (on 30 June 2021) of unlisted trust interests held by the SMSF that were registered or located in Australia.

If the SMSF is complying and received a share of net income from the trust that is non-arm's length income, you must also include the distributions in section B at U2 Net non-arm's length trust distributions.

Do not include at **B** the value of units in unlisted trusts that are held on trust under a limited recourse borrowing arrangement (include the value of these at **J6 Other** in **15b**).

C Insurance policy

Did the SMSF own any life insurance policies that were issued by an organisation registered under the Life Insurance Act 1995?

No	Leave **C** blank. Go to **D**.
Yes	Read on.

Write at **C** the value (on 30 June 2021) of life insurance policies owned by the SMSF that were issued by an organisation registered under the *Life Insurance Act 1995*.

Do not include at **C** the value of insurance policies that are held on trust under a limited recourse borrowing arrangement (write the value of these at **J6 Other** in **15b**).

D Other managed investments

Did the SMSF own any other Australian managed investments?

No	Leave **D** blank. Go to **15b**.
Yes	Read on.

Write at **D** the value (on 30 June 2021) of the SMSF's other investments in entities located or registered in Australia that:

- invest on behalf of the SMSF, and
- you did not include at **A Listed trusts**, **B Unlisted trusts** or **C Insurance policy** above.

This asset category includes investments with all external investment managers and pooled superannuation trusts (PSTs) located or registered in Australia.

An external investment manager is a person appointed by the trustee of the SMSF in accordance with section 124 of the *Superannuation Industry (Supervision) Act 1993* to make investments on behalf of the SMSF. Investments managed by an external investment manager are called managed funds.

A managed fund that is registered in Australia is an Australian managed investment even if it invests in overseas assets.

Do not include at **D** the value of any Australian managed investments that were held on trust under a limited recourse borrowing arrangement (write the value of these at **J6 Other** in **15b**).

Continue to: 15b Australian direct investments

15b Australian direct investments

Information for Australian direct investments.

Last updated 7 August 2024

What is covered in label 15b

15b Australian direct investments covers investments located in Australia where the SMSF directly holds the assets, either in the name of the SMSF or in another legally recognised format.

The sections in **15b Australian direct investments** are:

- E Cash and term deposits
- F Debt securities
- G Loans
- H Listed shares
- I Unlisted shares
- J1 to J7 and J Limited recourse borrowing arrangements
- K Non-residential real property
- L Residential real property
- M Collectables and personal use assets
- O Other assets

E Cash and term deposits

Did the SMSF own any cash or term deposits?

No	Leave **E** blank. Go to **F**.
Yes	Read on.

Write at **E** the value (on 30 June 2021) in Australian currency of all cash accounts and term deposits held by the SMSF with Australian financial institutions (or other similar organisations).

Examples include money market funds and cash management trusts.

Do not include holdings in cryptocurrencies at **E**. Include these assets at **T Other overseas assets**. For more information about cryptocurrencies, see Tax treatment of cryptocurrencies in Australia.

F Debt securities

Debt securities:

- are typically financial securities which establish ownership and represent borrowings that must be repaid by the issuer
- include negotiable instruments such as bonds, bills of exchange, promissory notes and share certificates which are traded in financial markets
- may consist of a combination of two or more financial instruments. These debt securities are called hybrid securities. They can combine bonds or notes, swaps, forward or futures contracts and options.

Did the SMSF own any debt securities?

No	Leave **F** blank. Go to **G**.
Yes	Read on.

Write at **F** the value (on 30 June 2021) of debt securities or hybrid securities, held by the SMSF, that are traded or available in Australia.

Do not include at **F** the value of debt securities held on trust under a limited recourse borrowing arrangement. Include the value of these securities at **J6 Other** in **15b**.

G Loans

Did the SMSF have any Australian loans (where the SMSF is the lender)?

No	Leave **G** blank. Go to **H**.

Yes	Read on.

Write at **G** the total value (on 30 June 2021) of loans where:

- the SMSF is the lender, and
- the SMSF entered into or finalised the loan in Australia.

H Listed shares

Did the SMSF own any public shares and equities that are traded on Australian stock exchanges?

No	Leave **H** blank. Go to **I**.
Yes	Read on.

Write at **H** the value (on 30 June 2021) of public shares and equities held by the SMSF that are traded on Australian stock exchanges. These include shares, equities and similar financial contracts that are traded on Australian stock exchanges.

Do not include at **H**:

- debt securities (include these at **F Debt securities**)
- investments in listed trusts (include these at **A Listed trusts**)
- listed shares held on trust under a limited recourse borrowing arrangement (include these at **J4 Australian shares**).

I Unlisted shares

Did the SMSF own any unlisted shares, equities or similar financial contracts that are not traded on Australian stock exchanges?

No	Leave **I** blank. Go to J Limited recourse borrowing arrangements
Yes	Read on.

Write at **I** the value (on 30 June 2021) of shares, equities and similar financial contracts held by the SMSF that are not listed on Australian stock exchanges.

Do not include at **I**:

- investments in unlisted trusts here (include these at **B Unlisted trusts** in **15a**)
- unlisted shares that are held on trust under a limited recourse borrowing arrangement (include the value of these at **J4 Australian shares** in **15b**).

If the SMSF is complying and non-arm's length dividends were paid to the SMSF from a private company include them at **U1 Net non-arm's length private company dividends** in section B.

Continue to: J1 to J7 and J Limited recourse borrowing arrangements

J1 to J7 and J Limited recourse borrowing arrangements

Information for limited recourse borrowing arrangements.

K Non-residential real property

Information for non-residential real property.

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J1 to J7 and J Limited recourse borrowing arrangements

Information for limited recourse borrowing arrangements.

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Did the SMSF have a beneficial interest in any assets that were held on trust as

security under a limited recourse borrowing arrangement?

No	Leave **J1** to **J7** and **J** blank. Go to **K**.
Yes	Read on.

Write at **J1** to **J6** the value (on 30 June 2021) of assets beneficially held by the SMSF in a trust as security for a borrowing of money under a limited recourse borrowing arrangement, including instalment warrants.

- The amounts you write at **J1** to **J6** are the values of the assets held on trust under limited recourse borrowing arrangements and not the amounts borrowed or the amount of outstanding borrowings.
- Write the value of the outstanding borrowings under the limited recourse borrowing arrangements at **V1** at item **16 Liabilities**.
- Do not include the amounts you write at **J1** to **J6** at any other asset question in section H. For example, if the SMSF holds a beneficial interest in overseas shares on trust under a limited recourse borrowing arrangement, record the value of the shares at **J5** and not at **P Overseas shares** at item **15d**.

Example: Limited recourse borrowing arrangements

For example, at 30 June 2021, if the SMSF has a beneficial interest in residential land with a market value of $300,000 held in a trust under a limited recourse borrowing arrangement and the outstanding amount borrowed is $100,000, the trustee includes:

- $300,000 at **J1 Australian residential real property**
- $300,000 at **J Limited recourse borrowing arrangements**
- $100,000 at **V1 Borrowings for limited recourse borrowing arrangements**

SMSFs are prohibited from borrowing to invest except in certain limited circumstances. For more information, see Limited recourse borrowing arrangements – questions and answers.

J1 Australian residential real property

Did the SMSF have a beneficial interest in any Australian residential real property that was held on trust as security under a limited recourse borrowing arrangement?

No	Leave **J1** blank.
Yes	Read on.

Write at **J1** the value (on 30 June 2021) of the SMSF's beneficial interest in residential real property that is:

- located in Australia, and
- held in a trust as security for a borrowing under a limited recourse borrowing arrangement.

J2 Australian non-residential real property

Did the SMSF have a beneficial interest in any Australian non-residential real property that was held on trust as security under a limited recourse borrowing arrangement?

No	Leave **J2** blank.
Yes	Read on.

Write at **J2** the value (on 30 June 2021) of the SMSF's beneficial interest in non-residential real property that is:

- located in Australia, and
- held in a trust as security for a borrowing under a limited recourse borrowing arrangement.

J3 Overseas real property

Did the SMSF have a beneficial interest in any overseas real property that was held on trust as security under a limited recourse borrowing arrangement?

No	Leave **J3** blank.
Yes	Read on.

Write at **J3** the value (on 30 June 2021) of the SMSF's beneficial interest in residential and non-residential real property that is:

- located overseas, and
- held in a trust as security for a borrowing under a limited recourse borrowing arrangement.

J4 Australian shares

Did the SMSF have a beneficial interest in any Australian shares that were held on trust as security under a limited recourse borrowing arrangement?

No	Leave **J4** blank. Go to **J5**.
Yes	Read on.

Write at **J4** the value (on 30 June 2021) of the SMSF's beneficial interest in public shares, unlisted shares, equities and similar financial contracts that are held in a trust as security for a borrowing under a limited recourse borrowing arrangement.

Do not include:

- derivatives (include these at **O Other assets**)
- a beneficial interest in debt securities that is held under a limited recourse borrowing arrangement (include these at **J6 Other**).

