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Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Amendment Regulations 2000 (No. 1)

Statutory Rules 2000 No. 1

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I, WILLIAM PATRICK DEANE, Governor-General of the Commonwealth of Australia, acting with the advice of the Federal Executive Council, make the following Regulations under the *Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Act 1997*.

Dated 21 JUN 2000 2000

WILLIAM DEANE
Governor-General

By His Excellency's Command

C. R. KEMP
Assistant Treasurer



Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Amendment Regulations 2000 (No. 1)¹

Statutory Rules 2000 No. 1²

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made under the

*Superannuation Contributions Tax (Members of
Constitutionally Protected Superannuation Funds)
Assessment and Collection Act 1997*

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1 Name of Regulations

These Regulations are the *Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Amendment Regulations 2000 (No. 1)*.

2 Commencement

These Regulations commence on 1 July 2000.

3 Amendment of Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Regulations

Schedule 1 amends the Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Regulations.

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Schedule 1 Amendments

(regulation 3)

[1] Regulation 1

substitute

1 Name of Regulations

These Regulations are the *Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Regulations 1997*.

[2] Regulation 2, before definition of *client identifier*

insert

actuarial certificate, for a defined benefits superannuation scheme, means a certificate prepared for the scheme by an eligible actuary that states the actuary's recommendations for the purpose of working out the amount of surchargeable contributions for members of the scheme for a financial year.

actuarial valuation, of a defined benefits superannuation scheme, means an actuarial valuation of the scheme prepared by an eligible actuary as part of the actuarial investigation of the scheme made under Part 9 of the *Superannuation Industry (Supervision) Regulations 1994*.

ATO Corporate External Gateway User ID means the user identification given to a supplier by the Commissioner to enable the supplier to use the ATO Corporate External Gateway.

Australian Business Number has the meaning given by section 41 of the *A New Tax System (Australian Business Number) Act 1999*.

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[3] Regulation 2, definition of *contributed amounts paid/transferred out statement*

substitute

contributed amounts paid statement means a statement under subsection 12 (3) of the Act for a member.

[4] Regulation 2, definitions of *destination superannuation provider superfund number, direct employer-contributed amount* and *direct specified roll-over amount*

omit

[5] Regulation 2, after definition of *document*

insert

employer-sponsor has the meaning given by subsection 16 (1) of the *Superannuation Industry (Supervision) Act 1993*.

[6] Regulation 2, definitions of *roll-in employer-contributed amount* and *roll-in specified roll-over amount*

omit

[7] Regulation 2, after definition of *supplier*

insert

supplier file reference means an identification number given by a supplier to the Commissioner.

supplier number, in relation to an entity that supplies information to the Commissioner, means the Australian Business Number, tax file number, or tax agent number, of the entity.

[8] Regulation 2, note*before*

- Assessment

insert

- Allocated surplus amount

[9] Regulation 2, note*after*

- Contributed amounts

insert

- Defined benefits superannuation scheme
- Eligible actuary
- Eligible termination payment

[10] Regulation 2, note*after*

- Superannuation (accumulated benefits) provider

insert

- Superannuation Contributions Ruling SCR 97/1

[11] Before Part 2*insert***Part 1A Contributed amounts****2E Interpretation**

(1) In this Part:

superannuation scheme means a superannuation scheme other than a defined benefits superannuation scheme.

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- (2) For this Part, a superannuation scheme has a *surplus* at a particular time if, at that time, the net market value of the assets of the scheme is greater than the total value of the account balances of the members of the scheme.

2F Meaning of *contributed amounts* — amounts attributable to interest — schemes without surplus (Act s 38)

- (1) This regulation applies in relation to a member of a superannuation scheme that does not have a surplus.
- (2) For subparagraphs (a) (i) and (ii) of the definition of *contributed amounts* in section 38 of the Act, an amount is to be regarded as reasonably attributable to interest in relation to the member for the 1999–2000 financial year, or a later financial year, if the amount:
- (a) is credited, allocated or attributed to an account for the member for the financial year; and
 - (b) is not an amount paid for or by the member for the financial year.

2G Meaning of *contributed amounts* — amounts attributable to interest — schemes with surplus (Act s 38)

- (1) This regulation applies in relation to a member of a superannuation scheme that operates an investment reserve, or a miscellaneous reserve, after 30 June 1997 for the purpose of dividing a surplus that the scheme had at any time after that date (regardless of when the surplus came into existence).
- (2) For subparagraphs (a) (i) and (ii) of the definition of *contributed amounts* in section 38 of the Act, an amount is to be regarded as reasonably attributable to interest in relation to the member for the 1999–2000 financial year, or a later financial year, if, for the financial year, the requirements of subregulation (3) or (4) are satisfied in relation to the amount and the member.

