
EXPOSURE DRAFT: SUPERANNUATION LEGISLATION AMENDMENT
(LOST MEMBERS' SUPERANNUATION ACCOUNTS) BILL 2009

EXPLANATORY MATERIAL

Glossary

The following abbreviations and acronyms are used throughout this explanatory material.

<i>Abbreviation</i>	<i>Definition</i>
ATO	Australian Taxation Office
Bill	Superannuation Legislation Amendment (Lost Members' Superannuation Accounts) Bill 2009
Commissioner	Commissioner of Taxation
DASP Act	<i>Superannuation (Departing Australia Superannuation Payments Tax) Act 2007</i>
ITAA 1997	<i>Income Tax Assessment Act 1997</i>
S(UMLM) Act	<i>Superannuation (Unclaimed Money and Lost Members) Act 1999</i>
TAA 1953	<i>Taxation Administration Act 1953</i>
TFN	tax file number
Temporary Residents Act	<i>Temporary Residents' Superannuation Legislation Amendment Act 2008</i>

Superannuation – Payment of lost member accounts to the Commissioner of Taxation

Outline of chapter

1.1 Schedule 1 to this Bill amends the *Superannuation (Unclaimed Money and Lost Members) Act 1999* (S(UMLM) Act) to require superannuation providers to transfer the balance of a lost member's account to the Commissioner of Taxation where: the balance of the account is less than \$200; or the account has been inactive for a period of five years and the provider has insufficient records to identify the owner of the account.

Context of amendments

1.2 Part 4 of the S(UMLM) Act sets up, and the regulations establish, a scheme for dealing with lost members of funds. The scheme is intended to reduce, at an early stage, the number of accounts which become unclaimed money by reuniting members with their lost superannuation.

1.3 Under the scheme, the trustee of a superannuation fund (or a retirement savings account provider) must report details of a lost member's account to the Commissioner of Taxation. The information is used by the Commissioner for the purpose of maintaining a Lost Members Register.

1.4 Accounts that are reported to the lost members register remain with their reporting superannuation provider. Superannuation providers are also permitted to roll lost accounts over to eligible rollover funds (ERFs). These accounts are in turn reported to the lost members register and remain with the ERF concerned.

1.5 Under Part 3 of the S(UMLM) Act, amounts are paid to the Commissioner as unclaimed monies when a member reaches age 65 and cannot be found by their superannuation provider, or when a member dies and the provider cannot ensure the benefit is received by the person entitled to receive the benefit. Recent changes also allow the superannuation of a former temporary resident to be paid to the Commissioner (Part 3A).

1.6 Accounts of less than \$200 for lost members who are subsequently found can be cashed tax free from the superannuation system. However, claiming these accounts can be a cumbersome and time consuming process. Many superannuation fund members therefore do not make the effort to claim these accounts.

1.7 As at 30 June 2008, around 6.4 million lost accounts with a total value of \$12.9 billion were reported on the Lost Members Register. This represents around one per cent of superannuation assets under management. These accounts directly impact on the retirement savings of many individual Australians and also increase superannuation provider costs that may be passed on to all members.

1.8 To enhance efficiency in the superannuation system, the Government announced in the 2009-10 Budget that it will require superannuation providers to pay the small and the unidentifiable accounts of lost members to unclaimed monies, with effect from the 2010-11 financial year.

1.9 Requiring superannuation providers to pay small and unidentifiable lost superannuation accounts to unclaimed monies is one of a number of steps the Government is taking to address the growing problem of lost superannuation. The measure will also assist providers as they will no longer need to administer or apply member protection to small accounts that are transferred. This will improve equity for other members where costs are apportioned in applying the member protection rules.

1.10 There are no additional obligations on superannuation providers to attempt to locate lost members before the reporting and payment to the Commissioner under these changes. However, many of these accounts are unlikely to be reclaimed, as the holders are either unaware of these accounts or have not made the effort to contact their provider. In any event, individuals who have their accounts transferred to unclaimed monies will be able to reclaim these amounts directly from the Commissioner.

