

IS YOUR SMSF CLAIMING BACK GST? WHY NOT!

Like individuals, self-managed superannuation funds (SMSFs) pay GST on goods and services they purchase. However, the difference arises when an SMSF registers for GST with the ATO.

Most SMSFs are not required to register for GST, and most do not due to the additional expense and reporting requirements. However, it is worth noting that **an SMSF that voluntarily registers can claim back up to 75% of any GST included on select expenses.** Claimable expenses include investment management, brokerage, actuary and administration fees. While GST on accounting or auditing fees is not claimable, GST on commercial property expenses can be fully claimed.

When would an SMSF need to register?

An SMSF must register for GST if its annual GST turnover exceeds \$75,000. Most SMSFs that earn income from input-taxed sales, such as domestic dividends, interest from Australian bank accounts, and rent from residential properties (whether held directly or through an LRBA), do not need to register for GST since they have no GST turnover. However, a lease payment for a commercial property is considered GST turnover. Therefore, an SMSF that owns a commercial property may have to register. Other items that count toward an SMSF GST turnover are lease or hire payments on taxi or fishing licenses, income protection insurance premiums and foreign interest and dividends.

An example of a possible GST refund

Assume an SMSF has the following annual expenses (GST inclusive):

Portfolio administration fees	\$7,500
Actuary certificate fees	\$255
Adviser service fee	\$3,000
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	\$10,755

Total GST paid = $\$10,755 / 11 = \977

Total GST refund = $\$977 \times 75\% = \733

Regardless of whether the SMSF is in the accumulation or pension phase, it would receive a GST rebate of \$733. For an SMSF in the accumulation phase, this GST refund is received in addition to any expense deductions.

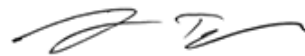
An SMSF registered for GST, particularly those in the pension phase, could receive two refunds each year – first, the franking credit refund and then the GST refund.

Is your SMSF registered?

All SMSF trustees should check their GST registration status by searching the fund's ABN at abr.business.gov.au. If the fund is not registered, they should speak to their accountant. Claiming GST is just one of the many benefits of running an SMSF and should be taken advantage of.

Learn more

If you would like to discuss this further, we recommend you contact your adviser, who can put you in touch with a member of Bell Potter's Technical Financial Advice Team.



Jeremy Tyzack

Head of Technical Financial Advice
Bell Potter Securities

Bell Potter's technical financial advice team can put together a strategy designed to help you achieve your retirement objectives.

Working with you and your Bell Potter Adviser, we can help with most financial aspects of retirement, including:

- Identifying your financial goals
- Structuring your existing assets appropriately
- Identifying your approach to investment and your appetite for risk, and
- Reviewing your current superannuation arrangements.

To create a tailored investment plan based on your needs and objectives call your adviser or 1300 0 BELLS (1300 0 23357).

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