Submission to “Australia’s Future Tax System”
Specifically relating to the retirement income system

Subject: Transferring private assets into superannuation

This proposal is that there is an effective tax mechanism for private assets, such as investment property and/or shares, being transferred into a self-managed superannuation fund.

Currently, there is a requirement that CGT is paid on the market value of the investment property being transferred from private ownership into a superannuation fund. The rationale for this is understandable, given that the owner is likely to have claimed deductions for interest and outgoings over the period of private ownership and paid income tax on earnings. However, finding the money to pay the CGT amount associated with such transfers is a substantial hurdle and often an obstacle to some people, unless they borrow or sell all or some of the capital assets in order to transfer assets into superannuation.

The decline in superannuation asset values over the past year should prompt a rethink of this mechanism so that people approaching retirement can more readily consider moving property or other assets subject to CGT into a self-managed superannuation fund in order to better fund their retirement.

Clearly, any concessionary mechanism should be accessible subject to the owner of the privately held assets being a beneficiary of the superannuation fund.

This proposal is that, subject to the aforesaid condition being satisfied, the CGT may be paid out of the assets within the self-managed superannuation scheme on the date of completion of the transfer.

This would make transfers of assets accessible to far more people, many of whom would be able to meet the CGT liability out of more liquid assets already accumulated in their superannuation account.

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