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22 March 2022

# Government to ensure non-arm's length expense provisions operate as intended

The Morrison Government intends to make legislative changes to ensure the non-arm's length expense provisions operate as envisaged.

To achieve this, the Government and Treasury will consult with relevant industry stakeholders on the appropriate operation of the non-arm's length income and expense provisions, particularly for APRA-regulated superannuation funds.

The non-arm's length expense provisions are designed to prevent superannuation funds from circumventing contributions caps, and artificially inflating fund earnings through non-commercial dealings. The Government understands that some industry stakeholders have concerns regarding the interpretation of these provisions by the Australian Tax Office in a recent Law Companion Ruling and the implications of this ruling for both APRA-regulated funds and SMSFs.

Senator the Hon Jane Hume, Minister for Superannuation, Financial Services and the Digital Economy, said, "We have heard the concerns of the industry and will work to amend the law to make sure it operates as intended."

"I'd like to thank all stakeholders that have engaged meaningfully on this issue so far."

The Government will ensure the legislative changes apply from 1 July 2022.

Further details of the consultation process will be provided to industry stakeholders as soon as practicable.

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