1.11 Former account holders reclaiming their monies are unlikely to be disadvantaged. Earnings on small accounts would generally be offset by fees and charges. In comparison, amounts held in unclaimed monies do not earn interest, and are not subject to fees and charges.

Summary of new law

1.12 Schedule 1 amends the S(UMLM) Act by inserting Part 4A. Under Part 4A, superannuation providers are required to transfer, to the Commissioner, the balances of superannuation accounts which belong to members who meet the definition of a lost member at an unclaimed money day and where:

- the balance in the account is less than \$200 on that day; or
- the account has been inactive for a period of five years and the superannuation provider is satisfied that it is not possible to pay an amount to the member at any time in the future.

1.13 The initial transfer of lost member accounts to the Commissioner will take place during the 2010-11 financial year. Transfers will continue to be made for lost member accounts at times to be determined by the Commissioner.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
Superannuation providers are also required to transfer the accounts of lost members to unclaimed monies where the balance of the account is less than \$200, or where the account has been inactive for a period of five years and the provider has insufficient records to identify the owner of the account.	Amounts are paid to the Commissioner as unclaimed monies when a member reaches age 65 and cannot be found by a superannuation provider, when a member dies and the provider cannot ensure the benefit is received by the person entitled to receive the benefit, or when the account holder was identified in a section 20C notice (concerning former temporary residents).

Detailed explanation of new law

Key Concepts

1.14 For the purposes of administering the rules in Part 4A of the S(UMLM) Act, the concept of a lost member account is inserted into the definition provision at section 8 of the S(UMLM) Act. [*Schedule 1, item 7, section 8*]

1.15 The term account is defined to cover the particular arrangements that apply for retirement savings accounts [*Schedule 1, item 6, section 8*]. The term account has its common meaning for accounts other than retirement savings accounts.

1.16 Lost member account means an account with a superannuation provider where the member on whose behalf the account is held is a lost member and, the balance of the account is less than \$200 (small accounts), or the provider has not received an amount in respect of the member within the last 5 years and the provider is satisfied, having regard to the information reasonably available to the provider, that it is not possible for the provider to pay an amount to the member at any time in the future (inactive accounts of unidentifiable members). [*Schedule 1, item 24, section 24B*]

Example 1.1

A member is reported on the lost members register and no amounts have been received in respect of the member within the last 5 years. The only identifiable record held by a superannuation provider in respect of the member is the member's name. Even if the member were to subsequently contact the fund and provide valid proof of identity documentation, the provider could not be satisfied that the individual is the person on whose behalf the account was opened. The account is an inactive account of an unidentifiable member and is therefore a lost member account.

Example 1.2

A superannuation fund has an account for which it does not hold sufficient information to be satisfied that it could make a payment to the member at any time in the future. The member has not made personal, or received employer contributions, to the account for more than 5 years; however, earnings have been credited to the account. The account is still a lost member account as it satisfies the definition of an inactive account of an unidentifiable member.

1.17 Accounts belonging to a lost member that support or relate to a defined benefit interest (as defined by section 292-175 of the *Income Tax Assessment Act 1997*) are excluded from the measure. [*Schedule 1, item 24, paragraph 24B(1)(c)*]

1.18 To distinguish between superannuation funds lost member reporting requirements under Part 4 of the S(UMLM) Act and the payment of lost member accounts to the Commissioner under Part 4A, the heading of Part 4 is amended to 'Information about lost members'. [*Schedule 1, item 23*]

1.19 The object of Part 4A is to set out a procedure for dealing with the small accounts of lost members and inactive accounts of unidentifiable lost members. *[Schedule 1, item 24, section 24A]*

Unclaimed Money

1.20 The simplified outline of the S(UMLM) Act is being amended to reflect the amendments being made to that Act by Schedule 1. *[Schedule 1, items 1, 2, 3, 4 and 5, paragraphs 6(a), 6(ca), 6(e), 6(ea) and section 7]*

1.21 The definitions of ‘non-member spouse’, ‘payment split’, and ‘splittable payment’ are removed from subsections 12(3) and 13(1B) of the S(UMLM) Act and consolidated into section 8. The definitions continue to have the same meanings as in Part VIII B of the *Family Law Act 1975*. *[Schedule 1, items 8, 9, 11 and 13, section 8, subsections 12(3) and 13(1B)]*

