

From: [REDACTED]
To: [TPBreview](#)
Subject: The accountants' exemption as a carve-out for accountants providing basic SMSF advice services
Date: Wednesday, 14 August 2019 10:29:40 PM

I am writing to make a submission in relation to the accountant's exemption as a carve-out of the requirement to hold a financial service licence to provide SMSF advice.

I have been providing SMSF taxation advice since the late 1980's – prior to the introduction of the superannuation guarantee system. The SMSF'S were set up by persons with a history of managing their own family run businesses, or held large amounts of personal wealth. Most of the client's that I service with SMSF'S are over the age of 65 and have successfully managed their own SMSF'S for well over 15 years without using the services of financial planners. They invest directly in the share market using their own stock picking skills, or with the advice of a stock broker. They use my services to prepare their SMSF's financial statement, tax returns, organise the annual audit and to keep them abreast of changes in the law and to advise them of how much pension they have to withdraw each year so as to keep their SMSF's income tax free.

Back in the early 2000's I completed a Graduate Diploma of Financial Planning. We were taught during that course, that a SMSF itself was not a financial investment – it is only a tax effective trust structure by which to hold wealth. It is the assets that are owned by the superannuation fund that are financial investments – not the SMSF itself. Advice we give to all clients includes the best structures to run their businesses through and how to hold their personal wealth. Surely a direct comparison can be made between advising a client of the need to set up a Family Trust or Company to hold investments – which does not require a financial advisers licence, to advising a client to set up a SMSF to hold investments - which does require a financial advisers licence . There is no logic at all in distinguishing the two scenarios with one having a requirement to hold a financial services licence, and the other being exempt. Somewhere along the line, someone or somebody with a vested interest in the amount of money being channelled into superannuation industry has had the power to manipulate the government and authorities to think that superannuation itself is an investment and therefore create the problems that accountants face with licensing.

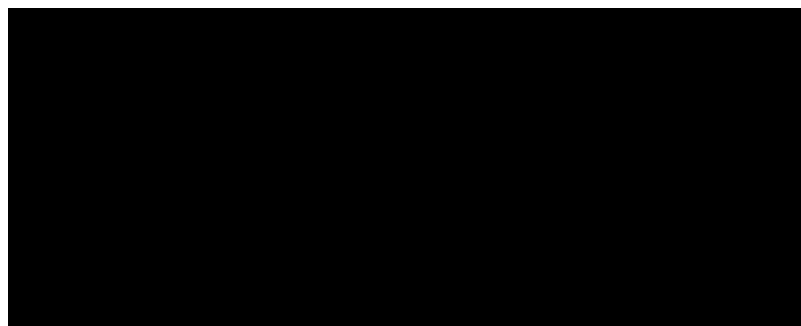
As previously mentioned, I have completed a Graduate Diploma of Financial Planning, and I am a SMSF Specialist with Chartered Accountants Australian & New Zealand. When limited licensing became law, I registered with ASIC so that I could continue to advise clients whether it was suitable for them to set up a SMSF, help them establish a SMSF, and also give advice as to when it was time to wind up their SMSF. Initially the ASIC fees were minimal, however, this year with the ASIC funding model, I find that my limited financial licence is costing **me the same amount as a full service financial adviser service** – and it is a cost that I have to pass onto my SMSF clients – even though they receive no annual benefit from my registration.

Unfortunately as the SMSF industry members age, I am now finding that I am advising clients it is time to wind up their SMSF as the day to day management and investment decisions are getting beyond their ability. Many have also requested that if one member of a couple passes away, that I help the remaining partner wind up their SMSF. In both situations I advise that I cannot give advice where to place the monies that come out of their SMSF – which is something I was not allowed to do under the accountants exemption anyway. It is a sad situation that I need to have a licence to advise client's on an issue that is so delicate and that if I wasn't licensed, I

would have to send them off to someone who really didn't know them or their situation. Clients at this age are akin to family members and unfortunately advising sometimes has to be done with the heart as well as the head.

My submission to this review is that there is no value added to the services I provide my clients by having a limited financial services licence and being registered with ASIC. As ethical, law abiding people, who are registered with the taxation practitioners board, the accountant has as their main aim the minimisation of the tax of our clients. It is in this sense that we aim to maximise our client's wealth rather than picking specific investments which is the work of financial planners, stock brokers and real estate agents. It is our tax registration which shows the clients that we follow the laws to maximise their wealth and that is why accountants will always be the favoured adviser in all monetary and wealth matters. Clients know that from the minute they walk in a tax agent's door that we aim to increase their wealth by minimising the amount of tax they pay. The same cannot be said of financial planners who may have their own interests at heart in terms of how much commission they can make out of the job!

In short, rather than accountants having to hold a limited license with ASIC, the alternative would be to bring back the accountants exemptions for all accountants who are registered tax agents with the taxation practitioners board.



Ph: [REDACTED]
M: [REDACTED]
F: [REDACTED]

Liability limited by a scheme approved under Professional Standards Legislation

Please do not address mail to the street address