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| **EXPOSURE DRAFT** |

Inserts for

Treasury Laws Amendment Instrument 2024: Successor fund transfers and capped defined benefit income streams

[Commencement: day after registration

Schedule 1—Amendments

Income Tax Assessment (1997 Act) Regulations 2021

1 At the end of Subdivision 294‑B

Add:

294‑25.03 Credit in transfer balance account—capped defined benefit income streams: transfers to successor funds

(1) For the purposes of item 5 of the table in subsection 294‑25(1) of the Act, a transfer balance credit arises under this section in your transfer balance account if you start to be the retirement phase recipient of a capped defined benefit income stream (the ***new stream***) in the following circumstances:

(a) the new stream arises as a direct result of the payment of an involuntary roll‑over superannuation benefit to a successor fund by a fund that provided a capped defined benefit income stream (the ***old stream***);

(b) you were a retirement phase recipient of the old stream immediately before the transfer;

(c) as part of the transfer, all superannuation income stream benefits cease to be payable from the old stream;

(d) because all superannuation income stream benefits cease to be payable from the old stream, the old stream stops being a superannuation income stream that is in the retirement phase;

(e) because the old stream stops being a superannuation income stream that is in the retirement phase, a transfer balance debit arises in your transfer balance account under item 6 of the table in subsection 294‑80(1) of the Act in respect of the old stream.

(2) The amount of the credit is the amount of the transfer balance debit mentioned in paragraph (1)(e).

(3) The credit arises on the day you start to be the retirement phase recipient of the new stream.

(4) For the purposes of subsection 294‑25(3) of the Act, item 2 of the table in subsection 294‑25(1) of the Act does not apply to a superannuation income stream if a transfer balance credit arises under this section in respect of the superannuation income stream.

2 In the appropriate position in Chapter 7

Insert:

Part 1000‑5—Transitional matters relating to the Treasury Laws Amendment Instrument 2024

1000‑5.01 Application of amendments

Section 294‑25.03 applies if:

(a) you start to be the retirement phase recipient of the new stream on or after the commencement of this section; or

(b) both:

(i) you started to be the retirement phase recipient of the new stream on or after 1 July 2017 and before the commencement of this section; and

(ii) the amount of the transfer balance debit referred to in paragraph 294‑25.03(1)(e) is less than the special value, on the day you start to be the retirement phase recipient of the new stream, of the new stream.