



Related Party Trusts

If your Self Managed Superannuation Fund has investments with related parties, or related trusts that were made before 11 August 1999, from 30 June 2009 your fund will no longer be able to:

- Reinvest earnings
- Pay up any partly paid shares or units, or
- Make any additional investments

If you continue to reinvest earnings in these related trusts or make additional investments after 30 June 2009, the additional investments will be deemed in-house assets and count towards the 5% in-house asset limit.

Under the transitional rules, assets will not be treated as in-house assets if they were entered into before 11 August 1999 or additional investments, or loans were made between 11 August 1999 and 30 June 2009.

Also, the Australian Taxation Office has issued a draft ruling (SMSFD 2008/1) on unpaid presently entitled distributions. This occurs when the Self Managed Superannuation Fund is presently entitled to distributions from related trusts which are not paid over to it.

The Australian Taxation Office are concerned with the sole purpose test and arm's length test and suggest distributions are paid in cash within a reasonable time and the investments held in related trust are valued at market value for the purpose of calculating in house assets.

For further information please contact Kylie McClure on 03 5244 6890.



Terminal Illness Lump Sum

New rules apply from 1 July 2007 allowing members with a terminal illness to access their super benefits tax free. This is provided that:

- Two registered medical practitioners certify that the member suffers from an injury or illness that is likely to result in death within 12 months of the certification;
- That 12 months has not expired

At least one medical practitioner must specialise in the area of the injury or illness.

The lump sum will be non assessable, non exempt income provided the member has a terminal condition when the lump sum is received or within 9 months of receiving lump sum.

For further information please contact Kylie McClure on 03 5244 6890.