



Self-managed superannuation fund annual return instructions 2020

- <https://www.ato.gov.au/Forms/Self-managed-superannuation-fund-annual-return-instructions-2020/>
- Last modified: 28 May 2020
- QC 62610

Self-managed superannuation fund annual return instructions 2020

You can download the [Self-managed superannuation fund annual return 2020](#) (NAT 71226).

This instruction guide is not available in print or as a downloadable PDF document.

These instructions will help you complete the *Self-managed superannuation fund annual return 2020* (SMSF annual return). However, they are not a guide to income tax or superannuation law. Seek help from us or a recognised tax adviser if these instructions do not fully cover your circumstances.

About the SMSF annual return

Who needs to complete an SMSF annual return

Your super fund must lodge a *Self-managed superannuation fund annual return 2020* if it was:

- a [self-managed superannuation fund](#) on 30 June 2020, or
- a self-managed superannuation fund that was wound up during 2019–20.

Only self-managed superannuation funds (SMSFs) can use the *Self-managed superannuation fund annual return 2020*. Super funds that are not SMSFs at the end of 2019–20 must use the [Fund income tax return 2020](#) and, where required, report contributions and member account balances separately.

Your SMSF must lodge an SMSF annual return even if it does not have a tax liability.

Information you report in your annual return does not affect your member's transfer balance account. You must report transfer balance cap events such as your member starting or commuting a retirement phase income stream separately; see [Event-based reporting for SMSFs](#).

How to use these SMSF annual return instructions

Work through these SMSF annual return instructions from the start (section A) to the finish (section K).

- You must answer all mandatory questions.
- You must answer all questions which apply to your SMSF.

Leave the answer box blank for all other questions. If you leave the answer box blank, you will have specified a zero amount or that the question is not applicable to you.

Read the instructions for each question to find out:

- whether you need to complete the question
- the information you must provide.

If a question does not apply to your SMSF, move on to the next question.

Sections of the SMSF annual return

The SMSF annual return is more than an income tax return. It has 11 sections, each described below.

You must complete at least six sections (A, C, D, (F and/or G), H and K). Complete the other sections only if they apply to your SMSF.

A: SMSF information: Complete this section for the SMSF; provide general and identifying information about the SMSF and its auditor.

B: Income: Complete this section if the SMSF has assessable income to report.

C: Deductions and non-deductible expenses: Complete this section for the SMSF; report all the SMSF's expenses, both deductible and non-deductible.

D: Income tax calculation statement: Complete this section for the SMSF to calculate the amount due or refundable to the SMSF.

E: Losses: Complete this section if the SMSF has tax or capital losses to carry forward to later income years.

Sections F and G: Member information and Supplementary member information: Complete either section F or section G (or both) for the SMSF. Report contributions and account balances for each of the SMSF's members:

- in section F, for those who had an account on 30 June 2020
- in section G, for those who left the SMSF during 2019–20.

H: Assets and liabilities: Complete this section for the SMSF. Report all of the SMSF's assets and liabilities at 30 June 2020.

I: Taxation of financial arrangements Complete this section if the taxation of financial arrangements provisions apply to the SMSF.

J: Other information Complete this section if the SMSF has made or is making a family trust election or an interposed entity election.

K: Declarations: Complete this section for the SMSF. Declare that you have met your obligations in relation to the SMSF annual return.

What's new in 2019–20

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Part A qualification

Instructions for Section A: SMSF auditor Part A have been updated to help clarify the requirements for the fund. This question can also now be answered as 'No' if the audit report was qualified only in relation to insufficient audit evidence under Auditing Standard ASA 510 Initial Audit Engagements – Opening Balance.

Property count

A new label J7 Property Count has been added to Section H: Assets and liabilities at 15b. If your SMSF holds investments in real property that was held in trust as a security under a limited recourse borrowing arrangement, this information must be reported at J7 Property count.

G1 Death benefit increase

Label G1 Death benefit increase at Section C: Deductions and non-deductible expenses has been removed.

If a fund member died on or before 30 June 2017, the fund must have paid the benefit before 1 July 2019 to be eligible to claim a deduction.

