



# Subject Outline

## **FPE020 SMSF Regulations and Taxation**



## Section 1 — General information

### 1.1 Administrative details

---

Associated higher education awards	Duration	Credit points	Level
Master of Financial Planning	One study period (12 weeks)	6	AQF9

### 1.2 Core or elective subject

---

This is an elective subject for the Master of Financial Planning.

### 1.3 Delivery mode

---

This subject is delivered online.

### 1.4 Assumed knowledge

---

Whilst there are no prerequisites for this subject, Kaplan assumes that students have completed FPC003 Superannuation and Retirement Advice and FPC008 Investment Advice, or understand the content covered in those subjects, prior to undertaking FPE020 SMSF Regulations and Taxation.

### 1.5 Course transition subject equivalence

---

Individuals may not be required to complete this subject if they have transitioned from a SIA/Finsia/Kaplan Professional course and have completed the following subjects:

- FPE016 Self-Managed Superannuation Funds

### 1.6 Work integrated learning

---

There are no placements, internships or work experience requirements associated with undertaking this subject.

### 1.7 Other resource requirements

---

Students do not require access to specialist facilities and/or equipment to undertake this subject.



## Section 2 — Academic details

### 2.1 Subject overview

---

This subject focuses on the legislation and regulations that underpin the operation of a self-managed superannuation fund (SMSF). It provides the specialist technical knowledge, critical thinking and problem-solving skills necessary to provide competent and compliant advice to clients in the complex and dynamic SMSF sector. This subject covers the establishment, operation, and management of an SMSF as well as the contribution standards, taxation rules, pension and estate planning, and investment restrictions unique to an SMSF. Learning is applied in the assessments via a range of client case studies, developing and justifying an SMSF strategy as well as discussion and collaboration with other students.

You must successfully pass this subject to be eligible to apply for the SMSF Specialist Advisor (SSA™) designation with the SMSF Association.

### 2.2 Subject learning outcomes

---

On successful completion of this subject, students should be able to:

1. Research and critically evaluate the legal regulations that apply to SMSFs.
2. Research and critically evaluate the special taxation rules applicable to superannuation contributions, superannuation funds and superannuation benefits.
3. Develop an SMSF strategy to deal with regulatory and tax requirements in a complex SMSF scenario.
4. Justify an SMSF strategy to deal with regulatory and tax requirements in a complex SMSF scenario.

### 2.3 Topic learning outcomes

---

#### Topic 1: SMSF regulatory framework

On successful completion of this topic, students should be able to:

- confirm the key pieces of legislation that govern the regulation of SMSFs
- explain the noteworthy events that have occurred in the history of superannuation in Australia
- explain the purpose of superannuation
- formulate a theoretical definition of an SMSF
- evaluate who can and cannot be a trustee and member of an SMSF

#### Topic 2: Regulating SMSFs

On successful completion of this topic, students should be able to:

- evaluate the advantages and disadvantages of an SMSF
- explain how to establish an SMSF
- validate key trustee covenants and their associated regulations
- interpret the definition of an Australian superannuation fund
- discuss the various penalties that may be imposed on SMSF trustees for a breach of the SIS Act



### Topic 3: Contribution standards

On successful completion of this topic, students should be able to:

- evaluate when a fund can and cannot accept contributions based on a member's age
- advise the types of contributions that can be made
- explain how contributions can be made to a fund
- prescribe the amount of concessional and non-concessional contributions that will be excessive
- determine when contributions can be returned.