1.22 The definition of ‘scheduled statement day’ is amended to include a statement required by Part 4A of the S(UMLM) Act. *[Schedule 1, item 10, section 8]*

1.23 A minor technical amendment replaces references in the S(UMLM) Act of ‘for at least 2 years’ with ‘within the last 2 years’ to provide consistent terminology in the Act. *[Schedule 1, items 12 and 14, paragraphs 12(1)(c) and 14(c)]*

Dates for statements and payments of lost member accounts

1.24 For the purposes of the S(UMLM) Act, the Commissioner is able to specify unclaimed money days by legislative instrument. The Commissioner may also specify the scheduled statement day that relates to the unclaimed money day by legislative instrument. These days, as specified by the Commissioner, will apply for the purposes of Part 4A. *[Schedule 1, items 15 and 16, paragraphs 15A(a) and (b)]*

Statement of lost member accounts

1.25 A superannuation provider is required, by section 24C of the S(UMLM) Act, to give to the Commissioner, by the end of the scheduled statement day that relates to an unclaimed money day, a statement in relation to all lost member accounts as at the end of the unclaimed money day. *[Schedule 1, item 24, subsections 24C(1) and (5)]*

1.26 The Commissioner may, under the *Taxation Administration Act 1953* (TAA 1953), defer the time for the superannuation provider to give the statement of unclaimed money. If the information is not given by the required time, the TAA 1953 provides for offences and administrative penalties.

1.27 This requirement under section 24C does not apply to a superannuation provider which is the trustee of a state or territory public sector superannuation scheme as defined in subsection 18(7) of the S(UMLM) Act and which gives a statement to a state or territory authority as provided for in section 18.

1.28 A statement under section 24C will be required to be given in a form approved by the Commissioner. The statement can contain information required by the Commissioner in respect of lost member account administration, and require certain tax file numbers (TFNs) as provided for by subsection 25(4). *[Schedule 1, item 24, subsection 24C(1)]*

1.29 Such reporting may include information that allows the Commissioner to apply the correct taxation treatment to a payment of unclaimed money made in respect of a person under section 24G of the S(UMLM) Act.

1.30 If the statement required to be given by a superannuation provider under subsection 24C(1) includes false or misleading statements, the TAA 1953 provides for offences and administrative penalties. This will make the penalties for lost member accounts consistent with broader taxation administration.

1.31 Where a statement is required by subsection 24C(1) and there are no lost member accounts for any member (or holder in the case of a retirement savings account provider) at the end of the unclaimed money day, the statement must say so. *[Schedule 1, item 24, subsection 24C(2)]*

1.32 The requirement for a superannuation provider to give a statement under section 24C does not apply to a regulated superannuation fund with fewer than five members if there are no lost member accounts at the end of the unclaimed money day in that fund. That is, small Australian Prudential Regulation Authority regulated superannuation funds will only be required to give to the Commissioner such a statement if they have lost member accounts at the end of an unclaimed money day. *[Schedule 1, item 24, subsection 24C(4)]*

1.33 The statement of lost member accounts required to be given by a superannuation provider under subsection 24C(1) to the Commissioner will include information about any change in the balance of a lost member account due to a payment made to an entitled person between the end of the unclaimed money day and the day on which the superannuation provider gives the statement to the Commissioner. It will also include any change in the account balance due to earnings credited to the account or fees and other charges debited from the account. *[Schedule 1, item 24, paragraph 24C(3)(a)]*

1.34 The statement of lost member accounts must include information about amounts that were lost member accounts at the end of the unclaimed money day, but which ceased to be lost member accounts between the end of that day and the day on which the superannuation provider gives the statement to the Commissioner. *[Schedule 1, item 24, paragraph 24C(3)(b)]*

Example 1.3

On 30 June 2010 Lidia's superannuation provider considered the amount payable to Lidia was a lost member account as it satisfied all the conditions of subsection 24B(1) of the S(UMLM) Act. The amount was due and payable before 1 October 2010. However on 31 July 2010 Lidia made a contribution to her account, resulting in the criterion of paragraph 24B(1) no longer being satisfied.