J5 Overseas shares

Did the SMSF have a beneficial interest in any overseas shares that were held on trust as security under a limited recourse borrowing arrangement?

No	Leave **J5** blank. Go to **J6**.
Yes	Read on.

Write at **J5** the value (on 30 June 2021) of the SMSF's beneficial interest in public and private shares, equities and similar financial contracts that are:

- traded on overseas stock exchanges, and
- held in a trust as security for a borrowing under a limited recourse borrowing arrangement.

Do not include:

- derivatives (include these at **O Other assets**)
- a beneficial interest in debt securities that is held under a limited recourse borrowing arrangement (include these at **J6 Other**).

J6 Other

Did the SMSF have a beneficial interest in any other assets that were held on trust as security under a limited recourse borrowing arrangement?

No	Leave **J6** blank. Go to **J7**.
Yes	Read on.

Write at **J6** the value (on 30 June 2021) of the SMSF's beneficial interest in other assets that:

- are held in a trust as security for a borrowing under a limited recourse borrowing arrangement, and
- do not fall within any of the categories in questions **J1** to **J5**.

J7 Property count

Did the SMSF have any properties held in trust as security under a limited recourse borrowing arrangement at J1, J2, or J3?

No	Leave **J7** blank. Go to **J**.
Yes	Read on.

Show at **J7** the total number of real properties that are a single acquirable asset the fund has an interest in that has been reported at **J1**, **J2** and **J3**.

- Each distinct property that the SMSF has an interest in should be reported. A fractional interest in a property is to be reported as 1 property.
- Where the SMSF has interests in 1,000 or more properties, report 999.

J Limited recourse borrowing arrangements

Write at **J** the total of **J1** to **J6**.

If you report an amount here, you must also complete:

- **A** and **B** at item **15f Limited recourse borrowing arrangements**
- **V1 Borrowings for limited recourse borrowing arrangements** at item **16 Liabilities**.

Continue to: K Non-residential real property

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K Non-residential real property

Information for non-residential real property.

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Did the SMSF own any Australian non-residential real property?

No	Leave **K** blank. Go to **L**.
Yes	Read on.

Write at **K** the value (on 30 June 2021) of the SMSF's non-residential real property that is located in Australia.

Do not include at **K** non-residential real property that is held on trust under a limited recourse borrowing arrangement (write the value of these at **J2**).

L Residential real property

Did the SMSF own any Australian residential real property?

No	Leave **L** blank. Go to **M**.
Yes	Read on.

Write at **L** the value (on 30 June 2021) of the SMSF's residential real property that is located in Australia.

Do not include at **L** residential real property that is held on trust under a limited recourse borrowing arrangement (write the value of these at **J1**).

M Collectables and personal use assets

Did the SMSF own any collectables or personal use assets?

No	Leave **M** blank. Go to **O**.
Yes	Read on.

Write at **M** the total value (on 30 June 2021) of the SMSF's collectable and personal use asset investments.

Collectable and personal use asset include:

- artwork
- jewellery

- antiques
- artefacts
- coins, medallions and bank notes
- postage stamps and first day covers
- rare folios, manuscripts and books
- memorabilia
- wine and spirits
- motor vehicles
- recreational boats
- memberships of sporting and social clubs.

Artwork includes a painting, sculpture, drawing, engraving or photograph or a reproduction of one of these things and any property of a similar description or use.

Coins and bank notes are collectables if their value exceeds their face value.

Spirits can include (but is not limited to) whiskey, gin, vodka, tequila, brandy and rum where their purchase is considered an investment.

Do not include collectables and personal use assets that are held on trust under a limited recourse borrowing arrangement at **M** (write the value of these at **J6**).

O Other assets

Did the SMSF own any other assets that are located in Australia?

No	Leave **O** blank. Go to **15c**.
Yes	Read on.

Write at **O** the value (on 30 June 2021) of the SMSF's other assets that:

- are located in Australia, and
- were not included at **A** to **M**.

Include the value of derivatives at **O**.

Do not include instalment warrants at **O**. Include them at **J1** to **J6**.

Continue to: 15c Other investments

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15c Other investments

Information for other investments.

Last updated 7 August 2024

Did the SMSF own any cryptocurrencies as an investment?

No	Leave **N** blank. Go to **15d**.
Yes	Read on.

Write at **N** the value (on 30 June 2021) of the SMSF's cryptocurrency investment.

See SMSF investing in cryptocurrencies for more information.

15d Overseas direct investments

15d Overseas direct investments covers the SMSF's direct investments that are located outside Australia. It includes overseas direct investments where the entities invested in make subsequent investments in Australian markets. If the SMSF has an investment which is in an entity that is not an Australian-regulated entity, include the investment at **P**, **Q**, **R**, **S** or **T**.

If the SMSF has investments in Australian-regulated entities that make subsequent investments on behalf of the SMSF, do not include the investments here at item **15d** (include them at **A** to **O** in **15a** and **15b**).

The sections in **15d Overseas direct investments** are:

- P Overseas shares
- Q Overseas non-residential real property
- R Overseas residential real property
- S Overseas managed investments
- T Other overseas assets

P Overseas shares

Did the SMSF own any public and private shares, equities and similar financial contracts that are traded on an overseas stock exchange?

No	Leave **P** blank. Go to **Q**.
Yes	Read on.

Write at **P** the value (on 30 June 2021) of the SMSF's public and private shares, equities and similar financial contracts that are traded on an overseas stock exchange.

Do not include:

- debt securities (include these at **T Other overseas assets**)
- investments in listed or unlisted trusts (include these at **S Overseas managed investments**)
- overseas shares that are held on trust under a limited recourse borrowing arrangement (include these at **J5** in **15b**).

Q Overseas non-residential real property

Did the SMSF own any non-residential real property that is located outside Australia?

No	Leave **Q** blank. Go to **R**.
Yes	Read on.

Write at **Q** the value (on 30 June 2021) of the SMSF's non-residential real property that is located outside Australia.

Do not include at **Q** the value of overseas non-residential real property that is held on trust under a limited recourse borrowing arrangement (include the value of these properties at **J3** in **15b**).

R Overseas residential real property

Did the SMSF own any residential real property that is located outside Australia?

No	Leave **R** blank. Go to **S**.
Yes	Read on.

Write at **R** the value (on 30 June 2021) of the SMSF's residential real property that is located outside Australia.

Do not include at **R** the value of overseas residential real property that is held on trust under a limited recourse borrowing arrangement (include the value of these properties at **J3** in **15b**).

S Overseas managed investments

Did the SMSF own any managed investments with investment managers located outside Australia?

No	Leave **S** blank. Go to **T**.
Yes	Read on.

Write at **S** the value (on 30 June 2021) of the SMSF's managed investments with investment managers located outside Australia.

This category includes investments with all external investment managers located overseas. An external investment manager is someone appointed by the trustee of the SMSF in accordance with section 124 of the *Superannuation Industry (Supervision) Act 1993* to make investments on behalf of the SMSF. Investments managed by an external investment manager are often called managed funds.

Do not include at **S**:

- investments in a managed fund that is registered or located in Australia where the managed fund invests in overseas assets

(include their value at **D Other managed investments** in **15a**)

- overseas managed investments that are held on trust under a limited recourse borrowing arrangement (include their value at **J6** in **15b**).

T Other overseas assets

Did the SMSF own any other assets located outside Australia?

No	Leave **T** blank. Go to **U**.
Yes	Read on.

Write at **T** the value (on 30 June 2021) of the SMSF's other assets that are located outside Australia and could not be included at questions **P** to **S**.

Do not include at **T** other overseas assets that are held on trust under a limited recourse borrowing arrangement at **T** (include the value of these assets at **J6** in **15b**).

U Total Australian and overseas assets

Write at **U** the total of **A** to **T** (including **J** but not including **J1** to **J6**).

If the total of **A** to **T** is negative, write **0** at **U**.

If the total of **A** to **T** is zero (that is, the SMSF has no assets) write **0** at **U**.

An SMSF that has no assets must be wound up. If the SMSF has no assets it must have answered **Yes** in section A at **9 Was the fund wound up during the income year?**

Continue to: 15e In-house assets

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15e In-house assets

Did the SMSF hold any in-house assets on 30 June 2021?

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Did the SMSF hold any in-house assets on 30 June 2021?

No	Print **X** in the **No** box at **A**. Go to 15f Limited recourse borrowing arrangements
Yes	Read on.

- Print **X** in the **Yes** box at **A**.
- Write at **A** the total value of the in-house assets on 30 June 2021.
- Do not include at **A** any related party investments that are not in-house assets.
- Make sure that any amount you include at **A** are also included at **A** to **T** in **15a**, **15b**, **15c** and **15d**.

Identifying in-house assets

Generally, an in-house asset of an SMSF is an asset that is:

- a loan to a related party of the SMSF
- an investment in a **related party** of the SMSF
- an investment in a related trust of the SMSF, or
- subject to a lease or lease arrangement between the trustee of the SMSF and a **related party** of the SMSF.

