

CHECKLIST – SMSF & REAL PROPERTY VALUATIONS

SELF-MANAGED SUPERANNUATION FUNDS & REAL PROPERTY VALUATIONS

Real property held by self-managed superannuation funds (SMSF) must be regularly evaluated to ensure the fund's financial statements are accurate, up to date and reflect current market valuations. The Australian Taxation Office (ATO) has provided guidelines for SMSF Trustees and auditors to follow when providing and reviewing real property valuations. Any valuations that do not meet ATOs requirements might not be accepted by the fund's auditor and may result in a qualified audit report.

[BDO's Superannuation team](#) has compiled the following checklist to assist you in determining if the Fund's property valuation meets the relevant criteria.

Are you valuing the Fund's property holdings on a regular basis?

The ATO guidelines suggest that an SMSF's real property holdings are compared to the market and documented at least annually.

Does the valuation give a clear indication of the market value of the property?

The property valuation must clearly provide a current market valuation. It is appropriate for the valuation to provide one set value or an indication of a value between a low amount and a high amount.

Does the valuation contain details of recent comparable sales?

Each property valuation needs to be based on objective and supportable data. Comparison data between the SMSF's property and other similar properties is an essential part of the property valuation as it provides evidence that the property is valued at market value. The valuation must set out a list of properties like the one held in the Fund.

Does the valuation give an indication of the market rental income for the property?

The valuation must also provide an indication of the likely market rental income for the property, as the auditor is required to determine if the income received by the fund is on commercial terms. Once you have the valuation with an indication of the market rental income for the property, remember to review the current lease agreement to ensure the lease arrangement aligns with the valuation and continues to operate on commercial terms.

Is the property held indirectly within a related trust?

The property valuation guidelines apply equally where the property is held within a related trust structure.

Has the valuation been provided by an independent and appropriately qualified source?

In most circumstances, a local real estate agent can be engaged to conduct the valuation/kerbside appraisal of the property. However, there may be times when using a qualified independent valuer is more appropriate, such as when the property's circumstances are quite unique, or the underlying lease agreements are complex.

If you have any questions about your SMSF and property valuations, please [contact your local BDO adviser](#).