Although the amount payable to Lidia was no longer a lost member account, Lidia's superannuation provider is still required to include in the statement of lost member accounts, information in relation to the account.

1.35 Superannuation providers are not required to give a statement to the Commissioner under section 24C where the amounts payable relate to unclaimed money or certain former temporary residents for which the Commissioner has given notice to the superannuation provider under section 20C. *[Schedule 1, item 24, subsection 24C(6)]*

Example 1.4

Nadia was a former temporary resident who last left Australia in 2005. On 30 June 2010 Nadia's superannuation provider considered the amount payable to Nadia was unclaimed money and a lost member account as it satisfied all the conditions of subsection 12(1) and subsection 24B(1) of the S(UMLM) Act. The amount was due and payable on 1 October 2010 under subsection 17(1) and subsection 24E(1) of that Act. However on 1 August 2010 the Commissioner gave a notice (former temporary resident notice) to Nadia's superannuation provider under section 20C of the S(UMLM) Act. As a result Nadia's superannuation provider was required to pay an amount to the Commissioner in accordance with section 20F of that Act and no longer required to pay the amount under subsection 17(1) or 24E(1). That is, the priority for statements and payments to the Commissioner for amounts payable under the S(UMLM) Act will be:

1. Payment of unclaimed superannuation of former temporary residents.
2. Payment of unclaimed money.

3. Payment of lost member accounts.

Errors or omissions

1.36 Where a superannuation provider is required to give the Commissioner a statement under section 24C of the S(UMLM) Act and the provider becomes aware of a material error in, or omission from, that statement, the provider must give the Commissioner the corrected or omitted information in the approved form no later than 30 days after becoming aware of the error or omission. *[Schedule 1, item 24, section 24D]*

1.37 These provisions provide greater certainty to the Commissioner that superannuation providers have correctly fulfilled their reporting obligations under the S(UMLM) Act.

1.38 A superannuation provider's obligations to correct an error or omission remain even if the Commissioner becomes aware of the error or omission, including where the Commissioner takes action as a result of such a discovery (eg, by refunding under section 24J of the S(UMLM) Act an overpayment made by a superannuation provider).

1.39 The Commissioner may, under section 388-55 in Schedule 1 to the TAA 1953, defer the time for the superannuation provider to give the information. If the information is not given by the required time, the TAA 1953 provides for offences and administrative penalties. The operation of penalties for lost member accounts is consistent with broader taxation administration.

Payment of lost member accounts to the Commissioner

1.40 A superannuation provider must, under subsection 24E(1) of the S(UMLM) Act, pay to the Commissioner the amount worked out under subsection 24E(3) in respect of an account that is a lost member account at the end of the unclaimed money day and the member on whose behalf the account is held is still a lost member as at the time (the calculation time) immediately before the earlier of, the time (if any) the payment is made and the time at which the payment is due and payable. *[Schedule 1, item 24, subsection 24E(1)]*

Example 1.5

The balance of a lost member's account in a fund on the unclaimed money day is \$195. Therefore it is an account that must be paid to the Commissioner. Between the unclaimed money day and the scheduled statement day the fund credits the account with earnings with \$6 bringing the balance to \$201.

However as the value of the account was still below \$200 on the unclaimed money day – the account must still be paid to the Commissioner even though its balance is now greater than \$200.

Example 1.6

Continuing from Example 1.3, Lidia’s superannuation provider is not required to pay an amount to the Commissioner under subsection 24E(1) of the S(UMLM) Act on 1 October 2010 in relation to Lidia, as the lost member account in question ceased to be a lost member account between the end of the unclaimed money day and the day on which the superannuation provider gives the statement of unclaimed money to the Commissioner.