Some **in-house asset exceptions** do exist, such as a lease or lease agreement, between the SMSF and a related party of the SMSF involving business real property. There is also a limited exception for certain investments in related non-geared unit trusts and companies.

For more information on what is an **in-house asset** see:

- Part 8 of the *Superannuation Industry (Supervision) Act 1993*
- Self-Managed Superannuation Funds Ruling SMSFR 2009/4 *Self Managed Superannuation Funds: the meaning of 'asset', 'loan',*

'investment in', 'lease' and 'lease arrangement' in the definition of an 'in-house asset' in the Superannuation Industry (Supervision) Act 1993.

Continue to: 15f Limited recourse borrowing arrangements

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15f Limited recourse borrowing arrangements

Information on limited resource borrowing arrangements.

Last updated 7 August 2024

SMSFs that had a Limited recourse borrowing arrangement (LRBA) must complete:

- **A If the fund had an LRBA, were the LRBA borrowings from a licensed financial institution?**
- **B Did members or related parties of the fund use personal guarantees or other security for the LRBA?**
- **J Limited recourse borrowing arrangements** at item **15b**
- **V1 Borrowings for limited recourse borrowing arrangements** at item **16**

SMSFs are prohibited from borrowing to invest except in certain limited circumstances. For more information, see Limited recourse borrowing arrangements – questions and answers.

If the limited recourse borrowing arrangements is zero or blank at **J1**, **J2**, **J3**, **J4**, **J5**, **J6** and **J7**, do not mark any checkbox at **A** or **B** item **15f**. This will avoid processing delays.

A If the fund had an LRBA, were the LRBA borrowings from a licensed financial institution?

No	Print **X** in the **No** box. Go to **B**.
Yes	Print **X** in the **Yes** box. Go to **B**.

A **licensed financial institution** includes a bank or authorised deposit taking institution. Examples of licensed financial institutions include:

- Australian-owned banks
- foreign banks (branches or subsidiaries)
- credit unions
- building societies
- authorised non-operating holding companies
- finance companies.

Answer No if the fund borrowed money under the LRBA from:

- a related party of the fund
- a non-licensed financial institution.

Also answer No if the fund holds more than one LRBA, and the money to acquire at least one (or part) of an asset has been borrowed from a source other than a licensed financial institution.

B Did members or related parties of the fund use personal guarantees or other security for the LRBA?

No	Print **X** in the **No** box. Go to 16 Liabilities
Yes	Print **X** in the **Yes** box. Go to 16 Liabilitiesi

Answer Yes if:

- a member of the fund or a related party of the fund has provided a personal guarantee or security for the LRBA
- the fund holds more than one LRBA, and a member or related party has used a personal guarantee or other security for at least one of the LRBAs.

Continue to: 16 Liabilities

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16 Liabilities

Information on liabilities.

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V1 V2, V3 and V Borrowings

Did the SMSF have any outstanding borrowings (where the SMSF is the borrower)?

No	Leave **V1**, **V2**, **V3** and **V** blank. Go to **W**.
Yes	Read on.

Write at **V1** to **V3** the total value of each type of outstanding borrowing by the SMSF (including accrued interest) on 30 June 2021.

SMSFs are prohibited from borrowing to invest except in certain limited circumstances. For more information, see Limited recourse borrowing arrangements – questions and answers.

V1 Borrowings for limited recourse borrowing arrangements

Did the SMSF have any outstanding borrowings held under limited recourse borrowing arrangements?

No	Leave **V1** blank. Go to **V2**.
Yes	Read on.

Write at **V1** the value of outstanding borrowings held under all limited recourse borrowing arrangements at 30 June 2021.

Do not include the value of the assets held under the limited recourse borrowing arrangement here. The values of the assets held on trust under limited recourse borrowing arrangements are to be included at **J1** to **J6** and the total at **J** of item **15b**.

If the SMSF reports borrowings for an LRBA at **V1**, it must also report at:

- **J Limited recourse borrowing arrangements** at item **15b**
- **A** and **B** at **item 15f**.

V2 Permissible temporary borrowings

Did the SMSF have any permissible temporary borrowings?

No	Leave **V2** blank. Go to **V3**.
Yes	Read on.

Write at **V2** the value (on 30 June 2021) of any permissible temporary borrowings held by the SMSF.

Permissible temporary borrowings are those borrowings allowed under subsections 67(2), (2A) and (3) of the *Superannuation Industry (Supervision) Act 1993*, and include:

- borrowing money for a maximum of 90 days to meet benefit payments due and required to be made to members, or to meet an outstanding superannuation surcharge liability (where, in either case, the SMSF would not able to make such a payment without the borrowing), provided the borrowing does not exceed 10% of the value of the SMSF's total assets
- borrowing money for a maximum of 7 days to cover the settlement of certain security transactions (where, at the time the relevant investment decision was made, it was likely that the borrowing would not be required), provided the borrowing does not exceed 10% of the value of the SMSF's total assets.

V3 Other borrowings

Did the SMSF have any other outstanding borrowings?

No	Leave **V3** blank. Go to **V**.

Yes	Read on.

Write at **V3** the value (on 30 June 2021) of all other borrowing amounts.

V Borrowings

Write at **V** the total of **V1**, **V2** and **V3**.

Example: SMSF with multiple borrowings

At 30 June 2021, an SMSF has a beneficial interest in residential land with a market value of $300,000 held in a trust under a limited recourse borrowing arrangement.

The outstanding amount borrowed under the limited recourse borrowing arrangement at that time is $100,000.

The SMSF also has $5,000 in permissible temporary borrowings to meet benefit payments due to members.

The SMSF reports:

V1 Borrowings for limited recourse borrowing arrangements	$100,000
V2 Permissible temporary borrowings	$5,000
V3 Other outstanding borrowings	(Blank)
V Borrowings	$105,000

W Total member closing account balances

Was the SMSF wound up during 2020–21?

No	Write at **W** the total value of all member account balances on 30 June 2021.

The amount at **W** must equal the total of all the **S Closing account balance** amounts in sections F and G.

Yes	• Leave **W** blank. • You must have answered **Yes** in section A at **9 Was the fund wound up during the income year?** • Go to **X**.

If you have used a contribution reserve strategy for concessional contributions as described in TD 2013/22, then ensure that the amount you calculate and write at **W** includes the contributions that were received in 2020–21, even where they were not allocated to a member's account until the following financial year.

X Reserve accounts

Did the SMSF have any assets not allocated to members on 30 June 2021?

No	Leave **X** blank. Go to **Y**.
Yes	Read on.

Write at **X** the total value of assets not allocated to members on 30 June 2021.

The use of reserve accounts is strictly limited for SMSFs. For more information see, SMSF Regulator's Bulletin 2018/1 *The use of reserves by self-managed superannuation funds*.

Y Other liabilities

Did the SMSF have other liabilities?

No	Leave **Y** blank. Go to **Z**.
Yes	Read on.

Write at **Y** the total value (on 30 June 2021) of liabilities that you could not include in:

- **V Borrowings**
- **W Total member closing account balances**
- **X Reserve accounts**.

Z Total liabilities

Work out the SMSF's total liabilities at 30 June 2021. Add up all the liabilities at **V** to **Y**. Write the total at **Z**. If the total of **V** to **Y** is negative, write **0** at **Z**.

If the SMSF was wound up during 2020–21 (that is, it has no liabilities), write **0** at **Z**.

Z Total liabilities must equal **U Total Australian and overseas assets** in **15c**.

Continue to: Section I: Taxation of financial arrangements (item 17)

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Section I: Taxation of financial arrangements (item 17)

Complete this section if the taxation of the financial arrangement provisions apply to the SMSF.

Last updated 7 August 2024

When TOFA rules apply

The TOFA rules apply to an SMSF only where:

- the value of the SMSF's assets is $100 million or more, or
- the SMSF has elected to have the TOFA rules apply to it.

For the purposes of this test, work out the value of the SMSF's assets at 30 June 2018. If the SMSF came into existence during 2019–20,

work out the value of its assets at 30 June 2021.

Once the TOFA rules apply to an SMSF, they will continue to apply to that SMSF even if later, the value of its assets falls below $100 million.

Do the TOFA rules apply to the SMSF?

No	Leave section **I** blank. Go to section **J**.
Yes	Read on.

Effect of the TOFA rules

The TOFA rules provide for:

- the time at which the gains and losses from financial arrangements are brought to account
- methods for taking into account gains and losses from financial arrangements, namely
  - accruals
  - realisation
  - fair value
  - foreign exchange retranslation
  - hedging
  - reliance on financial reports
  - balancing adjustments.

For more information, see Guide to the taxation of financial arrangements (TOFA).

H Total TOFA gains

Did the SMSF have an assessable TOFA gain in 2020–21?

No	Leave **H** blank.

Yes	Write at **H** the SMSF's total assessable TOFA gains from financial arrangements.

I Total TOFA losses

Did the SMSF have a deductible TOFA loss in 2020–21?

No	Leave **I** blank.
Yes	Write at **I** the SMSF's total deductible TOFA losses from financial arrangements.

