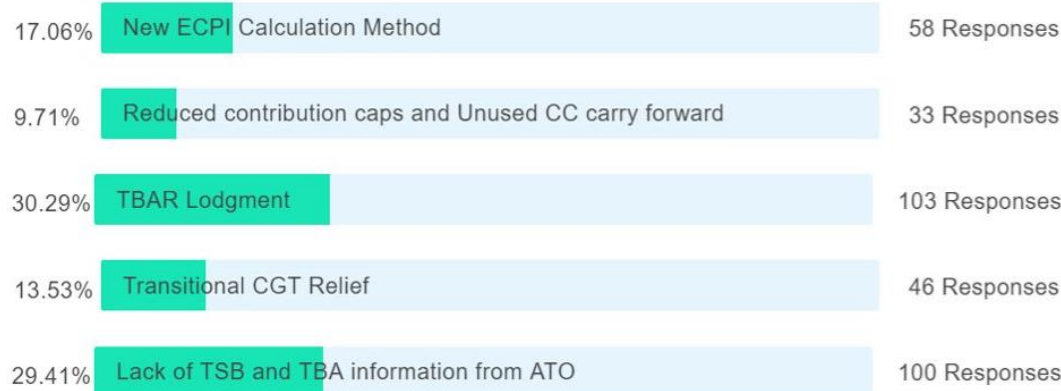# Class Training Webinar – Tax Statement & 2018-19 EOFY Processing in Class

Polling Results
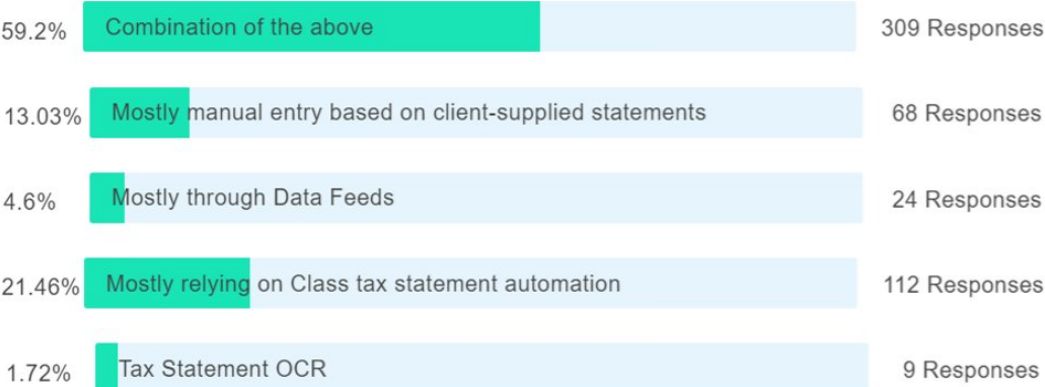
Engagement (polls)

1. What's the biggest challenge in dealing with Super Reform implementation?

17.06%	New ECPI Calculation Method	58 Responses
9.71%	Reduced contribution caps and Unused CC carry forward	33 Responses
30.29%	TBAR Lodgment	103 Responses
13.53%	Transitional CGT Relief	46 Responses
29.41%	Lack of TSB and TBA information from ATO	100 Responses

Engagement (polls)

2. How are you going to handle tax statement processing in Class for FY2019?

59.2%	Combination of the above	309 Responses
13.03%	Mostly manual entry based on client-supplied statements	68 Responses
4.6%	Mostly through Data Feeds	24 Responses
21.46%	Mostly relying on Class tax statement automation	112 Responses
1.72%	Tax Statement OCR	9 Responses

Q&A

No.	Question	Answer
1	If a member has a total super balance (TSB) of more than $500K, should we still track his/her concessional contribution cap if they are onboarding to Class from 30 June 2019?	If a member has a TSB over $500K as at the 30 June 2019 and the fund is transited to Class with the 30 June 2019 book closed date, the unused concessional cap information can still be carried forward even the member can't utilise it for 2019/20FY. Class will keep track of the unused concessional contribution cap information even if it can't be utilised. We recommend you to still track the concessional contribution made in 2019FY in Class. By doing this, the member can potentially make up unused concessional contribution when their total super balance drops below $500K.

This is especially important for any members with TSB close to $500K. |
| 2 | Does Class have a work test declaration report? | No, we don't currently have one. Please complete the feature request form via this link: https://www.class.com.au/feature-request/

It will be forwarded to the product team for consideration. |
| 3 | If the Fund has pre-existing pensions in retirement phase on 30 June 2017 that continue on 1 July 2017, and if there aren't any TBAR events aside from the opening balance of those income streams, can you determine if the Fund is a quarterly or annual reporter for TBAR purposes? | It will be based on the member's total super balance as at 30 June 2017 to determine whether it is a quarterly or annual TBAR reporting fund for the lifetime of the fund.

The whole TBAR regime is event-based reporting, and if there are no more reportable events after 1 July 2017, then there is nothing to report. |
| 4 | The portion for concessional contributions for previous years, shouldn't that be for five years only? I think it's not that clear. | The unused concessional contribution that can be carried forward is on a five-year rolling basis. However, the first year you can accrue any used concessional contribution is from 2018-19 FY, and the first year you can contribute more to make up the unused portion is from 1 July 2019. |