1.41 The amount the provider must pay the Commissioner is due and payable at the end of the scheduled statement day for the relevant unclaimed money day. However the requirements of subsection 24E(1) do not apply to a superannuation provider which is a trustee of a state or territory public sector superannuation scheme which gives a statement and makes a payment to a state or territory authority as provided for in section 18 of the S(UMLM) Act. *[Schedule 1, item 24, subsection 24E(2) and section 24H]*

1.42 Section 24J of the S(UMLM) Act also allows the Commissioner to refund an overpayment by the provider that occurs when making such a payment. *[Schedule 1, item 24, subsection 24J(1)]*

1.43 The Commissioner may, under section 255-10 in Schedule 1 to the TAA 1953, defer the time at which the amount is due and payable by the superannuation provider. The amount the provider must pay is a tax-related liability for the purposes of the TAA 1953 and as such a general interest charge and administrative penalties are connected with such liabilities. The amendments in this Bill make penalties operate for lost member accounts consistent with broader taxation administration.

1.44 The amount due and payable under subsection 24E(1) of the S(UMLM) Act is the amount that would have been due and payable by the superannuation provider if the lost member had requested that the balance be rolled over to a complying superannuation fund (within the meaning of the SIS Act). *[Schedule 1, item 24, subsections 24E(3) and (4)]*

Example 1.7

A superannuation provider would normally credit earnings to an account and debit an exit fee if the member’s account was rolled over to a complying superannuation fund. The amount payable to the Commissioner is the balance of the account after the earnings are credited and the exit fee is debited.

1.45 The amount of a payment must only take account of the person's entitlement to payment remaining after any reduction by a payment split under Part VIII B of the *Family Law Act 1975* (disregarding subsection 90MB(3) of that Act). [Schedule 1, item 24, paragraph 24E(5)(a)]

1.46 The superannuation provider must also pay an amount to the Commissioner in respect of the non-member spouse, equivalent to the amount of the reduction applied to the lost member's entitlement. [Schedule 1, item 24, paragraphs 24E(5)(b) and (c)]

Example 1.8

A superannuation provider is aware that a payment split under Part VIII B of the *Family Law Act 1975* applies to a lost member account. The amount payable in respect of the lost member is \$180 and is subject to a 50/50 payment split. Therefore the provider must make two separate payments of \$90 to the Commissioner – one for the lost member, and the other for the non member-spouse.

1.47 Subsection 24E(1) does not require the superannuation provider to pay the Commissioner an amount that satisfied the conditions outlined in subsection 24B of the S(UMLM) Act if the amount relates to either unclaimed money or a person for whom the Commissioner has given notice to the provider under section 20C of that Act. This is because unclaimed money is payable under section 17 of that Act and the unclaimed money of former temporary residents is payable to the Commissioner under section 20F of that Act [Schedule 1, item 24, subsection 24E(6)]

1.48 Superannuation providers are discharged from further liability for amounts paid under section 24E, and accounts with nil balances or below nil balances as at the end of the calculation day can be ignored. That is, if the amount to be paid to the Commissioner is nil or below nil then no amount is payable to the Commissioner in respect of the lost member account. [Schedule 1, item 24, subsections 24E(7) and (8)]

1.49 A superannuation provider is liable to pay a general interest charge on the amount in respect of lost member accounts that is due and payable under section 24E and remains unpaid after it is due and payable. [Schedule 1, item 24, subsection 24F(1)]

1.50 The S(UMLM) Act provides that an offence is committed if a person by their conduct breaches a requirement under section 24E. [Schedule 1, item 24, subsection 24F(2)]

Payment by Commissioner in respect of person for whom an amount has been paid to Commissioner

1.51 The Commissioner must pay an amount in respect of a person if a superannuation provider paid an amount to the Commissioner under subsection 24E(1) of the S(UMLM) Act in respect of that person and the Commissioner is satisfied that an amount can be paid in respect of that person under subsection 24G(2) of that Act. The Commissioner may either be satisfied on receipt of an application in the approved form or by the Commissioner's own initiative. *[Schedule 1, item 24, subsection 24G(1)]*

1.52 Money for payments under subsection 24G(2) of the S(UMLM) Act is appropriated by section 16 of the TAA 1953.

1.53 If the Commissioner can pay an amount, in respect of a person who is still alive, because the conditions in subsection 24G(1) are satisfied, then the Commissioner must pay the amount to the person if the person has reached eligibility age or the amount is less than \$200, unless the person directs the Commissioner to pay the amount to a fund that is a complying superannuation plan. In the case of payments to a fund, the Commissioner can only pay to a single fund. *[Schedule 1, item 24, paragraphs 24G(2)(a) and (d)]*

Example 1.9

If the Commissioner has received an amount of \$150 from Fund A and \$190 from Fund B, the Commissioner can pay each amount directly to the person as each amount is less than \$200. This is the case even if the person is younger than the eligibility age of 65.