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- (3) The requirements of this subregulation are satisfied in relation to an amount and a member for a financial year if:
- (a) the amount is credited, allocated or attributed, for the financial year, to an account for the member from the investment reserve (except if the amount is credited, allocated or attributed to an account for the member for the purpose of paying employer contributions for the member); and
 - (b) an amount is also credited, allocated or attributed, for the financial year, from the investment reserve to:
 - (i) an account for each other member of the scheme; or
 - (ii) if the member is a member of a class of members of the scheme and the amount in the investment reserve relates only to that class of members, an account for each other member of the class; and
 - (c) either:
 - (i) the same interest rate increment is applied to determine the amount that is credited, allocated or attributed, for the financial year, to:
 - (A) the account for each member of the scheme; or
 - (B) if the member is a member of a class of members of the scheme and the amount in the investment reserve relates only to that class of members, the account for each other member of the class; or
 - (ii) each amount credited, allocated or attributed, for the financial year, to an account for a member of the scheme from the investment reserve is proportional to that member's interest in the scheme at the time the amount is credited, allocated or attributed.

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- (4) The requirements of this subregulation are satisfied in relation to an amount and a member for a financial year if:
- (a) the amount is credited, allocated or attributed, for the financial year, to an account for the member from the miscellaneous reserve (except if the amount is credited, allocated or attributed to an account for the member for the purpose of paying employer contributions for the member); and
 - (b) an amount is also credited, allocated or attributed, for the financial year, from the miscellaneous reserve to:
 - (i) an account for each other member of the scheme; or
 - (ii) if the member is a member of a class of members of the scheme and the amount in the miscellaneous reserve relates only to that class of members, an account for each other member of the class; and
 - (c) either:
 - (i) the same interest rate increment, being an interest rate increment that does not exceed 5% a year, is applied to determine the amount that is credited, allocated or attributed, for the financial year, to:
 - (A) the account for each member of the scheme; or
 - (B) if the member is a member of a class of members of the scheme and the amount in the investment reserve relates only to that class of members, the account for each other member of the class; or
 - (ii) each amount credited, allocated or attributed, for the financial year, to an account for a member of the scheme from the miscellaneous reserve does not exceed 5% of the member's interest in the scheme

for the financial year, and is proportional to one or more of the following:

- (A) the member's interest in the scheme for the financial year;
- (B) the insurance premiums paid in respect of the member for the financial year;
- (C) the administration expenses in respect of the member for the financial year;
- (D) the amounts (if any) debited to the member's account in respect of insurance premiums or administration expenses in respect of the member for the financial year.

2H **Meaning of *contributed amounts* — amounts credited, allocated or attributable to member (Act s 38)**

For subparagraph (a) (ii) of the definition of *contributed amounts* in section 38 of the Act, an amount is credited, allocated or attributable to a member of a superannuation scheme for the 1999–2000 financial year, or a later financial year, if:

- (a) the amount is credited, allocated or attributed by the relevant superannuation provider to an account for the member for the financial year from an investment, contribution or miscellaneous reserve established for the purpose of dividing a surplus that the scheme had at any time after 30 June 1997; and
- (b) the amount exceeds an amount that, in the opinion of an eligible actuary, is reasonable having regard to:
 - (i) the amounts paid for or by the member to the provider for the financial year; and

- (ii) the scheme's investments earnings relating to the member's interest in the scheme for the financial year; and
- (iii) any other matter the actuary considers relevant.

Part 1B Surchargeable contributions

2L Surchargeable contributions — member of defined benefits superannuation scheme — 1999–2000 financial year (Act s 9 (6) (a))

For paragraph 9 (6) (a) of the Act, the method for working out the amount of the *actuarial value of the benefits that accrued to, and the value of the administration expenses and risk benefits provided in respect of*, a member of a defined benefits superannuation scheme for the 1999–2000 financial year is:

Annual salary × Notional surchargeable contributions factor

where:

annual salary means:

- (a) if paragraph (b) does not apply — the amount that is the member's annual salary for the financial year; or
- (b) if another amount is taken to be the member's annual salary for the purposes of the scheme as it applies to the member for the financial year — the other amount.

notional surchargeable contributions factor means the factor applying to the member for the financial year worked out by an eligible actuary using:

- (a) the method set out in Superannuation Contributions Ruling SCR 97/1; or

- (b) if the Commissioner approves in writing another method as being appropriate in relation to the member for the financial year, being a method that excludes contributions made by the member for which the member is not entitled to an income tax deduction under the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* — the approved method.

2M Surchargeable contributions — member of defined benefits superannuation scheme — 2000–2001 financial year and later years (Act s 9 (6) (a))

- (1) For paragraph 9 (6) (a) of the Act, this regulation sets out the method for working out the amount of the *actuarial value of the benefits that accrued to, and the value of the administration expenses and risk benefits provided in respect of*, a member of a defined benefits superannuation scheme for the 2000–2001 financial year, or a later financial year.

- (2) This regulation applies to a non-accruing member of a defined benefits superannuation scheme for a financial year unless the member is a non-accruing member of the scheme for the whole of the financial year.

Note By virtue of subsection 9 (4) of the Act, the amount of surchargeable contributions for a financial year of a member of a defined benefits superannuation scheme who is a non-accruing member for the whole of the financial year is zero.

