



Australian Government  
Australian Taxation Office

# COVID-19 relief for SMSF trustees extended to 2021-22 financial year

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We understand that COVID-19 continues to have a significant financial effect on self-managed super funds (SMSFs), particularly in some States or Territories where there are reoccurring and prolonged lockdown periods.

As a result, you may still find yourself in a position where you (in your role as trustee), or a related party of the fund, are having to provide or accept certain types of relief, which may give rise to contraventions under the super laws.

The COVID-19 health crisis has also resulted in many countries imposing travel bans and restrictions, and you may have become stranded overseas for long periods, which can have an effect on your fund's residency status.

In recognition of this, we have extended the following types of relief, currently offered for the 2019-20 and 2020-21 financial years, to cover the 2021–22 financial year.

You must ensure you properly document the relief and can provide your approved SMSF auditor with evidence to support it for the purposes of the annual SMSF audit.

## **SMSF residency relief**

If you are stranded overseas due to COVID-19, and this causes you to be out of Australia for more than two years, this may affect whether your fund meets some of the residency conditions to be an Australian super fund for tax purposes (and hence whether the fund is a complying super fund and entitled to receive tax concessions).

Provided there are no other changes in the SMSF or your circumstances affecting the other residency conditions, we will continue to not apply compliance resources to determine whether the fund meets the residency test.

## **Rental relief**

If rental relief provided by a SMSF, or a related non-g geared company or unit trust, to a tenant in the form of a reduction, waiver or deferral gives rise to a contravention of the super laws, we will not take any compliance action against your fund provided:

- the relief is offered on commercial terms (having regard to State and Territory COVID-19 support measures) due to the financial impacts of COVID-19, and
- you have properly documented the arrangement.

We plan to make a determination similar to Self-Managed Superannuation Funds (COVID-19 Rental income deferrals - In house Asset Exclusion) Determination 2020 for the 2021-22 financial year. This will ensure that a rental deferral offered by your fund or a related party to a tenant does not cause a loan or investment to be an in-house asset in the current and future financial years. However, in the interim we will adopt the above compliance approach.

### **Loan repayment relief**

If loan repayment relief is provided by a SMSF to a related or unrelated party due to the financial impacts of COVID-19, and the relief is offered on commercial terms and the changes to the loan agreement are properly documented, we will not take any compliance action against the fund.

If a SMSF has a limited recourse borrowing arrangement in place with a related party and the lender offers loan repayment relief to the fund due to the financial impacts of COVID-19, we will accept the parties are dealing with each other at arm's length, and the arrangement does not give rise to non-arm's length income, provided:

- the relief is offered on commercial terms (having regard to the terms of relief offered by commercial lenders for real estate investment loans), and
- you have properly documented the changes to the loan agreement.

### **In-house asset relief**

If a SMSF exceeded the 5% in-house asset threshold at 30 June 2021 due to the financial impacts of COVID-19, you must still prepare a written plan to reduce the market value of the fund's in-house assets to below 5% by 30 June 2022.

However, we will not take any compliance action against your fund where you have not executed the plan by 30 June 2022 due to the financial impacts of COVID-19. For example, because you are unable to execute the plan because the market has not recovered in some areas, or it may be unnecessary to implement it as the market has recovered.

## See also:

- [Restrictions on investments \(/super/self-managed-super-funds/investing/restrictions-on-investments/\)](/super/self-managed-super-funds/investing/restrictions-on-investments/).
- [Check your fund is an Australian super fund \(/super/self-managed-super-funds/setting-up/check-your-fund-is-an-australian-super-fund/?anchor=\\_blank#\\_blank\)](/super/self-managed-super-funds/setting-up/check-your-fund-is-an-australian-super-fund/?anchor=_blank#_blank).
- [Limited recourse borrowing arrangements \(/Super/Self-managed-super-funds/In-detail/SMSF-resources/SMSF-technical/Limited-recourse-borrowing-arrangements--questions-and-answers/\)](/Super/Self-managed-super-funds/In-detail/SMSF-resources/SMSF-technical/Limited-recourse-borrowing-arrangements--questions-and-answers/).
- [In-house assets \(/Super/Self-managed-super-funds/Investing/Restrictions-on-investments/In-house-assets/\)](/Super/Self-managed-super-funds/Investing/Restrictions-on-investments/In-house-assets/).
- [Self-Managed Superannuation Funds \(COVID-19 Rental income deferrals – In-house Asset Exclusion\) Determination 2020 \(https://www.legislation.gov.au/Details/F2020L01482\)](https://www.legislation.gov.au/Details/F2020L01482).
- [COVID-19 Frequently asked questions \(archived\) \(/law/view/document?LocID=%22SAV%2FCOVID19-FAQ%2FC8%22&PiT=99991231235958&anchor=C8#C8\)](/law/view/document?LocID=%22SAV%2FCOVID19-FAQ%2FC8%22&PiT=99991231235958&anchor=C8#C8).

## Keep up to date:

- See all recently published [SMSF news and alerts \(/Super/Self-managed-super-funds/In-detail/News-and-alerts/\)](/Super/Self-managed-super-funds/In-detail/News-and-alerts/).
- [Subscribe to SMSF news \(https://subscribe.news.ato.gov.au/link/id/zxxx5cbe7b4e8b790364/page.html?prompt=1&\)](https://subscribe.news.ato.gov.au/link/id/zxxx5cbe7b4e8b790364/page.html?prompt=1&) for a monthly wrap-up of news and updates.

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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