

# ***LCR 2017/1A2 - Addendum - Superannuation reform: capped defined benefit income streams - pensions or annuities paid from non-commutable, life expectancy or market linked products***

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## Addendum

### Law Companion Ruling

#### Superannuation reform: capped defined benefit income streams – pensions or annuities paid from non-commutable, life expectancy or market linked products

This Addendum is a public ruling for the purposes of the *Taxation Administration Act 1953*. It amends Law Companion Ruling LCR 2017/1 to correct a statement that suggests a transfer balance credit, with respect to a market linked pension commenced on or after 1 July 2017, will be calculated by reference to a special value. It also clarifies the position concerning a transfer balance credit that arises in respect of a reversionary life expectancy or market linked pension or annuity in certain circumstances.

#### LCR 2017/1 is amended as follows:

**1. Paragraph 14**

Omit the paragraph (including footnote 24).

**2. Paragraph 15**

- (a) Omit from the first sentence ‘However if’; substitute ‘If’.
- (b) In footnote 25, omit ‘The credit might arise at a different time for reversionary beneficiaries.’.

- (c) After the paragraph, insert new paragraph:

15A. If an individual who is being paid a life expectancy or market linked pension or annuity prior to 1 July 2017 dies and the pension or annuity then becomes payable to you as a reversionary beneficiary on or after 1 July 2017, the credit that arises in your transfer balance account is equal to the special value of the superannuation interest that supports that income stream on the date the income stream first becomes payable to you (the starting day). However, the credit arises in your transfer balance account 12 months from the starting day.

- (d) At the end of new paragraph 15A, insert footnote 25A:

<sup>25A</sup> See Column 4 of Item 1 in the table in subsection 294-25(1).

**3. Legislative references**

Omit:

ITAA 1997 204-20(3)

ITAA 1997 204-25(1)

Substitute:

ITAA 1997 294-25(1)

This Addendum applies on and from 28 April 2017.

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**Commissioner of Taxation**

10 October 2018

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ATO references

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