

Transfer Balance Indexation and Compliance Update – Q & A

No	Question	Answer
1	Is the Highest Ever Transfer Balance in Member Console linked in ATO?	No, the Highest Ever Transfer Balance in Member Console is not linked with the ATO. You may need to confirm the Highest Ever Transfer Balance for a member via ATO Online Services for Tax Agents if individual member is your client for individual tax return or via Member from their MyGov Account.
2	If the bring forward rule is already triggered in FY21, does the member get the indexed Non-Concessional Contribution (NCC) of \$110K in the next two years? Assuming the \$300K cap is not used up in FY21.	If the bring forward is triggered in FY2021, the member will not get indexed NCC of \$110K. Please refer to the ATO > bring forward rule for more information (particularly, Table 3: Bring-forward period (2017–21))
3	Can you add contributions made to an industry super fund in Class to work out the Concessional Contribution (CC) cap?	Yes, please navigate to Fund > Members > Contribution Cap > select member and financial year click on Edit and enter CC and/or NCC made externally.
4	I assume you will notify us once audit reports have been updated. Please confirm.	Yes, all users will be notified the 2021 audit report template update via the Release Notes.

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5	In relation the SMSF deed checklist, if the trust deed supports 4 members and no intention to add new members, is it still required to update, or can we keep the current deed?	Probably not required, however should the fund wish to add another member, you may experience delay as you need to upgrade SMSF deed first before a member can be admitted into SMSF.
6	We are interested in the NowInfinity SMSF trust deed template and deeds upgrade services, where can we find out more information?	Please refer to NowInfinity knowledgebase article on SMSF establishment and pricing information on SMSF deeds variation services.
7	Will the rollover input screen in Class be updated? When produce rollover benefit statement (RBS), I do not know where the contact person and phone number are pulled from. And if the contact person is different from the default in Class for the rollover statement, how do I change this?	<p>Yes, there are going to be substantial changes, particular around the workflow process associated with Rollover In, Rollover Out and Release Authorities. Please keep an eye on upcoming webinar announcement on SuperStream for the next month August.</p> <p>Your existing contact details on rollover benefit statement maybe associated with the fund administrator's details instead of trustee's details.</p>
8	What if you have taken on a new SMSF client which used another ESA, is it possible to check and update ESA on Tax Agent Portal or does it get updated once setup Class ESA when we add the client?	<p>An active fund in Class will automatically register for its default ESA i.e., <i>smsfdataflow</i>. To view and update on ATO Online Services for Tax Agents please refer to the checklist point 3.</p> <p>https://support.class.com.au/hc/en-au/articles/4402653569935-SMSF-SuperStream-Rollover-Readiness-Checklist</p>

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9	What happened if you use Macquarie ESA?	Macquarie ESA does not support SMSF SuperStream Rollover, so we recommend that you change it to Class's default ESA, which is <i>smsfdataflow</i> , to take advantage of new functionality in Class for SMSF rollover / release authorities process via SuperStream.
10	Will ATO early release paperwork come via ESA that we can download etc.?	<p>We assume you are referring to the release authorities (RAs) such as Div 293 Tax, Excess Concessional or Non-Concessional Contribution, etc. If that is the case, for RAs via SuperStream there will be no paperwork from the ATO, all electronic messages.</p> <p>Please keep an eye on webinar announcement on SuperStream for the next month August.</p>
11	What if the SMSF member uses another ESA, will rollover still be automated via Class	No, a superfund can only have one ESA to support Contribution and Rollover. If Class's default ESA <i>smsfdataflow</i> is not used, then the SuperStream message cannot be received, and Contribution and Rollover Events cannot be automated on the Class application. You must process these transactions manually.
12	With rollover in funds via ESA reporting, how does the money transfer work with the receiving fund? how do they match the two?	The money cannot be transferred via Class. Money flows together with the SuperStream messages, is between the nominated bank accounts from the originating fund to the receiving fund. Remember such critical information (e.g., bank account details) need to be validated by the ATO services prior to triggering the rollover request.