### Topic 4: Investing in an SMSF

On successful completion of this topic, students should be able to:

- explain how to formulate and give effect to an investment strategy
- evaluate the requirements of the sole purpose test when making investments in an SMSF
- prescribe the investment prohibitions that apply to SMSFs and the exceptions to those prohibitions
- explain the definition of a related party of the fund
- evaluate the assets that a trustee of an SMSF can acquire from a related party of the fund
- interpret the rules which apply to collectable and personal-use assets acquired and held by an SMSF
- explain the in-house asset rules and how they apply
- evaluate the use of reserves in an SMSF

### Topic 5: Taxing an SMSF

On successful completion of this topic, students should be able to:

- construct the taxable income of an SMSF in a particular financial year
- explain which contributions are taxable
- advise how capital gains tax is calculated in an SMSF
- formulate an election to have the applicable fund earnings of a foreign superannuation fund taxed concessional in an SMSF
- determine what income amounts are deemed non-arm's length income
- evaluate which insurance premiums are tax deductible
- explain how to calculate a fund's exempt current pension income.

### Topic 6: Members' interests and preservation standards

On successful completion of this topic, students should be able to:

- construct a member's tax-free and taxable components
- explain the different types of preserved benefits
- evaluate the different conditions of release that apply
- explain the different cashing restrictions that apply to each condition of release.

### Topic 7: Pension payment standards and paying a benefit

On successful completion of this topic, students should be able to:

- explain the types of benefits that can be paid from an SMSF
- prescribe the process of commencing a pension
- validate when a pension commences and ceases
- explain the minimum pension obligations for full and part-year pensions
- verify the pension commutation requirements
- explain the different types of pensions that can be paid from an SMSF
- justify the transfer balance cap.

### Topic 8: Taxing superannuation payments

On successful completion of this topic, students should be able to:

- determine the tax payable on a lump sum withdrawal or pension payment
- construct the tax-free portion of a disability superannuation lump sum
- explain the taxation implications of paying a superannuation death benefit pension
- construct the untaxed element of a superannuation lump sum death benefit payable to a non-tax dependant.

### Topic 9: SMSF controls – planning for life events

On successful completion of this topic, students should be able to:

- evaluate the different types of superannuation death benefit nominations that can be made
- differentiate a *Superannuation Industry (Supervision) Act 1993* (Cth) dependant and a tax dependant
- evaluate the different tax deductions that may be available to a superannuation fund following the death of a member
- explain how to wind up an SMSF and associated advice considerations.

## 2.4 Assessment schedule

Assessment	Description	Week	Topics	Weighting	Subject learning outcomes assessed
Task	Case Study	Week 4	1–2	10%	LO1–LO2
Assignment 1	Short answer and scenario-based questions	Week 6	1–6	35%	LO1–LO4
Quiz	Multiple choice questions	Week 10	3-9	20%	LO1–LO4
Assignment 2	Short answer and scenario-based questions	Week 12	1–9	35%	LO1–LO4

Please refer to our website <[www.kaplanprofessional.edu.au](http://www.kaplanprofessional.edu.au)> to review student policies relating to your assessment, including the *Kaplan Assessment Policy* and *Academic Integrity and Conduct Policy*.

## 2.5 Prescribed text

There is no prescribed text for this subject. Students are provided with key readings and access to Kaplan's online databases. Students are encouraged to research and read widely on the topic.

## 2.7 Study plan

Week(s)	Topic name	Study load in hours
1	Topic 1: SMSF regulatory framework	8
2	Topic 2: Regulating SMSFs	10
3	Topic 3: Contribution standards	14
4	<b>Task (Weighting 10%)</b> Topic 4: Investing in an SMSF Topic 5: Taxing an SMSF	6 3
5	Topic 5: Taxing an SMSF Topic 6: Members' interests and preservation standards	3 6
6	<b>Assignment 1 (Weighting 35%)</b>	16
7	Topic 7: Pension payment standards and paying a benefit	8
8	Topic 8: Taxing superannuation payments	8
9	Topic 9: SMSF controls — planning for life events	8
10-12	<b>Quiz (Weighting 20%)</b> <b>Assignment 2 (Weighting 35%)</b>	30
<b>Total minimum study load</b>		<b>120 hours</b>

Additional study hours (if required), dependent on knowledge and personal commitments	60 hours
<b>Total study load, including additional study hours</b>	<b>180 hours</b>