5	If we update the investment and link to a 'directly held' feed, what happens to the portfolio feed that it used to be linked to and the corresponding that gets received?	Wrap/platform providers use a custodian arrangement and an omnibus solution that enables them to issue tax statements directly to the investors. They may apply ratios using methodology different to investors who held the managed funds or listed trusts directly. As per the reason above, we strongly recommend that you review the tax statement templates generated by Class carefully against the actual statement supplied by the wrap/platform provider and make any adjustments where necessary. If you would like to proceed, follow this work-around: - temporarily change the product type of the data feed to 'directly held' via the feed console, or unlink the relevant investment account from the data feed - resubmit the relevant distribution income events (edit/resubmit) - generate the tax statements through tax statement console - compare with the actual report - change the data feed product back to the original type or relink the investment to the data feed. To ensure minimum disruption on the data feed, you MUST complete all the steps above within the same day.
6	How do we find the pension account identifier from a previous accountant or on the new ATO portal?	If you can obtain the TBAR lodgment report from the previous accountant, then it would be the account number of the pension account. Alternatively, if you login into the online services for tax agents, it will be the account number associated with the retirement phase income stream, see page 43 of the ATO's slide.
7	Does an outstanding LRBA amount have to be entered in the tax return or is this optional?	It's an optional field. If you need to enter an amount, make sure the total amount from each member is less than or equal to the total outstanding LRBA borrowing amount. Please refer to the ATO instruction for more information: https://www.ato.gov.au/Super/Sup/2019-SMSF-annual-return---guidance-on-new-labels/

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8	Do all pages of a tax statement need to be scanned or just the front page?	OCR for Tax Statements does not support a consolidated annual tax statement, where the statement covers multiple investments. The individual tax statements should either be separated before attempting OCR, or you should manually enter them.
		However, if there are multiple pages in a single PDF tax statement document for a given security, then you can upload and extract it, it will only pick the relevant information to create tax statement data.
9	On the SCG one, why do we have to send a request - why can't we choose auto generate?	You can choose auto generate. We just used SCG for our demonstration show the process where you can upload a tax statement and raise a support request for a creation of community tax template.
		For SCG, we have already created the community level tax statement template, which you can use it to auto-generate the tax statement.
		For the ones Class has yet to obtain for the community level tax statement template, then you should upload a statement and raise a support ticket with us, it will assist our crowdsourcing effort.
10	Why does Class use the distributions and dividends for platform assets from data provided by the Platform? I realised, for example, data from Hub24, and Praemium is often wrong. This can be changed by getting the data from the Platform since the Platform data is already reconciled, we wouldn't have to do the same in Class.	The ideal situation would be where the wrap/platform provider sends us the data that perfectly matches their issued tax statement, unfortunately none of the wrap/platform providers have upgraded their systems to handle AMIT properly within their data feeds. Hence the tax statement data often comes into Class with incomplete or inaccurate information.
		We are working with all of the wrap/platform providers to improve their data quality on tax statements. Unfortunately, it is a time-consuming task and requires each provider to invest in their systems and processes as well.
11	In relation to Wrap accounts, we don't receive the individual investment tax statements, just a consolidated wrap tax statement. I have noticed Class receives some of the individual tax statements via the wrap, for those that are missing do we use	OCR for Tax Statements does not support annual tax statements issued by a Wrap/Platform. You can only upload and extract data from tax statements issued for directly held securities or held through broker accounts (e.g. CommSec, BellDirect).
		If templates are missing and the underlying securities are supported, then if you can upload a statement. It will

	Class' Tax Statement Console to process? What do we do if Class doesn't have a template tax statement?	assist our crowdsourcing effort, i.e. this will allow us to create a template more quickly.
12	The differentiation between Peppa & George converting from TRIS to Retirement Phase in Jan & March compared to starting Retirement Phase Income Stream on 01 June 2019 in Piggy Super Fund example Our understanding is that after the TRIS conversion into a retirement phase, the member must draw out a minimum pension to obtain full tax exemption on the earnings. Why is the ECPI % between 01 March 2019 and 1 June 2019 100%?	This is correct, in the example, I have already processed minimum drawdowns for the respective pension account around 15 June 2019. The downsizer contribution in the case study was made on 31 May 2019. Therefore, from 1 March 2019 (after George converted his TRIS) to 30 May 2019, the fund became effectively "deemed segregated" until the receipt of the downsizer contribution. After both members used the money to start a new retirement income streams from 1 June 2019, again the fund became "deemed segregated".
13	If Peppa & George did not start a retirement phase income stream on 01 June 2019, would the ECPI % still be 100% from 1 March 2019 and beyond until they start a retirement phase income stream, say this does not happen until 2021 just as an example. As regards the downsizer contributions of $300k each, this will trigger an accumulation phase; the question here is will the commencement of retirement phase income stream on 01 June 2019 be a reportable TBAR event?	If Peppa & George did not start a retirement phase income stream on 1 June, then the fund is unsegregated. Therefore, the actuarial percentage will be calculated taken into account of the accumulation balance of $300K each; the actuarial % will most likely be lower. Yes, in the case study, the two TRIS conversion events, and commencement of two retirement phase income streams (from 1 June 2019) are all reportable events for TBAR purposes.
14	What is the best way to obtain external balances for our members so that we can update in Class?	The best way to obtain that information is from ATO. Unfortunately, due to privacy restrictions, generally you must be the tax agent for the member's return to access such information via online services for tax agents.

15	When a member uses the bring-forward rule (BFR) does this automatically update the non-concessional cap amount or does this need to be done manually. If done manually, does this automatically carry forward the next year (until the 3yrs is up) or is this manual also?	Once you have confirmed member's BFR (e.g. let's say $250,000 was made prior 30 June 2018), the remaining $50K will be carried forward in Class automatically for the next two years, assuming this member meets all the criteria to make the NCC in the given financial year.
16	Could I have a copy of the tax statement processing windows used in the examples so that I can match against the tax statements provided in the case study? I found this section was covered very quickly & I didn't get to compare the entries.	These are available via the links in the webinar recording email.

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