BDO

Understanding transfer balance account reports and why your self-managed superannuation fund (SMSF) might need one.

In July 2017, there were significant changes made to the Australian superannuation system. One of these changes introduced the concept of a Transfer Balance Cap (TBC), which is a limit on how much an individual can transfer from their superannuation accumulation account into retirement phase pensions. The Australian Taxation Office (ATO) keeps track of an individual's use of their TBC by using event-based reporting and transfer balance account reports.

Because not all SMSFs are required to lodge transfer balance account reports, BDO's Superannuation team has compiled the following fact sheet to assist you in understanding event-based reporting and transfer balance account reports, and determine if your SMSF is required to report this information to the ATO.

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What is event-based reporting?

Event-based reporting for SMSFs refers to the practice of reporting specific events and transactions to the ATO as they occur (in real-time). SMSF trustees are obligated to report these events in a timely manner via a transfer balance account report (TBAR). The ATO requires timely and accurate event-based reporting to ensure the integrity of Australia's superannuation system is maintained.

What is a transfer balance account report?

A transfer balance account report, (or TBAR), is a form that superannuation funds must lodge with the ATO about any events that affect a member's transfer balance account. Any SMSFs with a member who is receiving an income stream are required to lodge a TBAR when certain events occur.

What transfer balance events are reported in a TBAR?

A TBAR must be lodged when:

- A retirement phase super income stream commences
- Lump sum withdrawals are made from a retirement phase income stream
- The balance from a retirement phase income stream is transferred back into an accumulation account
- A retirement phase income stream is transferred to another superannuation provider
- The minimum pension is not withdrawn in a financial year, and the income stream ceases to be a complying retirement income account
- A death benefit income stream commences
- A retirement phase income stream is commuted voluntarily (such as part of a family court order)
- An Excess Transfer Balance Determination is issued by the ATO.

Note: You do not need to lodge a TBAR if no event occurs, or if your SMSF only paid pension payments during the period.

How are these events reported and who is responsible for it?

All super funds, including SMSFs, will be required to report transfer balance cap events using a TBAR, which can be submitted in three different ways:

- Using a specialised SMSF processing software
- An online form
- A paper form.

The responsibility for lodging the TBAR lies with the trustees of the SMSF or their authorised representative, such as an accountant or administrator. In most circumstances, any required TBARs will be prepared and lodged for the trustee by BDO. It is crucial for trustees to work closely with us to ensure they meet these reporting deadlines to avoid penalties and maintain compliance.

When are TBARs due to be lodged?

From 1 July 2023, all SMSFs are required to report the above events by lodging a TBAR quarterly. This means you must report the event that affects the members' transfer balance within 28 days after the end of the quarter in which the event occurs. For example, all unreported events that occur before 30 September 2023 must be reported to the ATO by 28 October 2023.

If you have any questions about event-based reporting and transfer balance account repeats, please contact your local BDO adviser.