- (3) The method for working out the amount of the *actuarial value of the benefits that accrued to, and the value of the administration expenses and risk benefits provided in respect of*, a member of a defined benefits superannuation scheme for the 2000–2001 financial year, or a later financial year, is:

- (a) subject to paragraph (b), the standard method set out in Schedule 1; and

- (b) if the member satisfies the requirements of subregulation (4), the method set out in subregulation (5).

Note 1 If the application of the method set out in Schedule 1 results in a negative amount for a member for a financial year, the member has no surchargeable contributions for the financial year.

Note 2 An amount worked out using the method set out in Schedule 1 is relevant only for the financial year for which it is worked out. So, for example, a negative amount worked out for a member under Schedule 1 for a financial year cannot be used to offset a positive amount worked out under the Schedule for the member for a later financial year.

- (4) A member satisfies the requirements of this subregulation if:
- (a) the member is entitled to:
 - (i) accumulation benefits only; or
 - (ii) accumulation benefits and defined death or disablement benefits; and
 - (b) the member has no present or future entitlement to a defined benefit under any other contingency.
- (5) For the purposes of paragraph (3) (b), the method is:

$$CA + A + I$$

where, for the financial year for which the amount is being worked out:

CA is an amount worked out under subsection 9 (2) of the Act for the member, less any part of that amount that relates to administration expenses or insurance expenses, including self-insurance expenses, in respect of the member.

A is an amount that represents the value of administration expenses in respect of the member.

I is an amount that represents the sum of:

- (a) the cost of any insurance provided in respect of the member by an entity other than the scheme; and

- (b) the value of any self-insurance provided in respect of the member.
- (6) If a member changes membership status in a financial year, the amount worked out under this regulation for the member for the financial year is the sum of the amounts worked out for the member for each period of membership status in the financial year.
- (7) In this regulation:
non-accruing member, of a defined benefits superannuation scheme, has the meaning given by regulation 2N.

2N **Meaning of *non-accruing member***

- (1) A member of a defined benefits superannuation scheme is a *non-accruing member* of the scheme for a period if the member meets the requirements of subregulation (2) or (3).
- (2) A member of a defined benefits superannuation scheme meets the requirements of this subregulation for a period if, for the whole of the period:
 - (a) the member's membership in the scheme consists only in the member receiving pension payments under the scheme; and
 - (b) any of the following applies:
 - (i) the pension payments are always the same amount;
 - (ii) the pension payments are paid from an account that relates only to the member, and no employer contributions are paid to the account for the benefit of the member;

- (iii) the first pension payment was made on or after the date of effect of the first actuarial certificate prepared for the scheme, and the pension payments increase at rates that are consistent with the assumptions used in the preparation of the actuarial certificate for the last financial year in which employer-provided benefits accrued to the member under the scheme;
 - (iv) the first pension payment was made before the date of effect of the first actuarial certificate prepared for the scheme, and the pension payments increase at rates that are consistent with the rates prescribed under the rules of the scheme that applied when employer-provided benefits accrued to the member under the scheme.
- (3) A member of a defined benefits superannuation scheme meets the requirements of this subregulation for a period if, for the whole of the period:
 - (a) the member has a benefit entitlement in the scheme but no employer-provided benefits have accrued to the member; and
 - (b) the rules of the scheme provide that the benefit:
 - (i) is not to increase in nominal terms; or
 - (ii) is to increase at a rate that reflects general price increases (for example, in accordance with the Consumer Price Index); or
 - (iii) is to increase at a rate reflecting the general level of salary growth or salary growth for relevant scheme membership (for example, in accordance with average weekly earnings, or average weekly ordinary time earnings, published by the Australian Statistician); or
 - (iv) is to increase at the rate (if any) at which the member's salary increases; or

- (v) is to increase at a rate reflecting the earning rate of the assets of the scheme or the part of the scheme to which the member belongs; or
 - (vi) in the case of a deferred benefit, is to increase at a rate that reflects any reduction in the expected period in which pension payments are to be made and any deferral of the date when payments will start; or
 - (vii) is to increase at a regular rate, or a rate worked out using a formula, that an eligible actuary considers will not result in an increase that is more than the greatest of the increases mentioned in subparagraphs (i) to (vi); and
- (c) an eligible actuary considers that the benefit does not result in any increase in the value of employer-provided benefits accruing to the member.
- (4) For the purposes of determining whether a member of a defined benefits superannuation scheme is a non-accruing member of the scheme for a period, any employer contributions paid to the scheme for the period to meet partially, or wholly, unfunded benefit liabilities of the scheme are not to be treated as employer contributions for the benefit of the member for the period.

[12] Subregulation 3 (1)

omit

Schedule 1.

insert

Schedule 2.

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[13] Regulation 4, heading

substitute

**4 Contributed amounts paid statement —
additional information (Act s 12 (3))**

[14] Subregulation 4 (1)

substitute

- (1) A contributed amounts paid statement must include information (if applicable) on the matters set out in Schedule 3.

[15] Subregulation 7 (2)

omit

office of a Deputy Commissioner.

insert

office of the Commissioner.

[16] Schedules 1, 2, 3 and 4

substitute

Schedule 1 Method for working out amount of surchargeable contributions

(paragraph 2M (3) (a))

Part 1 Preliminary

1 Meaning of employer-provided benefit

For this Schedule, a benefit of any kind that is described as employer-provided does not include any part of the benefit attributable to member contributions or any earnings in relation to those contributions.

