



Australian Government

Department of Education, Employment and Workplace Relations

FNSSMS602A Apply taxation requirements when advising in self-managed superannuation funds

Release: 1

FNSSMS602A Apply taxation requirements when advising in self-managed superannuation funds

Modification History

Not applicable.

Unit Descriptor

Unit descriptor	<p>This unit covers the skills and knowledge required to apply taxation requirements when advising clients/trustees in self-managed superannuation funds. It does not encompass taxation planning but does encompass identifying and providing explanation of self-managed superannuation fund taxation requirements, with specific relation to investment product decisions within the fund.</p> <p>Importantly, this unit is not about the provision of taxation planning advice. Instead it is limited to advising on the potential taxation implications of particular products being considered for the fund.</p> <p>This unit is applicable to individuals working within enterprises and job roles subject to licensing, legislative, regulatory or certification requirements including legislation administered by the Australian Securities and Investments Commission (ASIC).</p>
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Application of the Unit

Application of the unit	<p>This unit applies to the role of an adviser regarding taxation of a self-managed superannuation fund and is limited by whether or not they are a registered tax agent.</p>
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Licensing/Regulatory Information

Not applicable.

Pre-Requisites

Prerequisite units		

Employability Skills Information

Employability skills	This unit contains employability skills.
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Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
<p>1. Identify and explain taxation requirements for fund structures and adviser role to the trustee</p>	<p>1.1. The importance of receiving complete advice on taxation requirements and implications for fund and appropriate providers/referrals for specialist advice are identified</p> <p>1.2. Scope and authority of taxation information able to be provided are explained to the client/trustee</p> <p>1.3. <i>Sources of taxation information</i> appropriate to self-managed superannuation funds are identified</p> <p>1.4. <i>Taxation and other requirements</i> that apply to trustee and self-managed superannuation fund structures within the scope of authority are explained to the client/trustee</p> <p>1.5. Clients/trustees are informed of the role of the Australian Taxation Office (ATO) in regulating/supervising self-managed superannuation funds</p> <p>1.6. Clients/trustees are informed of fund residency requirements for taxation purposes</p>
<p>2. Identify and explain implications for contributions to the trustee within the scope of adviser authority</p>	<p>2.1. Appropriate providers/referrals of taxation advice are identified and scope of taxation information on contributions able to be provided is explained</p> <p>2.2. Clients/trustees are informed of the types of allowable contributions that the self-managed superannuation fund can claim and <i>investment restrictions</i></p> <p>2.3. Taxation treatment of contributions to self-managed superannuation funds is explained to the client/trustee</p> <p>2.4. Taxation concessions for the contributor are identified and explained to the client/trustee</p> <p>2.5. Taxation impacts and <i>risks</i> regarding the selection of various contributions are reinforced to client/trustee</p> <p>2.6. Client/trustee is informed of the treatment of rollovers, including 'in specie contribution' issues</p> <p>2.7. The client/trustee is informed to seek advice for higher level/specialist advice if required</p>
<p>3. Identify and explain implications for fund income/assets to the trustee</p>	<p>3.1. The importance of receiving complete advice on implications for fund income and assets is identified</p> <p>3.2. Appropriate providers/referrals for this specialist advice are identified</p> <p>3.3. The treatment of reserves and residual fund assets are explained to the client/trustee within scope of <i>adviser</i> authority</p>

ELEMENT	PERFORMANCE CRITERIA
	<p>3.4. Client/trustee is informed of taxation implications and benefits relating to investment earnings including capital gains tax (accumulation and pensions) within scope of adviser authority</p> <p>3.5. Goods and Services Tax (GST) and Pay As You Go (PAYG) implications for fund income, expenditure and benefit payments are explained to the client/trustee within scope of adviser authority</p> <p>3.6. Fund tax deductions available to self-managed superannuation funds for clients/trustee are identified within scope of adviser authority</p> <p>3.7. Fund <i>credits</i> for clients/trustee are identified within scope of adviser authority</p> <p>3.8. Client/trustee is informed of the treatment of franking credits (accumulation and pension within scope of adviser authority</p> <p>3.9. The impact of <i>deductions</i> on fund taxation outcome is explained to clients/trustee within scope of adviser authority</p>
<p>4. Identify and explain implications for benefits to the trustee</p>	<p>4.1. Treatments of lump sum Eligible Termination Payment (ETP) payments (tax calculations, tax reporting) considerations are explained to the client/trustee</p> <p>4.2. The client/trustee is advised of the superannuation surcharge considerations and reporting issues</p> <p>4.3. Taxation of income streams paid to the individual from the self-managed superannuation funds is explained to client/trustee within scope of adviser authority</p> <p>4.4. The client/trustee is informed of the treatment of death benefits, and binding, non-binding or no beneficiary nominations (lump sum and pension issues) within scope of adviser authority</p> <p>4.5. The client/trustee is made aware of treatment of complying and non-complying pensions (taxation and social security) issues within scope of adviser authority</p> <p>4.6. The client/trustee is informed of the different Reasonable Benefit Limit (RBL) treatments and reporting issues pertaining to self-managed superannuation funds</p> <p>4.7. The client/trustee is informed to seek advice for higher level/specialist advice if required</p>