1.54 If, after the death of the person, the Commissioner can pay an amount in respect of a person because the conditions in subsection 24G(1) are satisfied and the Commissioner is satisfied that the superannuation provider, had it not paid the amount to the Commissioner, would have been required to pay a death benefit amount or amounts to one or more death beneficiaries as a result of the person's death, then the Commissioner must pay the amount to that beneficiary or beneficiaries. If the Commissioner cannot be so satisfied, the Commissioner must pay the amount to the person's legal personal representative. *[Schedule 1, item 24, paragraphs 24G(2)(b) and (c)]*

Example 1.10

A lost member account in respect of Andrew was paid to the Commissioner by the superannuation provider under subsection 24E(1) of the S(UMLM) Act. At that time the superannuation provider also provided details about the binding death benefit nomination that Andrew had which nominated his wife Thea as the death beneficiary.

After Andrew died Thea contacted the Australian Taxation Office to inquire about lost or unclaimed superannuation held for her deceased husband either in a fund or by the Commissioner. The Commissioner was able to be satisfied through documents provided by Thea that Andrew's superannuation provider would have been required to pay Thea a death benefit had it not paid an amount in respect of Andrew to the Commissioner as a lost member account. As the relevant conditions of paragraph 24G(2)(b) of the S(UMLM) Act apply, the Commissioner must make a payment to Thea in accordance with subsection 24G(3) of that Act.

1.55 A formula is applied to death beneficiary payment cases covered by paragraph 24G(2)(b). If there is only one death beneficiary the whole of the amount is payable to that beneficiary. However where there is more than one death beneficiary the formula acts as a proportioning rule to determine how much of the amount the Commissioner has available to pay, is payable to each death beneficiary. [*Schedule 1, item 24, subsection 24G(3)*]

1.56 Section 24G does not apply to an amount that is to be, or has been, taken into account in determining whether the Commissioner must make a payment under section 20H. [*Schedule 1, item 24, subsection 24G(4)*]

Refunds, overpayments and returns

1.57 Similar to the conditions in section 20K of the S(UMLM) Act, where an amount is to be refunded by the Commissioner under section 24J, the Commissioner must pay the relevant amount to the superannuation provider which made the underlying overpayment (or, if that superannuation provider no longer exists, to the provider of a successor fund). [*Schedule 1, item 24, subsection 24J(2)*]

1.58 Money for payments under subsection 24J(2) of the S(UMLM) Act is appropriated by section 16 of the TAA 1953.

1.59 Section 24K of the S(UMLM) Act allows the Commissioner to recover an overpayment that results from a payment made, or purportedly made, under Part 4A in respect of a person in a similar manner as provided for by section 20L for an overpayment made under Part 3A (ie, payment of unclaimed money of former temporary residents). [*Schedule 1, item 24, section 24K*]

1.60 Before recovering an overpayment the Commissioner must give the debtor a written notice about the proposed recovery and specify the amount to be recovered. Prescribing the details to be covered by the written notice gives the Commissioner flexibility to alter the notice to allow for changing circumstances. [*Schedule 1, item 24, paragraph 24K(4)(a)*]

1.61 The notice in section 24K is not a ‘legislative instrument’ within the definition in section 5 of the *Legislative Instruments Act 2003* because it does not have a legislative character which determines or alters the content of the law; it is merely declaratory of the law and causes the law to be applied. [*Schedule 1, item 24, subsection 24K(8)*]

1.62 The S(UMLM) Act provides that if a superannuation provider cannot credit a payment made by the Commissioner under subsection 24G(2) within a certain period to an account for the benefit of the person, then the superannuation provider must return the payment to the Commissioner [*Schedule 1, item 24, section 24L*]. This is similar to section 20M of the S(UMLM) Act in relation to payments made by the Commissioner under Part 3A (ie, payment of unclaimed money of former temporary residents).

