

EXPOSURE DRAFT EXPLANATORY STATEMENT

Issued by authority of the Treasurer

Superannuation (Government Co-contribution for Low Income Earners) Act 2003

Corporations Act 2001

*Superannuation (Government Co-contribution for Low Income Earners) Regulations
2004*

Corporations Regulations 2001

Schedule 2 to the *Treasury Laws Amendment (Fair and Sustainable Superannuation) Regulation 2016* (the Amending Regulation) makes amendments to enable quarterly and annual reporting to Parliament and the provision of periodic statements to investors in superannuation and retirement savings account products of the Low Income Superannuation Tax Offset (LISTO).

Section 55 of the *Superannuation (Government Co-contribution for Low Income Earners) Act 2003* (Co-contribution Act) and section 1364 of the *Corporations Act 2001* (Corporations Act) provide that the Governor-General may make regulations prescribing matters required or permitted by the relevant Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the relevant Act.

The purpose of Schedule 2 to the Amending Regulation is to amend the:

- *Superannuation (Government Co-contribution for Low Income Earners) Regulations 2004* (Co-contribution Regulations) to specify the information that must be included in quarterly and annual reports to Parliament about the LISTO, and
- *Corporations Regulations 2001* (Corporations Regulations) to allow superannuation fund and retirement savings account providers to report payments of LISTO as separate items on the statements they provide to their members.

The Amending Regulation specifies the information that the Commissioner must report to the Minister for presentation to Parliament on a quarterly and annual basis. This includes information about the number of beneficiaries of the LISTO, the amount of LISTO paid by the Commissioner and the number of LISTO payments that were made.

The Amending Regulation makes a consequential amendment to the Corporations Regulations to allow superannuation fund and retirement savings account providers to also separately report payments of LISTO on the statements they provide to their members.

The Acts do not specify any condition that must be met before the power to make the Amending Regulation may be exercised.

The Amending Regulation is a legislative instrument for the purposes of the *Legislation Act 2003*.

The Amending Regulation commences on the same day as the legislation that gives effect to the LISTO that is contained in Schedule 3 to the *Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016*.

Details of the Treasury Laws Amendment (Fair and Sustainable Superannuation) Regulation 2016

Schedule 2 - Low Income Superannuation Tax Offset

The purpose of Schedule 2 to the Amending Regulation is to amend the:

- *Superannuation (Government Co-contribution for Low Income Earners) Regulations 2004* (Co-contribution Regulations) to specify the information that must be included in quarterly and annual reports to Parliament about the Low Income Superannuation Tax Offset (LISTO), and
- *Corporations Regulations 2001* (Corporations Regulations) to allow superannuation fund and retirement savings account providers to report payments of LISTO as separate items on the statements they provide to their members.

The measure forms part of the Government's Superannuation Reform Package announced in the 2016-17 Budget.

The Amending Regulation specifies the information that the Commissioner must report to the Minister for presentation to Parliament on a quarterly and annual basis (Parliamentary reporting requirements). Information to be reported includes:

- the number of beneficiaries of the LISTO (reported quarterly and annually) including:
 - by categories based on whether beneficiaries have lodged income tax returns (reported annually); and
 - by \$1,000 bands of adjusted taxable income (reported annually);
- the total amount of LISTO paid by the Commissioner (reported quarterly and annually) including breaking it down into categories based on whether beneficiaries have lodged income tax returns (reported annually); and
- the total amount of LISTO recovered as overpaid amounts (reported quarterly and annually).

Under the transitional legislative provisions that repeal the Low Income Superannuation Contribution (LISC), the LISC Parliamentary reporting requirements cease to apply from 1 July 2017 and therefore the LISC regulation that deals with LISC Parliamentary reporting also becomes redundant from this time. Accordingly, the Amending Regulation repeals the LISC Parliamentary reporting requirements.

The Amending Regulation also makes consequential amendments to the Corporations Regulations. Superannuation funds and retirement savings account providers are required to report Government co-contributions, which include LISTO, on periodic statements they provide to their members. The Amending Regulation ensures that they are able to separately identify LISTO amounts on those statements.

The transitional provisions for the repeal of the LISC in the *Minerals Resource Rent Tax Repeal and Other Measures Act 2014* allow the Commissioner to make determinations and pay out LISC up to and including 30 June 2019 for entitlements that arise prior to 1 July 2017. For this reason, for the purpose of reporting on periodic statements, the Amending Regulation identifies the LISC and the LISTO separately.

The Amending Regulation commences on the same day as the legislation that gives effect to the LISTO that is contained in Schedule 3 to the *Treasury Laws Amendment (Fair and Sustainable Superannuation) Act 2016*.