

Commonwealth Budget

SUPERANNUATION BRIEF

KEY MEASURES

- Pension Drawdown Rates
- Income Stream Commutation
- Payment Times Reporting
- Digital Economy

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IN BRIEF

The Commonwealth Budget didn't include any surprise announcements.

*As a result of ongoing volatility, we did see the **minimum pension drawdown rate reduction** extended until June 2023.*

*The Government's commitment to the maintenance of the Treasury portfolio laws continues, with the **Treasury Laws Amendment (Enhancing Tax Integrity and Supporting Business Investment) Bill** and **Treasury Laws Amendment (Allowing Commutation of Certain Income Streams) Regulations** receiving a special mention.*

*While only tangentially affecting superannuation trustees, several initiatives were confirmed in relation to the **Digital Economy Strategy, Payment Times Reporting, and Single Touch Payroll.***

POLICY ANNOUNCEMENTS



Minimum Drawdown Rates

The 50 percent reduction of the superannuation minimum drawdown rates for account-based pensions and similar products will be extended for another year to 30 June 2023. The minimum drawdown requirements determine the minimum amount a retiree has to draw down from their superannuation in order to qualify for tax concessions.

The measure was first legislated through the [Coronavirus Economic Response Package Omnibus Bill 2020](#) to provide pensioners with account-based pensions with flexibility, enabling superannuation members to avoid mandatory sell down of investments during periods of ongoing volatility.

Superannuation trustees should engage with administration and technology functions or providers to ensure that systems are updated to reflect the extension. Trustees may also wish to communicate the extension to members with interests in relevant products.



Commutations of Certain Income Streams

The Budget Papers confirm that the Government will make minor amendments to Treasury portfolio legislation that clarifies the law to ensure it operates as intended and improves administrative outcomes.

The *Treasury Laws Amendment (Enhancing Tax Integrity and Supporting Business Investment) Bill 2022*, which was introduced in February 2022, makes amendments to the *Social Security Act 1991* and the *Veterans' Entitlements Act 1986* to provide for certain commutations for the purposes of not exceeding the transfer balance cap for market-linked and life expectancy products only.

The changes in the Act are accompanied by the *Treasury Laws Amendment (Allowing Commutation of Certain Income Streams) Regulations 2022*.

Superannuation trustees should note the proposed changes and liaise with the administration function or service provider to ensure that consideration is given to any changes to transfer balance cap related reporting for impacted products.



Digital Economy Strategy

In order to continue the implementation of the Digital Economy Strategy and drive digital transformation, the Government has committed to provide \$130.1 million over 4 years from 2022-23.

The funding includes the following initiatives:

- ▶ Implementation of the Government's response to the *Inquiry into the Future Directions for the Consumer Data Right*;
- ▶ Shaping global and emerging technology standards;
- ▶ Positioning Australia as a world leader in regulating the Digital Economy and new technologies and the development of a Digital Age Policy;
- ▶ Continuation of the Digital Technology Taskforce for a further two years;
- ▶ Development of the Digital Identity system, including the governance, regulatory frameworks and funding arrangements associated with the Digital Identity legislation.

Superannuation trustees are unlikely to be directly impacted by the additional funding, however, trustees should note the Government's focus on digital transformation and consider the possible strategic and operational impacts.



Payment Times Reporting

As part of its support for small businesses, the Government has committed \$10.4 million to enhance and redesign the Payment Times Reporting Portal and Register to make it easier to view the payment practices of Australia's largest organisations.

The Payment Times Reporting Regime requires businesses with an annual total income of over \$100 million to biannually report on their payment terms and practices for their small business suppliers.

Currently, large businesses, which include some superannuation trustees, are required to complete and submit information through the Portal. Information that businesses provide in their reports is to be made available to the public on the Payment Times Reports Register.

Superannuation trustees who are required to report under the regime should note the initiative.



Single Touch Payroll

The Government will commit \$6.6 million over the forward estimates period for the development of IT infrastructure required to allow the ATO to share single touch payroll data with State and Territory Revenue Offices on an ongoing basis.

The funding will be deployed following further consideration of which states and territories are able and willing to make investments in their own systems and administrative processes to pre-fill payroll tax returns with STP data, to reduce compliance costs for businesses.

While not directly impacted, Superannuation trustees may wish to communicate the initiative to employers and employer servicing teams when further details are confirmed.



Gender Equality

The Budget does not include a measure to pay superannuation on Commonwealth Parental Leave Pay as has been called for by many industry organisation.

"This Budget invests \$441.6 million in new and expanded initiatives aimed at increasing women's workforce participation, reducing barriers to women working in the paid workforce, and offering additional assistance to women to build a financially secure future." Of note is an enhancement to the Paid Parental Leave scheme, which will provide eligible working parents with the opportunity to share up to 20 weeks of flexible entitlements between them.

The Women's Budget Statement highlights the impact of the gender cap on superannuation balances resulting from lower workforce participation and differences in earnings – in 2018-19, the gender gap in median super balances for persons 60-64 was 23.4 per cent.

Superannuation trustees should note the initiatives.

ABOUT QMV LEGAL

QMV Legal is focused on providing pragmatic and expert legal advice which considers both the nuance of superannuation law and the commercial and operational objectives of superannuation trustees and providers.

Being closer to the business operations and technology of running a superannuation fund provides QMV Legal with a unique insight into the legal issues faced by superannuation funds.

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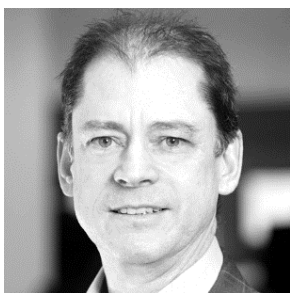
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CONTACT US

If you have any questions or need assistance, you can contact us directly via the details below:



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