2 Standard method for working out amount of surchargeable contributions

The standard method for working out the amount of the *actuarial value of the benefits that accrued to, and the value of the administration expenses and risk benefits provided in respect of*, a member of a defined benefits superannuation scheme for the 2000–2001 financial year, or a later financial year, is:

$$\left(\frac{A(f) + B(f) + C(f) + D(f)}{0.85} \right) + (A(u) + B(u) + C(u) + D(u)) + E + F + G + (H + H(1))$$

where, for that financial year:

A(f) is an amount worked out by an eligible actuary under Parts 2 and 3 that represents the present actuarial value of funded employer-provided benefits not

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included in the value of D(f), E or F that accrued to, or may be provided in respect of, the member.

A(u) is an amount worked out by an eligible actuary under Parts 2 and 3 that represents the present actuarial value of unfunded employer-provided benefits not included in the value of D(u), E or F that accrued to the member.

B(f) is an amount worked out by an eligible actuary under Parts 2 and 4 that represents the actuarial value of any funded employer-provided benefit option not included in the value of A(f) that the member elects to exercise as a personal right.

B(u) is an amount worked out by an eligible actuary under Parts 2 and 4 that represents the actuarial value of any unfunded employer-provided benefit option not included in the value of A(u) that the member elects to exercise as a personal right.

C(f) is an amount worked out by an eligible actuary under Parts 2 and 5 that represents the actuarial value of any discretionary funded employer-provided benefits that may be provided in respect of the member by the scheme trustee or employer-sponsor.

C(u) is an amount worked out by an eligible actuary under Parts 2 and 5 that represents the actuarial value of any discretionary unfunded employer-provided benefits that may be provided in respect of the member by the scheme trustee or employer-sponsor.

D(f) is an amount worked out by an eligible actuary that represents the actuarial value of any non-discretionary funded employer-provided accumulation benefits that accrued to the member.

D(u) is an amount worked out by an eligible actuary that represents the actuarial value of any non-discretionary unfunded employer-provided accumulation benefits that accrued to the member.

E is an amount worked out by an eligible actuary under Parts 2 and 6 that represents the actuarial value of employer-provided death, disablement and other

risk benefits not included in the value of A(f) or A(u) that may be provided in respect of the member.

F is an amount worked out by an eligible actuary under Part 7 that represents the value of the administration expenses (excluding investment expenses) in respect of the member.

G is an amount worked out by an eligible actuary under Parts 2 and 8 that represents the actuarial value of any increase in the actuarial value of A(f), A(u), B(f), B(u), C(f), C(u) or E that accrued to, or may be provided in respect of, the member because of the occurrence of an event in relation to the member.

H is an amount worked out under subsection 9 (3) of the Act that represents the value of the post 20 August 1996 component of any eligible termination payment, within the meaning of paragraph (a) of the definition of that term in subsection 27A (1) of the Income Tax Assessment Act, made to the member that is rolled over to the scheme on or after 1 July 1997 and before 20 August 2001 and is not included in the value of A(f) or D(f).

H(I) is an amount that represents the value of the post 20 August 1996 component of a specified roll-over amount that accrued to the member and that is rolled over to the scheme on or after 20 August 2001 and is not included in the value of A(f) or D(f).

Part 2 Valuation parameters

3 Application of economic, decrement and other parameters

For the purpose of working out the actuarial value of A(f), A(u), B(f), B(u), C(f), C(u), E and G mentioned in Part 1 for a member of a defined benefits superannuation scheme for a financial year, an eligible actuary is to apply the economic, decrement and other parameters set out in this Part.

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4 Discount rate

- (1) The discount rate to be applied is 8% a year.
- (2) The discount rate is not to be adjusted for investment expenses or investment-related taxation or for any other reason.

5 Rate of future salary or wages growth

- (1) The rate of salary or wages growth to be applied is 4.5% a year.
- (2) The rate is to be used:
 - (a) to project the value of future salary or wages; and
 - (b) to value employer-provided benefits that increase in accordance with a general wage index (for example, average weekly earnings, or average weekly ordinary time earnings, published by the Australian Statistician).

6 Rate of increase in price indices

If a benefit is linked at any time to the increase in a published price index, the rate of increase in the price index to be applied for the purpose of projections is 2.5% a year.

Example

Increases in the value of a pension may be linked to increases in the Consumer Price Index.

7 Rates of decrement and other parameters

- (1) The rates of decrement and other parameters to be applied are the rates of decrement and other parameters adopted at the most recent actuarial valuation of the scheme that has a valuation date not later than 1 July of the first financial year to which the actuarial certificate prepared in accordance with the actuarial valuation applies.

- (2) If an eligible actuary considers that the rates of decrement and other parameters adopted at the actuarial valuation mentioned in subclause (1) are no longer appropriate, the actuary is to set new rates of decrement and other parameters in accordance with subclause (3).

