

16 January 2026

The Treasury
Langton Crescent
PARKES ACT 2600

Email: superannuation@treasury.gov.au

Dear Sir/Madam,

Submission regarding the Better Targeted Superannuation Concessions (BTSC) bills exposure draft

The Financial Advice Association Australia¹ (FAAA) welcomes the opportunity to provide feedback on the Better Targeted Superannuation Concessions bills exposure draft ('Exposure Draft').

The FAAA is the peak association for the financial advice profession and represents over 10,000 members. The introduction of a tax on higher superannuation balances is of particular interest to the FAAA membership as it will affect the financial advice our members provide to their clients.

General observations

The FAAA remains supportive of a higher tax rate applying to the investment earnings of high superannuation account balances and welcomes the Government's revised position resulting from the considerable feedback from the financial services industry, including the financial advice profession. The FAAA supports:

- removing the concept of taxing unrealised gains from the proposal.
- indexing the relevant thresholds (the *large superannuation balance threshold* of \$3 million and the *very large superannuation balance threshold* of \$10 million) with CPI.
- deferring the commencement date to 1 July 2026.

While the release of the Exposure Draft is appreciated, how Division 296 tax will operate will not be entirely clear until the proposed supporting regulations are released for consultation. The FAAA requests that the Treasury release the proposed regulations as soon as possible.

FAAA recommendation – align indexation

We note that the *large superannuation balance threshold* and the *very large superannuation balance threshold* ('Division 296 thresholds') are proposed to be indexed to the Consumer Price Index in \$150,000 and \$500,000 increments respectively. This is consistent with the indexation of the general transfer balance cap. The FAAA is supportive of this proposal.

¹ The Financial Advice Association of Australia (FAAA) is the largest association representing the financial advice profession in Australia, with over 10,000 members. It was formed in 2023 following the merger of the two leading financial planning/advice bodies in Australia – the Financial Planning Association (FPA) and the Association of Financial Advisers (AFA). With this merger, a united professional association that advocates for the interests of financial advisers and their clients across the country was created.

However, paragraph 1.32 of the Exposure Draft Explanatory Materials indicates that the timing of the indexation of the general transfer balance cap and the Division 296 thresholds may not be aligned.

The FAAA recommends, for simplicity reasons, that these thresholds be indexed at the same time. This may be achieved by defining:

- the *large superannuation balance threshold* to be 1.5 times the general transfer balance cap
- the *very large superannuation balance threshold* to be 5 times the general transfer balance cap.

When the general transfer balance cap indexes in a \$100,000 increment, automatically the Division 296 thresholds will index also, by the increments referred to above (\$150,000 and \$500,000 respectively).

This proposal will help the financial advice profession and the superannuation industry generally by having a consistent ratio between the three thresholds, removing a small but important amount of unnecessary complexity, consistent with the Government's goal to remove onerous red tape that adds to the cost of advice with no benefit to consumers.

FAAA recommendation – a level playing field between small superannuation funds (including SMSFs) and wrap-style platform superannuation funds

The FAAA notes the different approaches in the Exposure Draft between small superannuation funds and other superannuation funds (i.e. large APRA-regulated funds) with respect to the calculation of *taxable superannuation earnings* under the transitional arrangements.

Wrap-style platform superannuation funds typically have the systems functionality to determine the tax position at the individual account level, similar to the administration of SMSFs. The FAAA therefore believes that wrap-style platform superannuation funds should also have the option under the transitional arrangements to treat the market value of an asset as at 30 June 2026 as the cost base for Division 296 CGT purposes.

As far as is practically possible, a level playing field should be enabled across all superannuation funds.

The actuarial certificate requirement would be unnecessary for wrap-style platform superannuation funds, as they are able to operate on a segregated basis, unlike SMSFs in many cases.

This measure will help maintain neutrality between these types of superannuation funds and discourage tax-outcome driven transfers of superannuation balances between them.

Other implementation considerations – financial adviser access to the ATO Portal

The introduction of the Transfer Balance Cap, Total Superannuation Balance and imminent introduction of BTSC means direct knowledge of the range of client superannuation accounts, taxable income and superannuation contributions is crucial to avoid the risk of providing inappropriate financial advice. The BTSC reforms will increase the importance of a financial adviser monitoring and responding to clients potentially impacted by the Div 296 tax. This information is readily available in the ATO Portal, however financial advisers do not have access to the ATO Portal, despite being recognised tax advisers.

The FAAA recommends the Government make further practical changes to assist with the implementation of existing and proposed superannuation tax policy by enabling financial adviser access to the ATO Portal. Streamlined adviser access (subject to appropriate protections) will reduce cyber threats, the risk of inappropriate financial advice and administration time and costs. Further details can be found in the Joint Associations Working Group Submission in response to The Treasury Consultation - *Review of Tax Regulator Secrecy Exceptions* 28 February 2025.

Please contact me on (02) 9220 4500, or via sarah.abood@faaa.au, if you have any questions or if we can provide further information on any of the points raised.

Yours sincerely,



Sarah Abood

CEO

Financial Advice Association Australia