From 1 July 2019, the deduction is no longer available.

Non-arm's length income (NALI)

On 2 October 2019, the Treasury Laws Amendment (2018 Superannuation Measures No. 1) Bill 2019 that amends section 295-550 of the *Income Tax Assessment Act 1997* (dealing with NALI), was given royal assent.

From 1 July 2018, NALI was expanded to also include income derived by an SMSF from a scheme in which the parties were not dealing with each at arm's length where the fund incurred expenses in deriving the income that are less than, including nil expenses, those which the SMSF would otherwise have been expected to incur if the parties were dealing on an arm's length basis.

The expenses may be of a revenue or capital nature in the same way that NALI may be statutory or ordinary income.

From 1 July 2018, income derived by an SMSF in the capacity of beneficiary of a trust through holding a fixed entitlement to the income of the trust will be NALI where:

- the SMSF acquired the entitlement under a scheme or the income was derived under a scheme in which parties weren't dealing with each other at arm's length, and
- the SMSF incurred expenses in acquiring the entitlement or deriving the income that are less than, including nil expenses, what the SMSF would otherwise have been expected to incur if the parties were dealing on an arm's length basis.
- Note: The ATO has a transitional compliance approach for the 2018–19; 2019–20 and 2020–21 income years in respect of non-arm's length expenditure (described in paragraphs 9 to 12 of draft Law Companion Ruling LCR 2019/D3) of a general nature that has a sufficient nexus to all ordinary and/or statutory income derived by the fund in those respective income years (for example, non-arm's length expenditure on accounting services).

For more information, on these recent amendments and the transitional compliance approach, see [Non-arm's length income](#).

Lodgment, assessment and payment

- <https://www.ato.gov.au/Forms/Self-managed-superannuation-fund-annual-return-instructions-2020/?page=3>
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Lodgment

An SMSF must lodge an SMSF annual return, even if it does not have a tax liability for the income year.

You can lodge the SMSF annual return either:

- electronically, or
- on the paper form [Self-managed super fund annual return 2020](#) (NAT 71226).

The [audit](#) of your SMSF must be finished before you lodge the SMSF annual return,

as you need information from the audit report to complete the regulatory information on the SMSF annual return.

Lodging electronically

To lodge electronically you need software that supports electronic lodgment by standard business reporting (SBR). For more information, see [Standard business reporting](#)¹³.

You cannot lodge electronically and must lodge a paper SMSF annual return, if the SMSF has:

- no assets or liabilities (unless it was wound up during 2019–20)
- no assessable income
- a type of deduction that can be claimed even where there is no assessable income, such as tax-agent fees and the SMSF supervisory levy
- both non-arm's length income and an arm's length loss.

Remember

You must keep arm's length income, deductions and losses separate from non-arm's length income, deductions and losses.

You must reduce any tax loss by the SMSF's tax exempt current pension income before you carry the loss forward to 2020–21.

You must lodge a paper annual return if these circumstances apply to your SMSF.

Lodging the paper SMSF annual return

You can lodge a paper SMSF annual return that:

- you have downloaded and printed [Self-managed superannuation fund annual return 2020](#), or
- we have sent to you.

To lodge your paper SMSF annual return, you must:

- send us your original paper SMSF annual return, not a copy
- send your SMSF annual return to the following address only, not to any other ATO address

Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY

The address must appear exactly as shown above. Do not use a city name or postcode, as we have a special agreement with Australia Post.

You may photocopy the annual return for the SMSF's records.

Lodging schedules

The following are the only schedules that you may include with the SMSF annual

return, if required:

- Capital gains tax (CGT) schedule 2020
- Family trust election, revocation or variation 2020
- Interposed entity election or revocation 2020
- Losses schedule 2020
- Non-individual PAYG payment summary schedule 2020
- any election required by Taxation Ruling IT 2624 *Income tax: company self assessment; elections and other notifications; additional (penalty) tax; false or misleading statement.*

SMSF annual returns lodged without all the required schedules are not lodged in the approved form. Unless your SMSF annual return and all required schedules are lodged by the due date, we may apply a penalty for failing to lodge on time.