Example

The rates of decrement and other parameters adopted for the purpose of preparing an actuarial valuation of a scheme may no longer be appropriate for the scheme because the nature of the work performed by members of the scheme may have changed.

- (3) If an eligible actuary sets new rates of decrement and other parameters under subclause (2):
- (a) the new rates of decrement and other parameters must be consistent with any other parameters set under this Schedule; and
 - (b) the actuary must be satisfied that the new rates of decrement and other parameters are appropriate in relation to the particular scheme.
- (4) Unless this Schedule otherwise provides, if the scheme is a new scheme for which no actuarial valuation has been prepared, an eligible actuary is to set rates of decrement and other parameters for the scheme that are consistent with a comparable scheme and the other parameters set under this Schedule.

8 Increase in superannuation guarantee minimum employer-provided benefits

If appropriate, minimum employer-provided benefits that accrued to a member under the *Superannuation Guarantee (Administration) Act 1992* are to be assumed to increase in accordance with increases provided by that Act.

Part 3 Employer-provided benefits that accrued to member — A(f) and A(u)

9 Application of Part 3

This Part applies for the purpose of working out, for a member of a defined benefits superannuation scheme for a financial year:

- (a) the amount (*A(f)*) that represents the present actuarial value of funded employer-provided benefits not included in the value of D(f), E or F that accrued to, or may be provided in respect of, the member for the financial year; and
- (b) the amount (*A(u)*) that represents the present actuarial value of unfunded employer-provided benefits not included in the value of D(u), E or F that accrued to the member for the financial year.

10 Present actuarial value of employer-provided retirement, death, disablement and other risk benefits

- (1) The present actuarial value of employer-provided retirement, death, disablement or any other risk benefits that accrued to the member for the financial year is to be worked out using:
 - (a) an actual accrual method; or
 - (b) if an eligible actuary considers that an actual accrual method is not appropriate in relation to the member for the year, a proportionate method.
- (2) The method that is used must be used consistently and must be applied so that the full benefit would accrue to the member over the whole period of the member's membership.

11 **Present actuarial value of employer-provided resignation benefits**

- (1) The present actuarial value of employer-provided resignation benefits that accrued to the member for the financial year is to be worked out in accordance with this clause.
- (2) Employer-provided resignation benefits based on the accumulation of member or employer contributions plus interest are to relate only to contributions, including projected contributions, payable up to 30 June in the financial year.
- (3) Employer-provided resignation benefits based on a defined benefit (for example, a benefit that is a percentage of a member's final average salary for each year of membership or vesting into the accrued retirement benefit) are to relate only to the projected period of membership up to 30 June in the financial year.
- (4) If, in working out the present actuarial value of employer-provided resignation benefits that accrued to a member for a financial year, it is necessary to take account of future changes in vesting, the vesting factor is to be determined based on the period of membership, or completed service, up to the projected date of resignation.

Part 4 Employer-provided benefit options exercised by a member — B(f) and B(u)

12 Application of Part 4

This Part applies for the purpose of working out, for a member of a defined benefits superannuation scheme for a financial year:

- (a) the amount (**B(f)**) that represents the actuarial value of any funded employer-provided benefit option not included in the value of A(f) that the member elects to exercise as a personal right for the financial year; and
- (b) the amount (**B(u)**) that represents the actuarial value of any unfunded employer-provided benefit option not included in the value of A(u) that the member elects to exercise as a personal right for the financial year.

13 Employer-provided benefit options available at 20 August 1996

- (1) This clause applies if the option exercised by the member for the financial year was available to the member at 20 August 1996 under the rules of the scheme in force at that time.
- (2) If, in the valuation of employer-provided benefits that accrued to the member for each financial year since 20 August 1996, an eligible actuary allowed for the exercise of the option in accordance with the actuarial report made in relation to the relevant actuarial valuation of the scheme (including an assumption of zero that was used in the valuation and was noted in the actuarial report or the actuary's working papers), the amount that represents the actuarial value of the option under this Part for the member for the financial year is zero.

- (3) If, in the valuation of employer-provided benefits that accrued to the member for any financial year since 20 August 1996, an eligible actuary did not allow for the exercise of the option in accordance with the actuarial report made in relation to the relevant actuarial valuation of the scheme, the amount that represents the actuarial value of the option under this Part for the member for the financial year is the lesser of:
- (a) the difference between the value of all employer-provided benefits taken by the member (including the option) and the actuarial value of all employer-provided benefits that the actuary assumed would have accrued to the member at the date when the option was exercised, worked out using the valuation parameters set out in Part 2; and
 - (b) the post 20 August 1996 component of the difference between the value of all employer-provided benefits taken on exercising the option and the actuarial value of the employer-provided benefits that would have been taken by the member if the option had not been exercised.

14 Employer-provided benefit options introduced after 20 August 1996

- (1) This clause applies if the option exercised by the member for the financial year was introduced after 20 August 1996.
- (2) If an eligible actuary:
 - (a) treated the introduction of the option as an event for the purpose of working out an amount under Part 8 for the member for a financial year (the *first financial year*); and

- (b) allowed for the exercise of the option in the amount worked out under this Schedule for the member for each financial year after the first financial year;

the amount that represents the actuarial value of the option under this Part for the member for the financial year is zero.

