

SMSF fraud measures increasing rollover red tape

Written by: Darin Tyson-Chan

New anti-fraud measures for self-managed superannuation funds (SMSF) are beginning to have the effect of unnecessarily increasing the compliance requirements faced by financial advisers and individuals trying to arrange the rollover of member entitlements into these types of structures.

Under the measures introduced by the Australian Taxation Office (ATO) earlier this year, newly-established SMSFs are now shown on the Super Fund Lookup facility with a 'Registered – Status not determined' classification rather than 'Complying' status as used to be the case. An SMSF now does not receive complying status until an annual return has been filed for it.

The change has led to the Australian Prudential Regulation Authority (APRA) advising the super funds it regulates to ask for an increased amount of documentation before they approve a rollover of member benefits into a newly-established SMSF.

However, the new rules have resulted in circumstances where APRA-regulated funds are asking to sight more documents than these, adding to the administrative burden and further slowing down the rollover process, according to Heffron Consulting, with some of the requests questionable.

The SMSF specialist firm has already been alerted to cases where APRA-regulated funds have asked to see not just copies but certified copies of the list of documents recommended by APRA.

Other cases had seen member statements and the last SMSF annual return requested for verification of the fund, demands that went beyond the realm of establishing a level of comfort for the rollover institution, Heffron said.

Furthermore, Heffron has seen examples where the additional documentation is being requested for funds that already have complying status and that none of these examples is an isolated situation. «