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Are you signed up to the new small business super clearing house?

The small business superannuation clearing house (SBSCH) is a convenient service that allows a small business to make superannuation contributions for its employees in one single payment. It's important to know that access to the service has recently changed significantly. In this article we explain the steps you need to take to ensure your business can continue using the service.

Although the SBSCH itself hasn't changed, the service was migrated to the ATO's Business Portal on 26 February 2018. This means your old login details will no longer work and you need to arrange access to the new system as soon as possible (if you haven't done so already).

> Despite this minor inconvenience, the change benefits small businesses because they can now access a number of the ATO's tax and superannuation services using one set of login details.

The way you access the SBSCH depends on your business type.

- Small businesses with an ABN can now access the service through the Business Portal. If you're already using this portal, you can access the SBSCH from the "Manage Employees" menu. If you need to arrange access to the portal, you will first need to set up an approved authentication credential. You can choose from either AUSkey (which can only be used on the particular device it is installed on) or Manage ABN Connections (which allows access from any browser or mobile device).
- Sole traders, individuals who employ others (such as carers or nannies) or businesses without an ABN can access the service through their myGov account (linked to ATO services).

Your tax professional can also manage your contributions through the SBSCH on your behalf.

Never used the SBSCH?

The SBSCH is a free service that makes it easier for small businesses to comply with their superannuation obligations. The service is available to any business with 19 or fewer employees or an annual aggregated turnover of less than $10 million.

After joining and updating the system with your employees' details, you only need to make a single electronic payment to the service and it will distribute the separate contributions to each employee's fund. Your contributions are "paid" on the date the SBSCH accepts them.

The SBSCH also allows you to nominate staff who are authorised to use the service on behalf of your business.

Need some assistance?

Has your business done everything it can to make superannuation compliance as easy as possible? If you need to set up access to the new SBSCH, or if you've never used the service and would like to sign up, contact our office for assistance.

Travelling overseas and your SMSF (part 1)

When you go overseas to work or travel, ensuring that your self managed super fund (SMSF) stays compliant with Australian law is probably the last thing on your mind. That is exactly why you should pay attention: depending on how long you're overseas for, you may need to consider a range of issues to ensure that your SMSF remains a complying superannuation fund and is eligible for concessional tax treatment.

Being overseas for an extended period as a member/trustee of an SMSF may cause problems for the fund's ability to meet the requirements of the central management and control test, as well as the active member test. Failing to pass these tests at any point during the year could make your SMSF a non-complying fund, meaning the fund income will be taxed at the highest marginal rate.

To be a complying superannuation fund, an SMSF must first be an Australian superannuation fund, which means passing three tests:

- the establishment test;
- the central management and control test; and
- the active member test.

All three tests need to be satisfied at the same time in the same income year for the fund to meet the definition of an Australian superannuation fund. Issues can arise in relation to the latter two tests when members and trustees of SMSFs travel overseas for long periods.

In this article we will examine the central management and control test, which requires that the central management and control of the fund is ordinarily in Australia.

> Although temporary absences from Australia are allowed, there must be some element of continuity or permanence to the fund's Australian central management and control.

The ATO considers the following influencing factors when determining whether an SMSF's central management and control is ordinarily in Australia:

- the length of members'/trustees' stay overseas;
- where the trustee meetings were held;
- whether the members/trustees intended to return to Australia and whether this intention was abandoned at any stage;
- whether a home was established outside of Australia;
- whether the members/trustees continued to maintain their home and other assets in Australia or had other associations with Australia; and
- if members/trustees had established a home overseas, whether they validly delegated their trustee duties to an Australian-based resident and allowed them to perform that task independently without participation from the overseas-based trustees.

For example, if you and your spouse are SMSF members and trustees and decide to go overseas for an indefinite period, and while there, you establish a new home and run trustee meetings for your SMSF at the overseas location, you may find that your SMSF no longer passes the central management and control test. Of course, a wide range of personal circumstances may affect the outcome when applying the test, but if you plan to be away for an indefinite period it may be wise to delegate your trustee duties to an Australian-based resident. Want to know more?

Next time we'll examine the active member test that SMSFs have to satisfy to be complying funds (provided the other tests are satisfied). In the meantime, if you're thinking of going overseas and you're not sure about how it will affect your SMSF, contact us to find out more.

Are you caught out by the Age Pension assets test?

The stricter Age Pension assets test came into force more than a year ago, but it is probably only now the impact of this change is being felt, especially by middle-income wage earners. This could put you in a situation where if your assets are at a certain level, you won't qualify for the Age Pension. It is thought that this could affect up to 300,000 retirees.

The Self Managed Superannuation Fund Association (SMSFA) has expressed concern that the changes to the Age Pension asset test rules since 1 January 2017 may be actively discouraging middle-income earners from saving to be self-sufficient in retirement.

> Could this apply to you? It is worth looking at your situation closely to see if the changes do affect you.

If you earn what is considered to be an "average" income you will most likely be caught by the asset test. But what is a middle income? Individuals with an average taxable income of $46,000 in 2017–2018 fall within this category and could also be hit with an increase in tax rate of 3.2% by 2021–2022.

Currently, the Age Pension assets-free area for is $253,750 a single homeowner and $380,500 for a homeowner couple. For non-homeowners it is $456,750 (single) and $583,500 (couple). The Age Pension begins to phase out at $3 per fortnight for each $1,000 of assets over the relevant assets test threshold.

The SMSFA believes that a move to a single means test that applies a deeming rate to financial and non-financial assets, getting rid of the assets test altogether, would be a more appropriate mechanism to integrate superannuation and Age Pension means testing.

Melbourne-based group Save Our Super has engaged in a debate with Assistant Treasurer Michael Sukkar on this issue. The Assistant Treasurer has said that the Age Pension is "not supposed to support retirees with a higher level of assets to maintain their capital base". Instead, the steeper taper rate is meant to "encourage people to draw down their savings more rapidly".

Plan your future

While this debate may not lead the current Government to change super and pension rules, it is good time to contact us. We can help you to assess your assets and plan well for your retirement.