Continue to: Section J: Other information

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Section J: Other information

Complete this section of the SMSF has made or is making a family trust election or an interposed entity election.

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Has the SMSF made or is it making:

- a family trust election (FTE) or
- an interposed entity election (IEE)?

No	Leave section **J** blank. Go to section **K**.
Yes	Read on.

Family trust election (FTE) status

A Year of family trust election

Have the trustees of the SMSF made, or are they making, an FTE?

No	Go to **B**.
Yes	Read on.

Complete **A** if the trustees of the SMSF:

- are making an FTE specifying the 2004–05 or later income year (see section 272-80 of Schedule 2F to the ITAA 1936), or
- have previously made an FTE specifying an income year from 1994–95 to 2018–19 and that election has not been revoked in an income year before 2020–21 (see section 272-80 of Schedule 2F to the ITAA 1936 and, if applicable, item 22 or 22A of Schedule 1 to the *Taxation Laws Amendment (Trust Loss and Other Deductions) Act 1998)*.

If the trustees of the SMSF have made, or are making, an FTE, write at **A** the income year from which that election takes effect. For example, if making an FTE to apply to and from 2020–21, write '2021'.

Provided certain conditions are met, a trustee can make an FTE to take effect from 2020–21 or to take effect from a prior income year, although that prior income year cannot be earlier than 2004–05. Trustees may, however, have previously made an FTE that took effect prior to 2004–05.

If the trustees are making an FTE, complete a Family trust election, revocation or variation 2021 form. Attach the completed form to the annual return.

B Revoking or varying an FTE

Are the trustees of the SMSF revoking or varying an FTE?

No	Go to **C**.
Yes	Read on.

Complete **B** if the trustees of the SMSF:

- are revoking in 2020–21 a previously made FTE (see subsections 272-80(6) to (8) of Schedule 2F to the ITAA 1936), or
- are varying the specified individual of a previously made FTE (see subsections 272-80 (5A) to (5D) and (6B) to (8) of Schedule 2F to the ITAA 1936).

Print at **B** the appropriate letter from **table 13**.

Table 13 – FTE revocation or variation codes

Code letter	Meaning
R	The FTE made by the trustee of the SMSF is being revoked in 2020–21.
V	The specified individual of an FTE is being varied from a time in 2020–21.

In certain limited circumstances an SMSF may revoke the FTE, or vary the FTE, so that a different individual is specified as the individual whose family group is taken into account for the election.

A trustee cannot vary the specified individual or revoke an FTE unless the variation or revocation is in respect of an income year that occurs during the period:

- starting at the beginning of the income year specified in the election and finishing at the end of the fourth income year after the income year specified in the election, or
- starting on 1 July 2007 and finishing on 30 June 2009.

The trustee may only vary the specified individual of an FTE once, except where doing so under subsection 272-80(5C) of Schedule 2F to the ITAA 1936 for a relevant family law order, agreement or award.

The trustee must make the variation or revocation of an election with the annual return for the income year from which the variation or revocation is to take effect.

Accordingly when revoking an FTE or varying the specified individual of an FTE in 2020–21, you must attach a Family trust election, revocation or variation 2021 to the SMSF's annual return.

If you do not lodge the annual return electronically using PLS, and you are lodging a *Family trust election, revocation or variation 2021* with the annual return, send the annual return and the attachments to:

Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY

Interposed entity election status

C Year of interposed entity election (IEE)

Have the trustees of the SMSF made, or are they making, an IEE?

No	Go to **D**.
Yes	Read on.

Complete **C** if the trustees of the SMSF:

- are making one or more interposed entity elections (IEEs) specifying a day in the 2004–05 or a later income year (see section 272-85 of Schedule 2F to the ITAA 1936), or
- have previously made one or more IEEs specifying a day in any income year from 1994–95 to 2019-2020 and at least one election has not been revoked in an income year before 2020–21 (see section 272-85 of Schedule 2F to the ITAA 1936 and, if applicable, item 23 or 23A of Schedule 1 to the *Taxation Laws Amendment (Trust Loss and Other Deductions) Act 1998*).

If the trustees are making one or more IEEs specifying a day in the 2004–05 or later income year:

- write at **C** the earliest income year specified, and
- complete an *Interposed entity election or revocation 2021* for each IEE. Attach the completed forms to the annual return.

If the trustees are not making an IEE but have previously made one or more IEEs specifying a day in an income year before 2020–21, write the earliest income year specified at **C**.

Provided certain conditions are met, a trustee can make an IEE:

- to take effect after a specified day in 2020–21, or
- to take effect after a specified day in a prior income year not earlier than 2004–05.

Do not attach an election form to the annual return specifying an income year before 2004–05. However, trustees may have previously made one or more IEEs that took effect after a specified day in an income year prior to 2004–05.

D Revoking an IEE

Are the trustees of the SMSF revoking an IEE?

No	Go to section **K**.
Yes	Read on.

Print **R** at **D** if the trustees of the SMSF are revoking, from 2020–21, one or more previously made IEEs.

An IEE can be revoked in certain limited circumstances (see subsections 272-85(5A) to (6) of Schedule 2F to the ITAA 1936).

A trustee cannot revoke an IEE unless the revocation is in respect of an income year that occurs during the period:

- beginning on 1 July 2007 and finishing on 30 June 2009

or

- beginning at the later of
  - the start of the income year specified in the election, and
  - the start of the income year in which the entity became a member of the family group, and
- finishing at the end of the fourth income year after the income year referred to in the above two points.

You must make the revocation with the annual return for the income year from which the revocation is to take effect. Accordingly, you must attach an *Interposed entity election or revocation 2021* to the SMSF's annual return.

If you are not lodging the annual return electronically using PLS and you are lodging an *Interposed entity election or revocation 2021* form with the annual return, send the annual return and the attachments to:

Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY

Example: Making new elections – specifying the current year

The trustee has not previously made an FTE or an IEE but wants to make:

- an FTE specifying 2020–21, and
- an IEE specifying a day in 2020–21.

The trustee:

- writes **2021** at **A**
- writes **2021** at **C**
- completes a *Family trust election, revocation or variation 2021* form specifying 2020–21, to provide details of the FTE the trustee of the SMSF is making
- completes an *Interposed entity election or revocation 2021* form specifying a day in 2020–21, to provide details of the IEE the trustee of the SMSF is making
- attaches the completed forms to the annual return.

Example: Making new elections – specifying an earlier year

The trustee has not previously made an FTE or an IEE but wants to make:

- an FTE specifying 2005–06, and
- an IEE specifying a day in 2005–06.

The trustee:

- writes **2006** at **A**
- writes **2006** at **C**
- completes a *Family trust election, revocation or variation 2021* form, specifying 2005–06, to provide details of the FTE the trustee of the SMSF is making
- completes an *Interposed entity election or revocation 2021* form, specifying a day in 2005–06, to provide details of the IEE the trustee of the SMSF is making
- attaches the completed forms to the annual return.

Example: An SMSF with existing elections

The trustee has previously made:

- an FTE specifying 1994–95, and
- an IEE specifying a day in 1994–95.

The trustee:

- writes **1995** at **A**
- writes **1995** at **C**.

The trustee does not need to complete

- a *Family trust election, revocation or variation 2021*
- an *Interposed entity election or revocation 2021*.

Continue to: Section K: Declarations

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Section K: Declarations

Complete this section for the SMSF. Declare that you have met your obligations in relation for the SMSF annual return.

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Trustee's or director's declaration

All trustees, or all directors of the body corporate if the SMSF has a corporate trustee, are equally responsible and accountable for managing the SMSF and making sure it complies with the law.

Signing this declaration confirms that:

- the information supplied is true, and
- all trustees, and all directors of the body corporate if the SMSF has a corporate trustee, have authorised this annual return.

All trustees of the SMSF, and all directors of the body corporate if the SMSF has a corporate trustee, should:

- authorise the annual return
- document their authorisation in the SMSF's records
- review the audit undertaken on the SMSF before they authorise the annual return.

We may impose penalties for providing false or misleading information. The penalty can apply to shortfall amounts and to statements that do not result in a change in a tax liability.

Preferred trustee or director contact details

Write the name and contact details of the individual (not the tax agent) that we can contact if required.

Provide a contact phone number including area code.

Non-individual trustee name (if applicable)

Print the name and ABN of the corporate trustee, referred to here as non-individual trustee, if the SMSF has one.

Time taken to prepare and complete this annual return

We want to reduce the cost of complying with the SMSF's taxation and regulatory obligations. Your response to this question is voluntary.

When completing this annual return, how much time, rounded up to the nearest hour, did you spend:

- reading the annual return instructions
- collecting the necessary information to complete this annual return
- making the necessary calculations
- completing this annual return or putting the tax affairs of the SMSF in order so the information can be handed to the SMSF's registered tax agent?

Include the time spent preparing and completing the annual return by:

- the trustee
- the tax agent
- any other person who helped.

Tax agent's declaration

If the tax agent is a partnership or a company, a person authorised by that partnership or company must sign this declaration. Print that person's name at this question.

