

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2016 - 2017

**Division/Agency:** Australian Taxation Office

**Question No:** 207

**Topic:** Self-managed superannuation funds (SMSFs) and property

**Reference:** Written

**Senator:** Whish-Wilson

**Question:**

1. What data is collected on investment—either directly or indirectly—by SMSFs in residential and commercial property? is this data publicly available?
2. What are the recent trends regarding investment by SMFS in residential property?
3. What are the recent trends regarding investment by SMFS in commercial property?
4. What powers does ATO have to regulate SMSFs providing a ‘shadow banking’ facility for investment in property?
5. is the ATO monitoring the use of SMSFs as a ‘shadow banking’ facility for investment in property?
6. does the ATO pass on information relating to investment by SMSFs in property to ASIC or APRA?

**Answer:**

1. The ATO collects data on direct investment in residential and non-residential real property, and investments in residential and non-residential real property made by self-managed superannuation funds (SMSFs) under a limited recourse borrowing arrangement.

This data is publicly available in the Self-managed superannuation fund statistical report published quarterly by the ATO, and available on the ATO’s website. The data collected by the ATO and the report is based on information reported to the ATO by self-managed superannuation funds in their annual returns.

2. As at 31 December 2016 the estimated total value of SMSF direct investment in residential property is \$26.7 billion (4.1% of the \$653.8 billion total SMSF assets).

This represents an increase of \$2.2 billion (or 0.1% increase as a proportion of total SMSF assets) when compared with the same estimates for the December 2015 quarter, and represents an increase of \$5.5 billion (or 0.34% increase as a proportion of total SMSF assets) in comparison to the December 2014 quarter.

In addition, the latest annual data available to the ATO shows that the estimated value of residential property assets acquired by SMSFs under a limited recourse borrowing arrangement increased from \$3.7 billion in 2013 to \$9.4 billion in 2015.

3. As at 31 December 2016 the estimated total value of SMSF direct investment in non-

residential property is \$74.4 billion (11.4% of the \$653.8 billion total SMSF assets).

This represents an increase of \$6.1 billion compared to the December 2015 quarter (or 0.1% increase as a proportion of total SMSF assets) when compared with the same estimates for the December 2015 quarter, and represents an increase of \$10 billion compared to the December 2014 quarter but a 0.2% proportionate decrease when compared to total SMSF assets for the December 2014 quarter.

In addition, the latest annual data available to the ATO shows that the estimated value of non-residential property assets acquired by SMSFs under a limited recourse borrowing arrangement increased from \$4.2 billion in 2013 to \$9.3 billion in 2015.

4. The ATO is responsible for ensuring that investments undertaken by SMSFs are done so in accordance with the regulatory rules and restrictions provided by the *Superannuation Industry (Supervision) Act 1993*
5. The ATO monitors SMSF investments, regardless of class or type, to ensure they are undertaken in accordance with the rules and restrictions that apply under the *Superannuation Industry (Supervision) Act 1993*.
6. The ATO shares information with the Australian Securities and Investment Commission and the Australian Prudential Regulation Authority in relation to concerns we may have about specific property investments marketed to SMSFs and superannuation funds more broadly.