Media Release

Date: 21 February 2019

SuperConcepts backs call for ECPI change

The calculation of Exempt Current Pension Income (ECPI) should be simplified in situations where an SMSF is restructured during the income year, according to a technical SMSF expert at the SMSFA national conference in Melbourne.

SuperConcepts General Manager of Education and Technical Services, Peter Burgess noted 2017/18 was the first year of a changed approach to the way ECPI is calculated for SMSFs which move from being segregated to unsegregated, or vice versa, during the course of the income year.

Mr Burgess also noted that there had been no change to the legislation, just the ATO enforcing the correct application of the law.

"So for the first time in the 2017/18 year, SMSFs which switched from being unsegregated to segregated part way through the income year, were required to identify each discreet period of segregation and then only apply the actuary's ECPI percentage to income derived during periods when the assets were unsegregated.

"In the past, all we would do is apply the actuary's ECPI percentage to all the income derived during the income year with no regard to whether the income was derived from segregated or unsegregated assets.

"I note recent calls by some parts of the industry for a return to the 'good old days', that is doing away with the need to identify discrete periods and just apply the actuary's ECPI percentage to all the income derived by the fund during the income year.

"The legislation as it currently stands imposes a significant amount of complexity and cost particularly for funds which may have multiple periods of segregation during the income year.

"This current approach has no material impact on the tax paid by the fund and arguably is open to manipulation by clients timing the disposal of assets to coincide with a period when the fund assets were segregated pension assets.

"So I think there is merit in amending the law and allowing the industry to return to previous practices", Mr Burgess said

ENDS

Media contact:
Garth Montgomery
0408 864 851
garth.montgomery@superconcepts.com.au

About SuperConcepts

ABN: 67 007 437 907
Telephone: 1800 625 644 Email: enquiries@superconcepts.com.au

SuperConcepts is a leading provider of self-managed superannuation fund (SMSF) administration, software and education services to SMSF trustees, accountants and financial advisers, servicing more than 11% of SMSF funds. SuperConcepts comprises a number of sub-brands including AMP SMSF, Ascend, Cavendish, MORE Super, Multiport, SMSF Managers, SuperConcepts, SuperIQ and superMate. Find out more at www.superconcepts.com.au.