Tax agent's contact details

Write the tax agent's title, name, phone number, area code and:

- the **name** of the tax agent's practice under **Tax agent's practice**
- the **client number** that the tax agent has allocated to the SMSF under **Reference number**
- the number that the **Tax Practitioners Board** has issued to the tax agent under **Tax agent number**.

Continue to: Appendixes

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Appendixes

Additional information to help you complete certain sections of your SMSF annual return.

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Appendix 1: Capital works expenditure

Use Appendix 1 to work out deductions for capital works expenditure.

Appendix 2: Forestry managed investment schemes

Use Appendix 2 to work out how to complete forestry managed investment schemes item of the annual return.

Appendix 3: Definitions

Use Appendix 3 to find definitions for terms used in the annual return instructions.

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Appendix 1: Capital works expenditure

Use Appendix 1 to work out deductions for capital works expenditure.

Last updated 7 August 2024

Capital works

Division 43 of the ITAA 1997 provides for a system of deducting capital expenditure incurred in the construction of buildings and other capital works used to produce assessable income.

You can deduct construction costs for the following capital works:

- buildings or extensions, alterations or improvements to a building
  - begun in Australia after 21 August 1979, or
  - begun outside Australia after 21 August 1990
- structural improvements or extensions, alterations or improvements to structural improvements begun after 26 February1992
- environmental protection earthworks on which the expenditure was incurred after 18 August 1992.

Deductions for construction costs must be based on actual costs incurred. If it is not possible to genuinely determine the actual costs, obtain an estimate by a quantity surveyor or other independent qualified person. The costs incurred by the SMSF to obtain this estimate are deductible as a tax-related expense, not as an expense in gaining or producing assessable income.

Different deduction rates apply (2.5% or 4%) depending on:

- the date the construction began
- the type of capital works
- the manner of use.

Who can claim?

The SMSF can claim a deduction under Division 43 for an income year **only** if it:

- owns, leases, or holds under quasi-ownership rights, part of a construction expenditure area of capital works (‘your area’)

- incurred the construction expenditure or is an assignee of the lessee or holder who incurred the expense (in the case where the fund is a lessee of the capital works or is a holder of a quasi-ownership right), and
- uses ‘your area’ in a deductible way (which generally means to produce assessable income).

In calculating the SMSF’s deduction identify ‘your area’ for each construction expenditure area of the capital works. Your area may comprise the whole of the construction area or part of it.

Lessee or holder of capital works

A lessee or holder can claim a deduction for an area of capital works leased or held under a quasi-ownership right.

To claim a deduction the lessee or holder must have:

- incurred the construction expenditure or been an assignee of the lessee who incurred the expenditure
- continuously leased or held the capital works area itself or leased or held the area that had been so held by previous lessees, holders or assignees since completion of construction, and
- used the area in a deductible way (which generally means to produce assessable income).

If there is a lapse in the lease, the entitlement to the deduction reverts to the building owner.

Requirement for deductibility

An SMSF can deduct an amount for capital works in an income year if:

- the capital works have a ‘construction expenditure area’
- there is a ‘pool of construction expenditure’ for that area, and
- the SMSF uses the area in the income year in a deductible way (which generally means to produce assessable income) set out in section 43-140 of the ITAA 1997.

No deduction until construction is complete

An SMSF cannot claim a deduction for any period before the completion of construction of the capital works even though the SMSF used them, or part of them, before completion. Additionally, the deduction cannot exceed the undeducted construction expenditure for your area (see section 43-30 of the ITAA 1997).

When capital works begin

Capital works are taken to have begun when the first step in the construction phase starts, for example, pouring foundations or sinking pylons for a building (see section 43-80 of the ITAA 1997).

Establishing the deduction base

The SMSF can deduct an amount for capital works if there is a construction expenditure area for the capital works.

Whether there is such an area and how it is identified depends on:

- the type of expenditure incurred (only construction expenditure as defined in section 43-70 of the ITAA 1997 is deductible under Division 43 of the ITAA 1997)
- the time the capital works commenced
- the area of the capital works to be owned, leased or held by the entity that incurred the expenditure
- for capital works begun before 1 July 1997, the area of the capital works that was to be used in a particular manner (see section 43-90 of the ITAA 1997).

Construction expenditure

Construction expenditure includes:

- preliminary expenses, such as architect's fees, engineering fees, foundation excavation expenses, and costs of building permits
- costs of structural features that are an integral part of the income-producing building or income-producing structural improvements,

for example, lift wells and atriums

- some portion of indirect costs.

For an owner-builder entitled to a deduction under Division 43 of the ITAA 1997, the value of their contributions to the works (that is, labour or expertise and any notional profit element) do not form part of construction expenditure. See Taxation Ruling TR 97/25 *Income tax: property development: deduction for capital expenditure on construction of income producing capital works, including buildings and structural improvements*.

Construction expenditure does not include expenditure on:

- acquiring land
- demolishing existing structures
- clearing, levelling, filling, draining or otherwise preparing the construction site before carrying out excavation work
- landscaping
- plant
- property for which a deduction is allowable or would be allowable if the property were to be used for the purpose of producing assessable income under another specified provision of the ITAA 1936 or the ITAA 1997.

Construction expenditure area

The construction of the capital works must be complete before the construction expenditure area is determined. A separate construction expenditure area is created each time an entity undertakes the construction of capital works.

The construction expenditure area for capital works that started after 30 June 1997 is the part of the capital works on which the construction expenditure was incurred by an SMSF that, at the time it was incurred, was to be owned, leased or held (under quasi-ownership rights) by the SMSF.

For the construction expenditure area of capital works begun before 1 July 1997, the capital works must have been intended for use for a certain specified purpose at the time of completion. The type of capital works, and the intended use on completion, depends on the time when

the capital works commenced. The first specified use construction time was 22 August 1979 (see the table at section 43-90 and subsection 43-75(2) of the ITAA 1997).

No deduction is available under Division 43 of the ITAA 1997 for capital works which began in Australia, on or before 21 August 1979 or outside Australia on or before 21 August 1990 (see subsection 43-20(1) of the ITAA 1997).

Pool of construction expenditure

The pool of construction expenditure is the portion of the construction expenditure incurred on capital works that is attributable to the construction expenditure area.

The portion of the pool of construction expenditure that is attributable to the area that is owned, leased or held by the SMSF is called ‘your construction expenditure’.

Deductible use

An SMSF can only claim a deduction under Division 43 of the ITAA 1997 if it uses the area ('your area') in a way described in Table 43-140 or Table 43-145 of Subdivision 43-D of the ITAA 1997.

Special rules about uses

Your area is taken to be used for a particular purpose or in a particular manner if:

- it is maintained ready for that use or that manner, is not used for another purpose or in any other manner, and its use had not been abandoned, or
- its use for a particular purpose or in a particular manner has temporarily ceased because of construction of an extension, alteration or improvement or the making of repairs or seasonal or climatic factors.

Your area is **not** accepted as being used to produce assessable income:

- if it is a building (other than a hotel building or apartment building)

  - used, or for use, wholly or mainly for exhibition or display in connection with the sale of all or part of any building, and
  - for which construction began after 17 July 1985 but before 1 July 1997 (if construction began after 30 June 1997, buildings that are used for display are eligible)
- if it is a building (other than a hotel building or apartment building), or an extension, alteration or improvement to such a building, where construction began after 19 July 1982 and before 18 July 1985 and it is used or available for use wholly or mainly for
  - or in association with, residential accommodation, or
  - exhibition or display in connection with the sale or lease of all or part of any building for use wholly or mainly for, or in association with, residential accommodation
- to the extent the building (other than a hotel building or apartment building) is for the use mainly for, or in association with, residential accommodation by the SMSF or an associate. For exceptions to this rule, see subsection 43-170(2) of the ITAA 1997.

Your area is taken to be used, or for use, wholly or mainly for, or in association with, residential accommodation if it is:

- property (other than a hotel building or apartment building) and is part of an individual's home, or
- a building (other than a hotel building or apartment building)
  - where construction began after 19 July 1982 and before 18 July 1985, and
  - used, or for use, wholly or mainly for the purpose of operating a hotel, motel or guest house.

Thus a hotel, motel or guest house for which construction began during the specified time, and which does not qualify as a hotel building or apartment building (for example, because it has fewer than 10 bedrooms or apartments) does not qualify for a deduction under Division 43.

Special rules for hotel and apartment buildings are contained in section 43-180 of the ITAA 1997.

Calculation and rate of deduction

The SMSF's entitlement to a deduction must be worked out having regard to the date the building is first used to produce assessable income after construction is completed. The first and last years of use may be apportioned. The entitlement to a deduction runs for either 25 or 40 years (the limitation period) depending on the rate of deduction applicable.

The legislation contains two calculation provisions:

- section 43-215 of the ITAA 1997 covers deduction for capital works which began before 27 February 1992
- section 43-210 of the ITAA 1997 covers deduction for capital works which began after 26 February 1992.