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		Please keep an eye on the next month Webinar on SuperStream with further details and functionality.
13	How can we check our client's Electronic Service Address (ESA)?	You can run a Contribution Cap Report > Include SMSFDataflow Transaction Details, to confirm the fund's ESA. Please also check on ATO Online Services for Tax Agents and refer to the checklist .
14	Will Class be updating their reports so General-Purpose Financial Statements can be prepared? Not entirely sure of the difference between General and Special Purpose if I am being honest.	<p>The short answer is No.</p> <p>It will require significant development work to support general purpose financial report. Frankly, none of SMSFs to our knowledge want to prepare its financial statements using general purpose instead of special purpose framework.</p>
15	On Class, how to update the unused carried forward concessional contributions?	<p>Class updates the unused carried forward CC cap automatically if the member's Total Super Balance (TSB) as at 30/6 prior year is less than \$500K. To review please navigate to Fund > Members > Contribution Cap > Select member and FY.</p> <p>To update external CC amount please click on Edit, then update and save.</p>
16	Is it possible for Class to integrate ATO Personal Transfer Cap data for members so that a reconciliation can be made easily between Class and ATO data? Or is that not technically possible?	<p>This question was answered by Kevin Zhang during the webinar.</p> <p>This is also Class's preferred option as well, unfortunately the data integration work is strictly controlled by the ATO. It is best to lobby through your professional associations such as CA ANZ, CPA, SMSF Association and etc, Class will also do the same to lobby ATO to prioritise this work, so SMSF advisors / Class clients can probably advice SMSF members on their contribution and pension strategies.</p>

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17	We have transferred to class from 1 July 2021, previously we use BGL Australian post as super stream, what should we do now?	<p>If the Super Fund is Active in your Class business, then it has automatically registered for the Class's default ESA: <i>smsfdataflow</i>. However, they are additional steps you need to undertake:</p> <ol style="list-style-type: none"> 1. Identify any funds that getting employer contributions via SuperStream. 2. Print the ESA notification forms for the above identified funds and ask the members/trustees to update their payroll providers with the new ESA. 3. Use Class SuperStream Readiness Checklist to review all your funds. <p>Liaise with the ATO to see whether you can bulk update ESA for all your SMSF funds.</p>
18	<p>Both members die: If a member dies within 12 months of receiving a reversionary pension from their deceased spouse, would they have access to the increase in their personal TBC so that in order to keep within their cap, only a smaller amount would need to be commuted to ensure the balance is under the cap until the member's benefits have been paid out? The TBAR has been lodged but does not count toward the cap until after the indexation comes into play.</p> <p>I understand that I need to report the credit that arises, but the member passed away before 30 June 2021. Would she have access to the increased PTBC considering the member still have a TBC amount. If I exceed the cap, I expect the ATO will still send me an</p>	<p>There is not enough information provided here to give you the exact reporting requirement to the ATO. I will try to answer it with some assumptions.</p> <p>If the surviving spouse (wife) has not had her highest transfer balance amount of \$1.6m fully utilised prior to 30 June 2021, then she is entitled to the proportionate indexation. Let's say her highest transfer balance is \$800K, then she entitled to 50% of 100K, or her personal transfer balance cap is \$1,650,000 and available cap space is \$850K. She currently has TBA of \$800K.</p> <p>Her husband passed away on 1 April 2021, she received reversionary pension from her husband, with TBAR credit of \$1.2m; while she needs to report this TBAR event, the TBAR credit of \$1.2m does not hit her account until 1 April 2022. Therefore, she was still entitled to the indexation, with cap space of \$850K. Even though, as at 30 June 2021 she got approx. \$2m pension accounts.</p> <p>If everything goes to the plan, on 1 April 2022; she can commute her existing pension account of \$350,000 either back to accumulation or as a lump sum payment. This will allow her to keep her husband's reversionary pension of \$1.2m; plus her</p>

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	excess TBC determination - so how to determine the personal cap so I can commute the excess.	<p>existing pension account of \$450K; which is exactly \$1.65m; she has fully utilised her PTBC, with no excess.</p> <p>If the wife is unfortunately passed away prior to 1 April 2022, assuming ATO was not made aware of the information, even ATO issued excess transfer balance determination and subsequent commutation authorities, you could lodge a manual TBAR event, select not complied with the commutation authority because the member is deceased (CC3).</p> <p>Please refer to the ATO Guide > Reporting a reversionary income stream for more information.</p>
19	How will I be notified of any future webinars?	You will be notified via email that is currently used to the login for Class. You can also visit our Linkedin page.
20	How do I participate the CoreData Survey mentioned in the webinar and enter into a draw for some gift card prizes?	Your support and recognition are important to us. We would really appreciate you taking a few minutes to recognise the amazing SMSF and trust service providers in the industry and celebrate their hard work in helping maintain the growth of the SMSF industry. Click here to begin your survey and potentially win some prizes.