Required Skills and Knowledge

REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

Required skills

- highly developed communication skills to:
 - liaise with others, share information, using questioning and active listening as required
 - use language and concepts appropriate to cultural differences
- well-developed numeracy and IT skills to:
 - use a range of mathematical ideas and techniques related to taxation
 - perform calculations related to taxation implications
 - access and use appropriate software such as word processors, spreadsheets and databases
 - use internet information
- well-developed literacy skills to read and interpret documentation from a variety of sources and record and consolidate related information
- interpersonal skills to relate effectively within a team environment
- organisational skills, including the ability to plan and sequence work
- research and analysis for:
 - accessing, interpreting and managing complex information
 - comprehending self-managed superannuation fund SIS legislation
 - identifying relevant legislation and regulations relevant to each client
 - assessing the accuracy and relevance of information
- self-management skills for complying with ethical, legal and procedural requirements
- learning skills to maintain knowledge of changes to compliance legislation and requirements
- problem solving skills to address compliance and taxation issues
- judgement skills for forming recommendations in operational situations

Required knowledge

- ATO requirements regarding self-managed superannuation funds
- capital gains treatment for investment earnings (accumulation and pensions)
- fund residency and complying status for tax purposes
- general taxation of investment earnings (accumulation and pension)
- PAYG and GST considerations relating to self-managed superannuation funds
- Superannuation Industry (Supervision) (SIS) Act and key legislative requirements regarding self-managed superannuation funds
- superannuation surcharge considerations and reporting issues
- tax deductions available to, and taxation of income streams from self-managed

REQUIRED SKILLS AND KNOWLEDGE

- superannuation funds
- taxation treatment of:
 - self-managed superannuation funds contributions
 - complying and non-complying pensions (taxation and social security issues)
 - death benefits (lump sum and pension issues)
 - franking credits (accumulation and pensions)
 - reserves and residual fund assets
 - rollovers, including in specie issues

Evidence Guide

EVIDENCE GUIDE	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
Overview of assessment	
Critical aspects for assessment and evidence required to demonstrate competency in this unit	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> • interpret and apply SIS legislation, ATO guidelines and legislation regarding self-managed superannuation funds • explain fund taxation requirements and implications for contributions and benefits • identify and explain implications for fund income and assets.
Context of and specific resources for assessment	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> • competency is demonstrated in the context of the work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment • access to and the use of a range of common office equipment, technology, software and consumables • access to organisation financial records • access to organisation policies and procedures.
Method of assessment	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> • evaluating an integrated activity, which combines the elements of competency for the unit, or a cluster of related units of competency • observing processes and procedures in workplaces • verbal or written questioning on underpinning knowledge and skills • evaluating samples of work • accessing and validating third party reports • setting and reviewing workplace business simulations or scenarios.
Guidance information for assessment	

Range Statement

RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

Sources of taxation information may include:

- ATO
- Australian Securities and Investments Commission (ASIC)
- courts
- dealers
- existing or proposed trust deeds
- fund managers
- industry bodies
- legislation
- licensees
- professional associations
- regulations
- relevant Commonwealth, State and Territory Government organisations
- self-managed superannuation fund specialists.

Taxation and other requirements may include, as amended:

- anti-discrimination legislation
- Corporations Act
- Family Law Legislation Amendment Superannuation Act
- Financial Services Reform Act (FSRA)
- Income Tax Assessment Act
- industrial legislation
- Insurance Act
- Privacy Act
- Retirement Savings Account Act
- stamp duty legislation
- Superannuation (Resolution of Complaints) Act
- Superannuation (Unclaimed Moneys and Lost Members) Act
- Superannuation Contributions Tax (Assessment and Collection) Act (surcharge)
- Superannuation Guarantee (Administration) Act (SGAA)
- Superannuation Industry (Supervision) Act (SIS)
- Superannuation Industry (Supervision) Regulations

RANGE STATEMENT	
	<ul style="list-style-type: none">• trade practices legislation• Trustee Acts or Trust Acts in each State and Territory• other relevant State or Territory and Commonwealth legislation.

RANGE STATEMENT	
Investment restrictions may include:	<ul style="list-style-type: none"> • acquiring assets from 'related parties' parties of the fund • borrowing by superannuation funds • certain specified investments after 11 August 1999 • existing investments at the 11 August 1999 • in-house assets • investments made between 11 August 1999 and December 1999 • lending to members and their relatives • making and maintaining investment on an arm's length basis • related party of a fund.
Risk may include:	<ul style="list-style-type: none"> • divorce • exceeding age-based limits • exceeding RBL limit.
Adviser may include:	<ul style="list-style-type: none"> • all natural persons who provide self-managed superannuation fund advice to individuals or self-managed superannuation fund trustees • any representative of a licensee • employee or owner.
Restriction and identification of allowable credits are provided in tax advice legislation and may include:	<ul style="list-style-type: none"> • foreign taxation credits • franking credits.
Deductions may include:	<ul style="list-style-type: none"> • accountants' fees • auditors' fees • financial planning fees • insurance • investment manager fees • legal fees.

Unit Sector(s)

Unit sector	Self-managed superannuation
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Competency field

Competency field	
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Co-requisite units

Co-requisite units	FNSSMS603A	Apply legislative and operational requirements to advising in self-managed superannuation funds