To whom it may concern,

On behalf of Bravura Solutions, a provider of superannuation software solutions to Australian superannuation funds and administrators, I am pleased to make a submission on the draft legislation titled 'Tax and Superannuation Laws Amendment (2014 Measures No. 7) Bill 2014: Providing certainty for superannuation fund mergers' (the Bill).

Our submission centres on additional items of clarification that we feel are missing from the Bill, and which should be considered for the Bill or subsequent Regulations. Namely, we feel clarity is required in relation to how a receiving fund is notified of an involuntary rollover in order to apply the proposed change to the proportioning rules.

1. Communication of rollovers between funds

Existing superannuation administration systems apply all relevant taxation laws when calculating the tax components of a member's superannuation interest. These rules include limiting the amount of the tax components to the value of the superannuation interest, as per existing law. It is a significant change to systems to add further complexity to already complex rules. To apply the proposed rules described in the Bill, software systems would need to be aware of the type of rollover/transfer in question and apply the relevant rules when calculating the tax components of the rollover/transfer. This applies to both the receiving fund and the transferring fund. To this extent we feel further clarity is required as to how funds communicate with each other in relation to involuntary rollovers.

Based on existing legislation the rollovers/transfers described as involuntary in the draft Bill are likely to occur using the Data and Payment Standards as defined in section 34K of the SIS Act. The current enabling regulations do not provide a format to notify funds of the type of rollover. We feel that the receiving fund would benefit from knowing that the rollover/transfer is involuntary in a mandated prescribed format. This would inform the fund that the tax free component may exceed the value of the superannuation interest and apply necessary rules in software systems to that effect.

If involuntary rollovers are to be excluded from the Data and Payment Standards the Bill should describe legislation to indicate as such. This should be accompanied with draft legislation or Regulations that mandate how funds notify each other of these types of rollovers/transfers.

If involuntary rollovers are to be included as part of the Data and Payment Standards, the Bill, or subsequent Regulations, should clarify how communication between funds is intended to operate under the Data and Payment Standards in relation to involuntary rollovers.

Similarly, guidance is required where a Rollover Benefit Statement (RBS) is produced. In the case of an involuntary rollover where the member's tax free component exceeds the value of their superannuation interest, clarification should be provided as to whether the RBS should print:

- the full tax free component amount
- the sum of the tax free component and the taxable component

2. Impact on preservation components

Further clarity is also sought on how these changes impact the calculation of a superannuation member's preservation components. We assume no changes are required to the existing calculation method and rules. We assume therefore that a member's preservation components cannot exceed the value of their superannuation interest, despite the value of the taxation components.

Regards,

Martin Mikulicin

Level 6, 345 George St

Sydney NSW 2000

mmikulicin@bravurasolutions.com

02 9018 4414