- (3) If an eligible actuary did not treat the introduction of the option as an event for the purpose of working out an amount under Part 8 for the member for the financial year, the amount that represents the actuarial value of the option under this Part for the member for the financial year is the amount that represents the difference between the value of the benefit taken and the greater of:

- (a) the actuarial value of the benefit that the actuary assumed would be taken by the member in working out an amount under this Schedule for the member for the financial year; and
- (b) the actuarial value of the benefits (excluding the value of the option) that had accrued to the member when the option was exercised worked out using the valuation parameters set out in Part 2.

Part 5 Discretionary employer-provided benefits — C(f) and C(u)

15 Application of Part 5

This Part applies for the purpose of working out, for a member of a defined benefits superannuation scheme for a financial year:

- (a) the amount (*C(f)*) that represents the actuarial value of any discretionary funded employer-provided benefits that may be provided in respect of the member for the financial year by the scheme trustee or employer-sponsor; and

- (b) the amount ($C(u)$) that represents the actuarial value of any discretionary unfunded employer-provided benefits that may be provided in respect of the member for the financial year by the scheme trustee or employer-sponsor.

16 Exercise of discretion

- (1) Subclause (2) applies if an eligible actuary considers that a benefit will be provided for the financial year at the discretion of the scheme trustee, or employer-sponsor, in respect of the member and, on the same basis, in respect of:
 - (a) each other member of the scheme; or
 - (b) if the member is a member of a class of members of the scheme, each other member of that class.
- (2) The amount that represents the actuarial value of the benefit under this Part for the member for the financial year is an amount that represents the increase in the actuarial value of $A(f)$ and $A(u)$ that would accrue to the member for the financial year if the discretion were to be exercised in the way described in subclause (1).
- (3) If subclause (2) does not apply, and the scheme trustee or employer-sponsor exercises the discretion to provide a benefit (the *provided benefit*) in respect of the member for the financial year, the amount that represents the actuarial value of the benefit under this Part for the member for the financial year is the amount that represents the difference between the value of the provided benefit and the greater of:
 - (a) the actuarial value of the benefit that the actuary assumed would be provided by the scheme trustee or employer-sponsor; and

- (b) the actuarial value of the benefit (excluding the value of any additional benefits arising from the exercise of the discretion) that had accrued to the member when the discretion was exercised, worked out using the valuation parameters set out in Part 2.

Part 6 Employer-provided death, disablement and other risk benefits — E

17 Application of Part 6

This Part applies for the purpose of working out, for a member of a defined benefits superannuation scheme for a financial year, the amount (*E*) that represents the actuarial value of employer-provided death, disablement and other risk benefits not included in the value of A(f) or A(u) that may be provided in respect of the member for the financial year.

18 Cost of death, disablement and other risk benefits

- (1) The cost of death, disablement and other risk benefits is to be worked out based on the cost of insurance for 1 year for the non-accrued (for example, future service) component of those benefits.
- (2) Subject to subclause 7 (2), if the rates of decrement for death and disablement were assumed to be more than zero for the purposes of the most recent actuarial valuation of the scheme, the cost of cover for death and disablement is to be based on that assumption.

- (3) If the rates of decrement for death and disablement were assumed to be zero for the purposes of the most recent actuarial valuation of the scheme, or no actuarial valuation of the scheme has been prepared, the rates of decrement for death and disablement to be applied are:
- (a) the rates an eligible actuary expects to use at the next actuarial valuation of the scheme; or
 - (b) the relevant rates set out in the following table.

Member's age at next birthday	Mortality decrement	Disablement decrement
15	0.00028	0.00001
16	0.00035	0.00001
17	0.00052	0.00001
18	0.00070	0.00002
19	0.00081	0.00002
20	0.00083	0.00003
21	0.00082	0.00006
22	0.00077	0.00010
23	0.00070	0.00012
24	0.00064	0.00014
25	0.00060	0.00016
26	0.00056	0.00017
27	0.00055	0.00019
28	0.00055	0.00020
29	0.00057	0.00023
30	0.00059	0.00025
31	0.00061	0.00027
32	0.00063	0.00029

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Member's age at next birthday	Mortality decrement	Disablement decrement
33	0.00066	0.00032
34	0.00070	0.00035
35	0.00076	0.00040
36	0.00084	0.00045
37	0.00091	0.00050
38	0.00100	0.00057
39	0.00111	0.00065
40	0.00121	0.00073
41	0.00133	0.00083
42	0.00149	0.00097
43	0.00168	0.00112
44	0.00187	0.00130
45	0.00210	0.00151
46	0.00236	0.00177
47	0.00264	0.00207
48	0.00294	0.00241
49	0.00329	0.00283
50	0.00368	0.00333
51	0.00410	0.00391
52	0.00457	0.00460
53	0.00514	0.00548
54	0.00572	0.00647
55	0.00634	0.00761
56	0.00704	0.00897
57	0.00783	0.01063

Member's age at next birthday	Mortality decrement	Disablement decrement
58	0.00870	0.01258
59	0.00965	0.01489
60	0.01069	0.01759
61	0.01181	0.02076
62	0.01311	0.02459
63	0.01452	0.02909
64	0.01595	0.03413
65	0.01751	0.04001

Part 7 Administration expenses — F

19 Application of Part 7

This Part applies for the purpose of working out, for a member of a defined benefits superannuation scheme for a financial year, the amount (*F*) that represents the value of the administration expenses (excluding investment expenses) in respect of the member for the financial year.