Capital works begun before 27 February 1992 and used as described in table 43-140 of the Income Tax Assessment Act 1997

Calculate the deduction separately for each part of capital works that meets the description of your area.

Multiply your construction expenditure by:

- the applicable rate (either 4% if the capital works began after 21 August 1984 and before 16 September 1987 or 2.5% in any other case)

and

- the number of days in the income year in which the SMSF owned, leased or held your area and used it in a relevant way.

Divide that amount by the number of days in the income year (see section 43-215 of Subdivision 43-F of the ITAA 1997).

Apportion the amount if your area is used only partly to produce assessable income.

The amount the SMSF claims cannot exceed the undeducted construction expenditure.

Capital works begun after 26 February 1992

Calculate the deduction separately for each part of the capital works that meets the description of your area.

Multiply your construction expenditure by the:

- applicable rate, and
- number of days in the income year in which the SMSF owned, leased or held your area and used it in a relevant way.

Divide that amount by the number of days in the income year (see section 43-210 of Subdivision 43-F of the ITAA 1997).

Apportion the amount if your area is used only partly to produce assessable income (or if relevant partly for the purposes of conducting research and development activities).

There is a basic entitlement to a rate of 2.5% for parts used as described in Table 43-140 (current year use). The rate is 4% for parts used as described in Table 43-145 (use in the 4% manner). See section 43-25 of the ITAA 1997.

Undeducted construction expenditure

The undeducted construction expenditure for your area is the part of your construction expenditure that remains to write off. It is used to work out:

- the number of years in which the SMSF can deduct amounts for construction expenditure, and
- the amount that the SMSF can deduct under section 43-40 of the ITAA 1997 if your area or a part of it is destroyed.

The methods for calculating undeducted construction expenditure are included in sections 43-230, 43-235 and 43-240 of the ITAA 1997.

Balancing deduction on destruction

If a building is destroyed in the circumstances described in section 43-40 of the ITAA 1997 during an income year, you can claim a deduction for the remaining amount of undeducted construction expenditure that

has not yet been deducted, less any compensation received. This applies even if the destruction or demolition is voluntary.

You can claim the deduction in the income year in which the destruction occurs.

The deduction is reduced if the capital works are used in an income year only partly for the purpose of producing assessable income.

The method statement for calculating the amount of the balancing deduction is included at section 43-250 of the ITAA 1997.

For guidance, see Taxation Ruling TR 97/25 *Income tax: property development: deduction for capital expenditure on construction of income producing capital works, including buildings and structural improvements* and its addendum TR 97/25A.

Return to: Appendixes

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Appendix 2: Forestry managed investment schemes

Use Appendix 2 to work out how to complete forestry managed investment schemes item of the annual return.

Last updated 7 August 2024

Forestry managed investment schemes

Division 394 of the ITAA 1997 sets out rules about deductions for contributions to forestry managed investment schemes (FMIS). It also sets out the tax treatment of proceeds from the sale of interests in such schemes, and of proceeds from harvesting trees under such schemes.

The treatment of FMIS also allows for secondary market trading of interests in such schemes. As a result, there are two different types of investors:

- initial participants

- subsequent participants

The FMIS income and FMIS deductions that the SMSF must report depend on whether it is an initial or subsequent participant.

An SMSF that invests in an FMIS shows:

- capital gains from an FMIS at **A Net capital gain** in section B
- income from an FMIS at **X Forestry managed investment scheme** in section B
- deductible and non-deductible payments made to an FMIS at **U1** or **U2 Forestry managed investment scheme expense** in section C.

If the SMSF is a member of a collapsed agribusiness managed investment scheme, then to help you calculate the SMSF's income and deductions, see Collapse and restructure of agribusiness managed investment schemes – participant information.

FMIS income

Initial participants in an FMIS

Thinning receipts

Include at **X Forestry managed investment scheme income** in section B the amount of thinning proceeds received by the SMSF from its forestry interest.

Sale and harvest receipts: forestry interest no longer held

Include the market value of the forestry interest at the time of the CGT event at **X Forestry managed investment scheme income** if:

- the SMSF ceased holding its forestry interest as a result of a CGT event (for example, it sold its interest or it received harvest proceeds), and
- the SMSF can deduct or has deducted amounts paid under the FMIS for an income year, or would be entitled to deduct such amounts but for a CGT event happening within 4 years after the end of the income year in which the SMSF first pays an amount under the FMIS.

Sale and harvest receipts: forestry interest still held

Include at **X Forestry managed investment scheme income** in section B the amount by which the market value of the forestry interest was reduced as a result of the CGT event if:

- a CGT event happened and the SMSF still holds its forestry interest (for example, it sold part of its interest or it received partial harvest proceeds), and
- the SMSF can deduct or has deducted amounts paid under the FMIS for an income year, or would be entitled to deduct such amounts but for a CGT event happening within 4 years after the end of the income year in which the SMSF first pays an amount under the FMIS.

Subsequent participants in an FMIS

Thinning receipts

Include at **X Forestry managed investment scheme income** in section B the amount of thinning proceeds received by the SMSF from its forestry interest

Sale and harvest receipts: forestry interest no longer held

If the SMSF:

- ceased holding its forestry interest as a result of a CGT event (for example, it sold its interest or it received harvest proceeds), and
- can deduct or has deducted amounts paid under the FMIS for an income year, or could deduct such amounts for an income year if the SMSF had paid the amount under the FMIS in that income year

include the lesser of the following two amounts at **X Forestry managed investment scheme income** in section B:

- the market value of the forestry interest at the time of the CGT event, or
- the amount, if any, by which the total forestry scheme deductions exceed the incidental forestry scheme receipts ('net deductions').

Example: Sale receipts – forestry interest no longer held shows how to calculate the amount to include at **X Forestry managed investment scheme income** where the SMSF sold its forestry interest. It also shows the capital gains tax consequences.

Show the SMSF's net capital gains in section B at **A Net capital gain** rather than at **X Forestry managed investment scheme income**. For more information on the CGT treatment of the SMSF's forestry interests, see Capital gains tax.

Sale and harvest receipts: forestry interest still held

If:

- a CGT event happened and the SMSF still held its forestry interest (for example, it sold part of its interest or it received partial harvest proceeds), and
- the SMSF can deduct or has deducted amounts paid under the FMIS for an income year, or could deduct such amounts for an income year if the SMSF had paid the amount under the FMIS in that income year

then work out the following two amounts:

- the market value of the forestry interest at the time of the CGT event
- the amount (if any) by which the total forestry scheme deductions exceed the incidental forestry scheme receipts ('net deductions').

Use the lesser of the two amounts you worked out above in the following formula:

Divide the decrease, if any, in the market value of the forestry interest (as a result of the CGT event) by the market value of the forestry interest just before the CGT event and multiply the result by the lesser of the two amounts worked out above.

Include the result of this formula at **X Forestry managed investment scheme income**. In a future income year (a year in which the SMSF receives further proceeds from a harvest or the sale of its forestry interest), disregard the amount of the 'net deductions' that has already been reflected at **U1** in section **C**.

Example: Harvest receipts: forestry interest still held shows how to calculate the amount to include at **X Forestry managed investment scheme income,** where the SMSF:

- receives a harvest payment, and
- still holds the forestry interest.

It also shows the capital gains tax consequences.

Show the SMSF's net capital gains in section B at **A Net capital gain** rather than at **X Forestry managed investment scheme income**. For more information on the CGT treatment of the SMSF's forestry interests, see Capital gains tax.

Example: Sale receipts: forestry interest no longer held

Cedar Superannuation Fund is an SMSF and a subsequent participant in an FMIS. Cedar Superannuation Fund sold its forestry interest (held on capital account) for $20,000 (market value). The sale of the forestry interest is a CGT event. The original cost base for the forestry interest is $14,000.

During the time that Cedar Superannuation Fund held the forestry interest, it claimed $4,000 in deductions (its total forestry scheme deductions) for lease fees, annual management fees and the cost of felling that it paid to the forestry manager.

During the same period, Cedar Superannuation Fund received $1,500 from thinning proceeds (its incidental forestry scheme receipts).

Cedar Superannuation Fund include $2,500 (that is, $4,000 minus $1,500) at **X Forestry managed investment scheme income** in its SMSF annual return, because this amount is less than the market value of its forestry interest at the time of the CGT event.

Capital gains tax notes

- Cedar Superannuation Fund will take the amount that it included at **X Forestry managed investment scheme income** into account when working out the amount to include at **A Net capital gain**.
- The capital gain would be $3,500, which is capital proceeds of $20,000 less cost base of $16,500 (made up of $14,000 plus $2,500 that was included in assessable income).

Example: Harvest receipts: forestry interest still held

Oakey Superannuation Fund is an SMSF and a subsequent participant in an FMIS. Oakey Superannuation Fund holds the forestry interest on capital account and received a harvest proceeds payment of $5,000 in 2020–21. Oakey Superannuation Fund's interest has been reduced by 25%.