1.63 The amount the provider must pay is a tax-related liability for the purposes of the TAA 1953 and the Commissioner can deal with the amount in a way that is consistent with broader taxation administration, including deferring the time that the amount is due and payable and applying a general interest charge and administrative penalties in connection with such liabilities.

Administrative matters

Unclaimed and lost member registers

1.64 The register of unclaimed money will now also contain particulars of the lost member accounts paid to the Commissioner under section 24E of the S(UMLM) Act. That is, particulars of lost member accounts. [*Schedule 1, item 17, paragraphs 19(1)(e) and (f)*]

1.65 Other minor cross referencing amendments are made to section 20H of the S(UMLM) Act. [*Schedule 1, items 18, 19, 20, 21 and 22, section 20H*]

Information, access and records

1.66 Schedule 1 amends section 25 of the S(UMLM) Act to allow the TFN of the superannuation provider, the fund, and a member of the fund to be provided to the Commissioner for the purposes of section 24C. [*Schedule 1, item 25, subsection 25(4)*]

1.67 Section 29 of the S(UMLM) Act is amended to allow the Commissioner to request the TFN of a person making an application for an amount which has been paid to the Commissioner under subsection 24G(1). [*Schedule 1, item 26, paragraph 29(1)(aa)*]

Taxation administration

1.68 Consequential amendments are made to the TAA 1953 so that a superannuation provider is liable to pay a general interest charge on an amount in respect of a lost member account that is due and payable under sections 24F and 24L of the S(UMLM) Act and remains unpaid after it is due and payable. This amendment will make the operation of the lost member account provisions in respect of payments to the Commissioner consistent with unclaimed money and broader taxation administration. *[Schedule 1, item 41, subsection 8AAB(5) of the TAA 1953]*

1.69 Consequential amendments are made to subsection 250-10(2) of the TAA 1953 so that an amount a superannuation provider must pay under section 24E or 24L of the S(UMLM) Act is a tax-related liability for the purposes of administrative penalties and offences that need to be connected with such liabilities. The amendments make the operation of the penalties and offences for the lost member accounts paid to the Commissioner consistent with unclaimed money and broader taxation administration. A minor technical correction is also made to subsection 250-10(2) of the TAA 1953. *[Schedule 1, items 42 and 43, subsection 250-10(2) in Schedule 1 of the TAA 1953]*

Financial transaction reports

1.70 Under the *Financial Transaction Reports Act 1988* if a cash dealer does not have certain information about an account, the account is blocked and withdrawals from such an account can give rise to an offence under that Act. However, this does not apply to certain withdrawals made in accordance with the S(UMLM) Act, including the payment of lost member accounts to the Commissioner. The *Financial Transaction Reports Act 1988* is amended to reflect Part 4A of the S(UMLM) Act. *[Schedule 1, item 27, paragraph 18(4B)(ca) of the Financial Transaction Reports Act 1988]*

Income tax amendments

1.71 Consequential amendments are made to the ITAA 1997 to ensure payments made by the Commissioner under section 24G of the S(UMLM) Act in respect of a person for whom an amount has been paid to the Commissioner under section 24E of the S(UMLM) Act will be treated and taxed as if they were paid from a complying superannuation fund. *[Schedule 1, items 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39 and 40, section 301-125, subsections 307-5(1), 307-142(1), (2) and (3), 307-300(1), (2) and (3), 307-350(2B), and paragraph 307-120(2)(e) of the ITAA 1997]*

Application and saving provisions

1.72 The amendments made by Schedule 1 apply in relation the last unclaimed money day occurring before 1 July 2010 and later unclaimed money days. *[Schedule 1, item 43]*

1.73 If, before the commencement of Schedule 1, regulations made for the purposes of paragraph 18B(4)(a) of the S(UMLM) Act were in force, the regulations have effect, from that commencement, as if they had also been made for the purposes of paragraph 24K(4)(a) of that Act, as inserted by Schedule 1. These regulations deal with written notices from the Commissioner to debtors. *[Schedule 1, item 44]*