20 Rate of administration expenses

The rate of administration expenses (excluding investment expenses) to be applied is:

- (a) the rate assumed for the purposes of the most recent actuarial valuation of the scheme; or
- (b) if an eligible actuary considers that the rate of administration expenses adopted at the most recent actuarial valuation of the scheme is no longer appropriate, or no previous actuarial valuation of the scheme has been prepared, a rate that the actuary considers is appropriate for the particular scheme.

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Part 8 **Increases in employer-provided benefits not allowed for under Part 3, 4, 5 or 6 — G**

21 **Application of Part 8**

- (1) This Part applies for the purpose of working out, for a member of a defined benefits superannuation scheme for a financial year, the amount (*G*) that represents the actuarial value of any increase in the actuarial value of A(f), A(u), B(f), B(u), C(f), C(u) or E that accrued to, or may be provided in respect of, the member for the financial year because of the occurrence of an event in relation to the member for the year.
- (2) For this Part, an *event*, in relation to a member of a scheme for a financial year, does not include any difference between the valuation parameters adopted under Part 2 for the member for the financial year and the actual experience of the scheme for the financial year.

22 **General rule**

- (1) If the event is of a kind mentioned in clause 23, 24, 25 or 26, the actuarial value of any increase in the employer-provided benefits that accrued to the member for the financial year because of the occurrence of the event is an amount worked out in accordance with the clause that relates to the event.
- (2) If:
 - (a) the event is not of a kind mentioned in clause 23, 24, 25 or 26; and
 - (b) because of the occurrence of the event, the actuarial value of all employer-provided benefits that had accrued to the member immediately after the event is greater than the actuarial value of all employer-provided benefits that had accrued to the member immediately before the event;

the actuarial value of the increase in the employer-provided benefits that accrued to the member for the financial year is an amount worked out, in accordance with this Schedule, that represents the difference between:

- (c) the actuarial value of all employer-provided benefits that had accrued to the member immediately after the event; and
 - (d) the actuarial value of all employer-provided benefits that had accrued to the member before the event.
- (3) If the member's scheme is a funded scheme, the amount worked out under subclause (2) is to be divided by 0.85.

23 Change in scheme rules or membership class

- (1) This clause applies if:
- (a) either of the following events occurs in relation to the member for the financial year:
 - (i) the rules of the member's scheme are changed;
 - (ii) the member changes to a different membership class in the scheme; and
 - (b) the change results in an increase in the actuarial value of the employer-provided benefits that accrued to the member for the financial year.
- (2) The actuarial value of the increase in the employer-provided benefits that accrued to the member for the financial year is an amount that represents the difference between the actuarial value of all employer-provided benefits that had accrued to the member immediately after the change and the greater of:
- (a) the employer-provided component of the actuarial value of the benefits that had accrued to the member immediately before the change worked

out using the valuation parameters set out in Part 2; and

- (b) the employer-provided component of the standard vested benefit at the date of the change.
- (3) If the scheme is a funded scheme, the amount worked out under subclause (2) is to be divided by 0.85.
- (4) For the purposes of paragraph (2) (b), if there is an option in vested benefits, the reference to 'standard vested benefit' is a reference to the maximum value of the vested benefit.

24 Transfer by member to a different scheme

- (1) This clause applies if the member transfers from the member's scheme (the *exited scheme*) to another defined benefits superannuation scheme (the *receiving scheme*) in the financial year.
- (2) If the actuarial value of the employer-provided benefits that accrued to the member in both the exited scheme and the receiving scheme is the same, the amount worked out under this clause is zero.
- (3) If the actuarial value of the employer-provided benefits accruing to the member is greater in the receiving scheme than in the exited scheme, the actuarial value of the increase in the employer-provided benefits that accrued to the member for the financial year is an amount that represents the difference between the actuarial value of all employer-provided benefits that had accrued to the member immediately after the transfer and the greater of:
 - (a) the employer-provided component of the actuarial value of the benefits that had accrued to the member immediately before the transfer worked out using the valuation parameters set out in Part 2; and
 - (b) the employer-provided component of the standard vested benefit at the date of the transfer.

- (4) If the receiving scheme is a funded scheme, the amount worked out under subclause (3) is to be divided by 0.85.
- (5) For the purposes of paragraph (3) (b), if there is an option in vested benefits, the reference to 'standard vested benefit' is a reference to the maximum value of the vested benefit.