The market value of Oakey Superannuation Fund's forestry interest just before it received payment for the harvest (a CGT event) is $20,000. After Oakey Superannuation Fund received this harvest payment, the market value of its forestry interest was reduced to $15,000. The original cost base for the forestry interest is $14,000.

During the time Oakey Superannuation Fund has held the forestry interest, it claimed $4,000 in deductions (its total forestry scheme deductions) for lease fees, annual management fees and the cost of felling that it paid to the forestry manager.

During the same period, Oakey Superannuation Fund received $1,500 from thinning proceeds (its incidental forestry scheme receipts).

Step 1

Work out the lesser of the market value and net deductions

The market value of the forestry interest (at the time of the CGT event) is $20,000.

The amount by which the total forestry scheme deductions exceed the incidental forestry scheme receipts is $2,500 (that is, $4,000 minus $1,500) net deductions.

The amount used in step 2 is $2,500 (net deductions).

Step 2

Using the formula:

Divide the decrease, if any, in the market value of the forestry interest (as a result of the CGT event) by the market value of the forestry interest just before the CGT event and multiply the result by the lesser of the two amounts worked out above.

You calculate:

$2,500 × ($5,000 ÷ $20,000) = $625

Oakey Superannuation Fund disregards the $625 when determining the amount to include in step 2 for any future income year when it receives harvest proceeds or sell its forestry interest. This is because the $625 amount will have been already reflected in its assessable income in 2020–21.

Step 3

Oakey Superannuation Fund will need to include $625 at **X Forestry managed investment scheme income** on its 2020–21 annual return.

The remainder of each of total forestry scheme deductions and incidental forestry scheme receipts ($2,500 minus $625, that is, $1,875) that is not included at **X Forestry managed investment scheme income** in 2020–21 will be reported in a future income year (the year in which the SMSF receives further proceeds from the harvest or sale of its forestry interest).

For example, if in 2021–22 Oakey Superannuation Fund received the balance of harvest proceeds of $15,000 (at the time of the CGT event, the market value of its forestry interest is $15,000) and it had no further forestry scheme deductions or incidental forestry scheme receipts, it would include the balance of $1,875 as assessable income in 2021–22.

Capital gains tax notes

- Oakey Superannuation Fund has disposed of 25% of its forestry interest. The SMSF will take the amount that it included at **X Forestry managed investment scheme income** into account when working out the amount to include at **A Net capital gain**.
- For 2020–21, the capital gain would be $875 (capital proceeds of $5,000 less apportioned original cost base of $4,125 (made up of $3,500 (25% of $14,000) plus $625) that is included in assessable income).

FMIS expenses

Show payments made to an FMIS at either **U1** or **U2 Forestry managed investment scheme expense** in section C.

The SMSF may be entitled to claim a deduction at **U1 Deductible forestry managed investment scheme expenses** in section C for payments made to an FMIS if:

- the income from the FMIS is not exempt – see exempt current pension income
- the SMSF currently holds a forestry interest in an FMIS, or held a forestry interest in an FMIS during 2020–21
- the SMSF paid an amount to a forestry manager of an FMIS under a formal agreement
- the forestry manager has advised the SMSF that the FMIS satisfies the 70% direct forestry expenditure rule in Division 394 of the ITAA 1997
- the SMSF does not have day to day control over the operation of the scheme
- there is more than one participant in the scheme or, the forestry manager or an associate of the forestry manager manages, arranges or promotes similar schemes, and
- all the trees are established within 18 months of the end of the income year in which an amount is first paid under the FMIS by a participant in the scheme.

If the SMSF is an initial participant in an FMIS it can claim a deduction for initial and ongoing payments at this question. The SMSF cannot claim a deduction if a CGT event happens in relation to its forestry interest in an FMIS within four years after the end of the income year in which it first made a payment under the FMIS. However, the deduction will not be denied for that reason if the CGT event happens because of circumstances outside of the SMSF's control, provided the SMSF could not have reasonably foreseen the CGT event happening when it acquired the interest. CGT events happening that would generally be outside the SMSF's control may include compulsory acquisition, insolvency of the SMSF or the scheme manager, or cancellation of the interest due to fire, flood or drought.

If the SMSF is a subsequent participant, it cannot claim a deduction for the amount paid to acquire the interest. The SMSF can only claim a deduction for ongoing payments.

The deduction is claimed in the income year in which the payment is made.

Excluded payments

The SMSF cannot claim a deduction at **U1 Deductible forestry managed investment scheme expenses** in section C for any of the following payments:

- payments for borrowing money
- payments of interest and payments in the nature of interest (such as a premium on repayment or redemption of a security, or a discount of a bill or bond)
- payments of stamp duty
- payments of goods and services tax (GST)
- payments that relate to transportation and handling of felled trees after the earliest of the following
  - sale of the trees
  - arrival of the trees at the mill door
  - arrival of the trees at the port
  - arrival of the trees at the place of processing (other than where processing happens in-field)
- payments that relate to processing
- payments that relate to stockpiling (other than in-field stockpiling).

While the payments are not deductible under Division 394 of the ITAA 1997, the payments may be deductible under other provisions of the ITAA 1997 or ITAA 1936 and claimable at other questions.

Return to: Appendixes

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Appendix 3: Definitions

Use Appendix 3 to find definitions for terms used in the annual return instructions.

Last updated 7 August 2024

Accumulation fund

An SMSF is an **accumulation fund** if the SMSF provides its members with a benefit which is the total of:

- contributions made into the fund by, or on behalf of, the member

plus

- earnings on those contributions

minus

- any costs attributed to the member.

This SMSF is considered an accumulation fund even if the SMSF or any of its accounts is supporting a super income stream benefit.

Active member

A member is considered to be an **active member** of an SMSF if:

- they are a contributor to the SMSF, or
- contributions to the SMSF have been made on their behalf (and they are not covered by the next paragraph).

A member on whose behalf contributions have been made to the SMSF is not an active member if:

- they are not a resident of Australia
- they are not currently a contributor, and
- the only contributions that were made on their behalf after they ceased to be an Australian resident were made in relation to a time when they were an Australian resident.

Approved compassionate payment

An **approved compassionate payment** is a lump sum payment paid to a member on compassionate grounds (for example, for medical treatment, mortgage assistance when the lender is considering repossessing or selling the member's home, funeral costs for a dependant, home or vehicle modifications due to disability). The ATO determines whether a member has satisfied the criteria for a release of super benefits under compassionate grounds.

For more information, see Conditions of release.

Arm's length income

Income is arm's length income unless it meets the definition of non-arm's length income. Complying SMSFs must consider each component of their income and decide if it is non-arm's length income.

Australian super fund

If an SMSF satisfies **all three** of the following tests at the same time at any point in the income year, then it is an Australian super fund for the entire income year:

- The SMSF was established in Australia, or at least one of the SMSF's assets is located in Australia.
- The central management and control of the SMSF is ordinarily in Australia.
- Either
  - the SMSF has no active members, or
  - it has active members who are Australian residents and who hold at least 50% of
    - the total market value of the SMSF's assets attributable to super interests held by active members, or
    - the sum of the amounts that would be payable to or in respect of active members if they voluntarily ceased to be members.

If the SMSF does not meet the definition of Australian superannuation fund at all times during the income year, the SMSF is not a complying SMSF and it will not receive the concessional rate of tax.

For more information, see Taxation Ruling TR 2008/9 *Income tax: meaning of 'Australian superannuation fund' in subsection 295-95(2) of the Income Tax Assessment Act 1997*.

Central management and control

The **central management and control** of an SMSF is ordinarily in Australia if the SMSF's strategic and high level decisions are regularly made in Australia. These decisions are generally made by the trustees of the SMSF.

The SMSF will continue to meet the central management and control requirement in cases where the SMSF's central management and control is temporarily, that is for a period of 2 years or less, outside Australia. The SMSF will not continue to meet the central management and control requirement if the central management and control of the SMSF is **permanently** outside Australia.

Child

A person's children include:

- their adopted children, stepchildren or ex-nuptial children
- their spouse's children
- someone who is the person's child within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of the person under a State or Territory court order giving effect to a surrogacy arrangement).

Complying SMSF

The compliance status of an SMSF affects how you report income and the tax rates that apply. An SMSF is a complying super fund if:

- it is an Australian superannuation fund at all times during the income year, and
- we have not issued the SMSF with a *Notice of non-compliance*.

A tax rate of 45% applies to the taxable income of a non-complying SMSF. In the year that an SMSF becomes a non-complying SMSF, the SMSF will typically pay additional tax as a result of that change in its

status. For more information, see T Assessable income due to changed tax status of fund.

Contribution

A contribution can be anything of value that increases the capital of an SMSF provided by a person whose purpose is to benefit one or more members of the SMSF.

For more information about our view on the meaning of contribution, how a contribution can be made and when a contribution is made, see Taxation Ruling TR 2010/1 *Income tax: superannuation contributions*.

Death benefit

A **death benefit** is a lump sum benefit payment or income stream benefit payments made by the SMSF to a person other than the member because of the death of the member of the SMSF.

