

# CORPORATE SUPER ASSOCIATION

21 August 2002

Senate Select Committee on Superannuation  
Parliament House  
CANBERRA 2600

Attention: Ms S Morton, Committee Secretary



Dear Sirs

## **SUPERANNUATION AND STANDARDS OF LIVING IN RETIREMENT**

### **RECURRENT PROBLEMS EXPERIENCED BY CORPORATE SUPERANNUATION FUNDS IN ADMINISTERING THE SUPERANNUATION "SURCHARGE" TAX**

I refer to the supplementary information provided to you by letter dated 14 August 2002 and note that I omitted information on any continuing administrative problems with the surcharge experienced by our members. At the hearing on 18 July 2002 in Melbourne, we undertook to provide information on this topic.

A survey of members of our Association has provided the following information.

- Many respondents found that fund members still had difficulty in understanding and/or accepting the tax.
- Several funds commented on the considerable exposure of "blue collar" workers to the tax, as a result of overtime, shift loadings and other compensation. In other words, the tax is not restricted in its effect to the privileged few but affects a large cross section of the work force.
- Many commented that they had been through the pain of establishing the systems to report and collect the surcharge, and that the systems were now established. What was left now was the considerable expense of maintaining the systems. This was exacerbated by the constant changes in reporting parameters required by the ATO. One fund, with assets over \$1bn, reported that the cost of establishing the reporting systems had been \$300,000 and that the annual cost of software maintenance was \$50,000.
- Many funds reported that there were significant difficulties in tracking members who had changed funds. Several funds commented that it would be simpler to collect the tax from the members direct.
- One fund pointed out that members who leave a fund need to be reminded that there may be outstanding surcharge which will be assessed to them after the current tax year. In these circumstances, the issue by the ATO of a "nil" assessment, if applicable, at the appropriate time would be helpful to the member.

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- Several funds commented on the lengthy delays in issuing surcharge assessments and the resulting reconciliation problems, heightened by the need to report departures and reject assessments relating to the departed members. One fund reported that the adjustment of such assessments can take 18 months. Further, the adjustment of data errors becomes awkward because of the absence of sufficient identification in the account statements. I have attached a copy of an account statement provided by a member as an illustration. It appears that the "transaction ID" column is generic to the fund's assessment and not to the particular member to whom the erroneous assessment relates.

Please contact me if we can be of any further assistance.

Yours faithfully

A handwritten signature in cursive script that reads "Elizabeth Goddard".

Elizabeth Goddard  
Head of Research  
Corporate Superannuation Association



To pay on 15.12.01

Info re surcharge problems

Tax File Number :

Correspondence ID :

Related Correspondence ID :

Date of Issue :

### SUPERANNUATION CONTRIBUTIONS / TERMINATION PAYMENTS TAX ACCOUNT STATEMENT

Statement Period from **04 Sep 2001** To **30 Oct 2001** Opening Balance **\$560 343.75 DR**

This statement shows all transactions processed for this period

Date Processed	Transaction ID	Date Due/ Received	Transaction Details	Amount
17 Sep 2001	E00033733	14 Sep 2001	Payment	494 892.79 CR
19 Oct 2001	5210002930622	17 Dec 2001	Original SCT Assessment	114 724.25
19 Oct 2001	5210002930622		Cancelled Original SCT Assessment	52 012.60 CR
19 Oct 2001	5210002930622		Amended SCT Assessment	24.05 CR
19 Oct 2001	5210002930622		Amended SCT Assessment	432.30 CR
19 Oct 2001	5210002930622		Amended SCT Assessment	8.00 CR
19 Oct 2001	5210002930622		Amended SCT Assessment	20 854.20 CR
19 Oct 2001	5210002930622	17 Dec 2001	Amended SCT Assessment	7 793.65
19 Oct 2001	5210002930622	17 Dec 2001	Cancelled CR Allowed for SCT Advance Instalment	14 271.60
19 Oct 2001	5210002930622		Interest on Overpayment	21.75 CR
19 Oct 2001	5210002930622	17 Dec 2001	Amended Interest on Overpayment	401.04
23 Oct 2001	5100097682202	23 Oct 2001	General Interest Charge	44.06
30 Oct 2001	5100097681917		Rounding Original Credit	0.01 CR

Due date for payment of other outstanding amounts was advised in previous statement/s.

Closing balance \$ 121,332.65 A

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\*\*\*PLEASE SEE REVERSE FOR IMPORTANT INFORMATION ABOUT YOUR STATEMENT\*\*\*



Australian Taxation Office



#### PAYMENT ADVICE - 26

ATO Code

File Number

Amount Paid: \$ 90,185.20

EFT Code

Please see reverse for payment methods

Australian Taxation Office  
Locked Bag 1936  
ALBURY NSW 1936