You may have to complete other schedules or documents which you are not required to lodge with your SMSF annual return. Do not send them with the SMSF annual return. Sign and date any schedules and keep the schedules and documents with the SMSF's tax records.

Lodgment due dates

The SMSF annual return for a particular income year is due in the following income year. So the 2020 SMSF annual return (for 2019–20) is due in 2020–21.

Not all SMSFs have the same lodgment due date. Check below for the due date that applies to your SMSF.

If a due date falls on a weekend or public holiday you can lodge or pay on the next business day.

Self-preparers

An SMSF that prepares and lodges its own annual return must lodge by the applicable date shown in the table below. If more than one date applies to the SMSF, it must lodge by the earliest date that applies to it.

Dates and types of lodgment for self-preparers

Lodgment date	Self-preparer to whom the date applies	Payment due date (if required)
31 October 2020	<ul style="list-style-type: none">• New registrant SMSF• SMSF with one or more annual returns overdue on 30 June 2020 (unless they have been granted a deferral)	1 December 2020
15 January 2021	<ul style="list-style-type: none">• SMSF that was a taxable <u>large or medium entity</u> in 2019–20	1 December 2020. See <u>Due dates for</u>

		<u>lodging and paying.</u>
28 February 2021	<ul style="list-style-type: none"> • All other self-preparing SMSFs (unless we have directed you to lodge on a different date) 	28 February 2021

Failure to lodge your SMSF annual return by the due date can result in penalties and the loss of your SMSF's tax concessions.

Tax agent clients

An SMSF that uses a registered tax agent to prepare and lodge its annual return should contact its tax agent to find out the due date for lodgment.

For your first year the due date will be 28 February 2021.

Amending an SMSF annual return

To amend your SMSF annual return you need to:

- resubmit the whole annual return, and
- answer 'yes' to the question Is this an amendment to the SMSF's 2020 return? at question 5 in section A.

When submitting an amendment, you must complete the new form in full (not just the parts you want to change). Your amended form will replace the original form in our system.

You can lodge amendments to the 2020 SMSF annual return by:

- providing a full SMSF annual return through the [Business Portal](#)
- lodging electronically using commercial software that supports [Standard business reporting](#)[☞] (tax agents only)
- providing a full SMSF annual return through [Online services for agents](#) (tax agents only)
- sending the paper form [Self-managed super fund annual return 2020](#) (NAT 71226) to

Australian Taxation Office
GPO Box 9845
IN YOUR CAPITAL CITY

The address must appear exactly as shown above. Do not use a city name or postcode. We have a special agreement with Australia Post. You have not lodged your amended paper SMSF annual return if it is sent to another address (even if it is the address of an ATO office).

You cannot request amendments to an SMSF annual return by:

- writing to us with the correct details, or

- using a [Request for amendment of an income tax return for individuals](#) form.

Assessment

Under full self-assessment, an SMSF completes and lodges its annual return and pays the amount it is required to pay (if any) to the ATO. An assessment of an SMSF is deemed to be made on the day on which the annual return is lodged.

The SMSF will not receive a notice of assessment. However, we will issue a notice of amended assessment if subsequent amendments are made.

If you do not agree with a decision made by the ATO, you can find more information at [Dispute or object to an ATO decision](#).

You can request a ruling or SMSF specific advice to clarify the way the law applies to your SMSF. For more information, see:

- [Applying for a private ruling](#)
- [How to apply for SMSF specific advice](#).

Payment

Your payment needs to reach us on or before its due date, regardless of whether the payment is made in Australia or from overseas.

Payment methods

Our preferred payment methods are:

- BPAY®
- credit or debit card.

For more payment options, see [How to pay](#).

You need to quote your payment reference number (PRN) when making a payment. It is important that you provide the correct PRN when making your payment. If you are unable to locate your PRN, you can:

- phone us on 1800 815 886, 8.00am–6.00pm, Monday to Friday
- email us at payment@ato.gov.au

What if your SMSF cannot pay its tax debt by the due date?

If you cannot pay the debt on time phone 13 28 66 and ask for account management.

You are expected to organise the SMSF's affairs to ensure that you pay the debt on time. However, depending on the circumstances you may be able to enter into an arrangement to pay by instalments.