For more information, see Death of a member.

Defined benefit fund

An SMSF is a **defined benefit fund** if the SMSF provides its members with a benefit that is calculated from a formula based on a combination of factors, including the years of membership in the SMSF and average salary level over a specific time.

Dependant

A **dependant** for death benefit purposes is:

- a spouse or de facto spouse of the deceased
- a former spouse or de facto spouse of the deceased
- a child of the deceased under 18 years of age
- a person who, at the time of death, relied on the deceased for financial maintenance, or
- any person who, at the time of death, lived with the deceased in a close personal relationship where one or both of them provided the other with financial and domestic support and personal care.

A **non-dependant** for super death benefit purposes is a person who does not fall into one of the categories of dependants listed above.

Exempt current pension income

If the SMSF paid retirement phase superannuation income stream benefits to one or more members during the current income year, some or all of its otherwise assessable income is tax exempt under the 'exempt current pension income' rules unless it is non-arm's length income or assessable contributions. This tax exempt income is known as 'exempt current pension income' or ECPI.

For more information, see How expenses are treated when an SMSF has ECPI.

Forestry managed investment scheme initial participant

The SMSF is an **initial participant** in a forestry managed investment scheme (FMIS) if:

- the SMSF obtained its forestry interest in the FMIS from the **forestry manager** of the scheme, and
- the SMSF's payment to obtain the **forestry interest** in the FMIS results in the establishment of trees.

The **forestry manager** of an FMIS is the entity that manages, arranges or promotes the FMIS.

A **forestry interest** in an FMIS is a right to the benefits produced by the FMIS (whether the right is actual, prospective or contingent and whether it is enforceable or not).

Forestry managed investment scheme subsequent participant

The SMSF is a **subsequent participant** in an FMIS if it acquired its interest through secondary market trading. This means it acquired its interest other than as an initial participant, usually by purchasing that interest from an initial participant in the scheme.

Low income super amounts (LISA)

Low income super amounts (LISA) can be either a low income super contribution (LISC) or a low income super tax offset (LISTO).

LISC applied for the 2012–13 to 2016–17 income years and was replaced with LISTO from 1 July 2017. Eligibility criteria for LISTO remained essentially the same as for LISC.

Net exempt income

A resident SMSF's 'net exempt income' is the SMSF's gross exempt income *less* expenses (other than capital expenses) incurred in deriving the exempt income and any taxes payable outside Australia on that exempt income.

Net exempt income includes:

- exempt current pension income
- amounts that are not included in assessable income because family trust distribution tax has been paid
- tax-exempt distributions from pooled development funds.

Non-residential real property

Non-residential real property includes land and buildings that are used for commercial or business purposes. This includes premises that are used for both business and residential purposes.

Permanent incapacity benefit

A permanent incapacity benefit is a lump sum benefit payment or income stream benefit payments paid by the SMSF to a member who is unlikely, due to ill health (physical or mental) to ever engage in gainful employment of the type for which they are reasonably qualified by education, training or experience and their condition has been certified by at least two medical practitioners.

For more information, see Conditions of release.

Pooled superannuation trusts

A **pooled superannuation trust** (PST) is a resident unit trust regulated by the Australian Prudential Regulation Authority (APRA). A PST is used for investing assets of a number of super funds or approved deposit funds, other PSTs and certain other specified entities.

Related party

Related parties of an SMSF are:

- all members of the SMSF and their **associates**
- all **standard employer-sponsors** of the SMSF and their associates.

Associates of a member of the SMSF include:

- every other member of the SMSF
- relatives of any member of the SMSF
- business partners of any member of the SMSF
- companies and trustees of trusts that any member of the SMSF controls (either alone or with their other associates).

A **standard employer-sponsor** is an employer who contributes to the SMSF for the benefit of a member, under an arrangement between the employer and the trustee of the SMSF.

Associates of a standard employer-sponsor include:

- business partners
- companies or trustees of trusts that the employer controls (either alone or with their other associates)
- companies and trustees of trusts that control the employer.

Release authority payment

A **release authority payment** is an amount released and paid to the ATO in response to a release authority issued to the fund for:

- first home super saver scheme
- excess concessional contributions
- excess non-concessional contributions
- Division 293 tax (due and payable and deferred debt liabilities).

For more information, see Release authorities.

Residential real property

Residential real property means premises which are lawfully:

- occupied as a place of residence, or
- suitable for occupation as a place of residence.

If the premises are suitable as a place of residence but are used for commercial or business purposes, it is non-residential real property.

Self-managed superannuation fund (SMSF)

SMSFs are entities used for providing for individuals' retirement. Members of an SMSF are its trustees or, if the SMSF has a company trustee, are the directors of the company. This means the members of the SMSF run it for their benefit.

Generally your super fund with more than one member is an SMSF if:

- it has two to four members
- no member of the fund is an employee of another member of the fund unless they are related
- each member of the fund is a trustee and each trustee is a member of the fund, and
- no trustee of the fund receives any remuneration for their services as a trustee of the fund.

Alternatively, your super fund is an SMSF if it has a company as a trustee (known as a corporate trustee) and:

- the fund has two to four members
- each member of the fund is a director of the company and each director of the company is a member of the fund
- no member of the fund is an employee of another member of the fund unless they are related, and
- no remuneration is received by either the trustee company or a director of the company for services to the SMSF.

Your super fund is an SMSF if it has only one member and:

- the trustee of the fund is either
  - the member of the fund and a second person who is either a relative of the member or is not the member's employer, or
  - a company where
    - the member is the sole director of the company, or
    - the member is one of two directors of the company and the second director is a relative of the member or is not the member's employer

and

- no remuneration is received by either the trustee (individual or company) or a director of the company for services to the fund.

Severe financial hardship benefit

A **severe financial hardship benefit** is a super lump sum benefit paid to a member because:

- they have received Commonwealth income support benefits continuously for 26 weeks, and
- they were unable to meet reasonable and immediate family living expenses.

For more information, see Conditions of release.

SMSF supervisory levy

SMSFs pay an annual supervisory levy to us. It is currently $259. The supervisory levy to be paid with the SMSF annual return 2021 is for 2021–22.

For more information, see SMSF supervisory levy – 2013 to 2020 financial years.

Spouse

A spouse of a member (at the relevant time) includes another person (of any sex):

- with whom the member is in a relationship that is registered under a prescribed state or territory law, or
- who lives with the member on a genuine domestic basis in a relationship as a couple although not legally married to the member.

Retirement phase superannuation income stream benefit

A retirement phase superannuation income stream benefit is a superannuation income stream benefit paid from a superannuation income stream that is in retirement phase. A superannuation income stream is in retirement phase if a superannuation income stream benefit is payable from it but it does not include:

- a transition to retirement income stream (TRIS) unless the recipient is 65 or older, or has notified the SMSF they have met a condition of release with a nil cashing restriction (retirement, terminal medical condition or permanent incapacity), or
- the superannuation income stream is specified in a commutation authority issued by the Commissioner and the SMSF has not complied with the authority

A superannuation income stream is also in retirement phase if it is a deferred superannuation income stream where the intended recipient has met a condition of release with a nil cashing restriction (retirement, terminal medical condition, permanent incapacity or attained age 65).

Taxation of financial arrangements (TOFA)

The TOFA rules apply to an SMSF where the value of the SMSF's assets is $100 million or more. For the purposes of this test:

- work out the value of the SMSF's assets at the end of the immediately preceding income year
- if the SMSF came into existence during the current income year, work out the value of its assets at the end of this income year.

Once the TOFA rules apply to an SMSF, they will continue to apply to that SMSF even if the value of its assets later falls below $100 million.

An SMSF that does not meet these requirements can elect to have the TOFA rules apply to it.

The TOFA rules generally provide for:

- methods of taking into account gains and losses from financial arrangements, being
  - accruals
  - realisation
  - fair value
  - foreign exchange retranslation
  - hedging
  - reliance on financial reports
  - balancing adjustment
- the time at which the gains and losses from financial arrangements will be brought to account.

If the TOFA rules apply to the SMSF then it needs to:

- use the TOFA rules to calculate the amount it enters at some questions in **Section B: Income** and **Section C: Deductions and other deductible expenses**
- complete **Section I: Taxation of financial arrangements**.

For more information, see Guide to the taxation of financial arrangements (TOFA).

Temporary incapacity benefits

Temporary incapacity benefits are amounts paid as an income stream to a member because they temporarily ceased gainful employment due to physical or mental ill health, but were not permanently incapacitated.

For more information, see Conditions of release.

Terminal medical condition benefits

Terminal medical condition benefits are super benefits paid to a member with a terminal medical condition where two registered medical practitioners have certified that the member suffers from an illness, or has incurred an injury, that is likely to result in the member's death within 24 months of the date of certification.

For more information, see Conditions of release.

Transition to retirement income stream

A **transition to retirement income stream** is a super income stream paid to a member who has reached their preservation age but is still working and has converted part or all of their accumulated benefits to an income stream.

For more information, see SMSF – transition to retirement income streams.

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