25 Conversion from defined benefit membership to accumulation membership

- (1) This clause applies if:
 - (a) the member's benefits are converted to accumulation benefits in the financial year; and
 - (b) the conversion results in the member transferring to the accumulation membership an amount that exceeds the greater of:
 - (i) the actuarial value of all employer-provided benefits that had accrued to the member before the conversion; and
 - (ii) the employer-provided component of the member's standard vested benefit for the financial year at the date of the conversion.
- (2) The actuarial value of the increase in the employer-provided benefits that accrued to the member for the financial year is an amount that represents the difference between the opening balance of the part of the member account provided by the employer and the greater of:
 - (a) the employer-provided component of the actuarial value of the benefits that had accrued to the member before the conversion worked out using the valuation parameters set out in Part 2; and
 - (b) the employer-provided component of the standard vested benefit at the date of the conversion.
- (3) If the scheme is a funded scheme, the amount worked out under subclause (2) is to be divided by 0.85.

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- (4) For the purposes of subparagraph (1)(b)(ii) and paragraph (2)(b), if there is an option in vested benefits, the reference to 'standard vested benefit' is a reference to the maximum value of the vested benefit.

26 Increase in pension in payment

- (1) This clause applies if the amount of a pension being paid to the member in the financial year increases by an amount that is greater than the amount provided under the scheme rules in force at the later of:
- (a) the time when the pension became payable; and
 - (b) 20 August 1996.
- (2) The actuarial value of the increase in the employer-provided benefits that accrued to the member for the financial year is an amount, worked out in accordance with this Schedule, that represents the difference between:
- (a) the actuarial value of the pension after the increase; and
 - (b) the actuarial value of the pension before the increase.
- (3) If the scheme is a funded scheme, the amount worked out under subclause (2) is to be divided by 0.85.

Schedule 2 Member contributions statement — additional matters

(regulation 3)

Supplier information

- 101 Supplier number
- 102 Run type (test/production) (for information in electronic form only)

103	File creation date
104	Preferred correspondence method
105	Medium specification version number (that is, the specification version number used to create the file)
106	Organisation name
107	Australian Business Number
108	Contact name
109	Contact telephone number
110	Contact facsimile number
111	Street address
112	Postal address
113	e-mail address
114	Supplier file reference
115	ATO Corporate External Gateway User ID

Superannuation provider information

201	Tax file number
202	Australian Business Number
203	Superannuation fund number (SFN)
204	Date of report
205	Current name
206	Previous name (if any)
207	Contact name
208	Contact telephone number
209	Contact facsimile number
210	Street address
211	Current postal address
212	Previous postal address

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- 213 e-mail address
 - 214 Address for service indicator
 - 215 Financial year for which information is being given
 - 216 Software product type
 - 217 Superannuation administrator indicator
 - 218 Fund benefit structure

Member information

- 301 System code
- 302 Superannuation provider member account number
- 303 Superannuation provider client identifier
- 304 Account benefit structure
- 305 Account opened date
- 306 Account status (whether active or closed)
- 307 Tax file number (if given to the provider in connection with the operation or possible future operation of the Act)*
- 308 Name*
- 309 Previous name (if any)
- 310 Sex
- 311 Date of birth*
- 312 Residential address*
- 313 Correspondence returned indicator
- 314 Date of death

Employer information

Note This information is only required if the member's residential address is not shown.

- 401 Name
- 402 Trading name

403	PAYE group number
404	Business address
Contributed amounts information	
501	Period start date
502	Period end date
503	Total of contributed amounts*
504	Employer contributed amount (accumulation)*
505	Employer contributed amount (defined benefit)*
506	Post 20 August 1996 component of employer eligible termination payment rolled over on or after 1 July 1997 for any of the 1997-98, 1998-99, 1999-2000 or 2000-2001 financial years and for the period 1 July 2001 to 19 August 2001 (inclusive)* <i>OR</i> Post 20 August 1996 component of a specified roll-over amount rolled over on or after 20 August 2001*
507	Allocated surplus amount*

Schedule 3 Contributed amounts paid statement — additional information

(regulations 4 and 5)

Supplier information

101	Information on the matters set out under this heading in Schedule 2
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Superannuation provider information

201	Information on the matters set out under this heading in Schedule 2
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Member information

301	Name*
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302	Tax file number (if given to the provider in connection with the operation or possible future operation of the Act)*
303	Previous name (if any)
304	Sex
305	Date of birth*
306	Residential address*
307	Date of death
Member exit information	
401	Date when the employer financed component of benefit became payable, or commenced to be paid*
402	The amount representing 15% of the employer financed component of the part of the benefit payable to member that accrued after 20 August 1996*
403	Date of death of member
404	If a member exit record has previously been incorrectly reported, a reason code

Schedule 4 Tax file number statement

(subregulation 11 (1))

Supplier information

101	Information on the matters set out under this heading in Schedule 2
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Superannuation provider information

201	Information on the matters set out under this heading in Schedule 2
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Member information

301	Information on the matters set out under this heading in Schedule 2
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Employer information

Note This information is only required if the member's residential address is not shown.

401 Information on the matters set out under this heading in Schedule 2

Notes

1. These Regulations amend Statutory Rules 1997 No. 371, as amended by 1998 No. 197.
2. Made by the Governor-General on *21 June*
the *Commonwealth of Australia Gazette* on *28 June* 2000, and notified in 2000.

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