You may need to provide details of the SMSF's financial position, including a statement of its assets and liabilities and details of the SMSF's income and expenditure. We will also want to know what steps you have taken to obtain funds

to pay the tax debt and the steps you are taking to meet future payments of tax debts on time.

General interest charge (GIC) is an interest charge imposed where there is a late payment of a tax debt. The GIC rate is the 90-day Bank Accepted Bill rate plus 7% and is updated on a quarterly basis. Amounts payable under the original assessment are due on the statutory due date for payment, which is the first day of the sixth month of the following income year or by such later date as the Commissioner allows. For SMSFs the balancing date is 30 June 2020 and the statutory due date for payment is 1 December 2020; however, for many SMSFs a later payment due date will apply. GIC will begin to accrue from the due date for payment until the amount is paid in full. GIC compounds daily and is calculated on any outstanding balance.

For more information on the GIC, phone 13 28 66.

Penalties and interest charges

You should take care in your application of the law and the statements you make in the SMSF annual return. The law imposes penalties on the trustees of SMSFs for:

- failing to lodge the annual return on time and in the approved form
- making a false or misleading statement even if there is no shortfall amount
- having a shortfall amount for underreporting a liability or over-claiming a credit that is caused by taking a position that is not reasonably arguable
- failing to provide an annual return from which the Commissioner can determine a liability
- entering into a scheme to obtain a tax benefit.

Knowingly answering a question incorrectly will result in a higher penalty than answering carelessly. SMSF trustees have ultimate responsibility for the SMSF, regardless of whether or not the trustees use professional services such as administration providers, tax agents or other financial advisers.

Penalties for false or misleading statements will not apply, if:

- the trustee of the SMSF and their agent (if applicable) made a mistake and they took reasonable care with making the statement, or
- the trustee of the SMSF gave their registered tax agent all relevant taxation information and the agent makes a false or misleading statement due to a lack of reasonable care by the agent.

The trustee of an SMSF is liable for GIC if:

- tax, penalties or shortfall interest charges (SIC) remain unpaid after the due date for payment, or
- a variation of a pay as you go (PAYG) instalment rate or amount is less than 85% of the rate or amount which would have covered the SMSF's actual liability for the year.

The trustee of an SMSF is liable for the SIC if the SMSF's income tax assessment is amended and its liability increased. Generally, the SIC accrues on the extra tax

payable from the due date of the original assessment until the day before the assessment is amended.

For general information about SMSF penalties, see [How we deal with non-compliance](#).

Privacy

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The ATO is authorised to ask for information on the *Self-managed superannuation funds annual return 2020* by the *Taxation Administration Act 1953*, the *Superannuation Industry (Supervision) Act 1993*, the *Income Tax Assessment Act 1936* (ITAA 1936) and the *Income Tax Assessment Act 1997* (ITAA 1997). We use this information to help us administer the superannuation and taxation laws and for statistical purposes. If you do not provide this information, there may be a delay in processing your annual return.

Where authorised by law to do so, we may give the information in the annual return to other government agencies, including assistance agencies such as Services Australia, regulatory bodies such as the Australian Securities & Investments Commission and the Australian Prudential Regulation Authority, law enforcement agencies and the Australian Bureau of Statistics.

We are able to request tax file numbers (TFNs). We use TFNs to identify the SMSF and members in our records. It is not an offence not to provide a TFN. However, if you do not provide a TFN, there may be a delay in processing your annual return.

If you are the person authorised to sign the annual return, we collect some personal information about you on the annual return such as your name and contact details. That information allows us to contact you if we require more information on what you have provided on this annual return.

We also provide taxpayer information to treaty partners overseas under [international tax agreements](#) with many other countries.

Our privacy policy is at [Your privacy](#). The policy contains important information about your privacy, including information about how you can access and seek correction of information we hold about you, how you may complain about a breach of the Australian Privacy Principles and how we will deal with any privacy complaint.

You can contact us, if you have any questions, at [Enquire or complain about a suspected breach of the Australian Privacy Principles](#) or 13 28 61 or GPO Box 9990 in the capital city of your state or territory.