

Collectable & personal use assets – These are the rules



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Rule changes were introduced on 1 July 2016 relating to SMSF ownership of collectible and personal use assets by SMSFs. These new rules also apply to assets acquired and owned prior to this date.

The types of assets that are covered by these requirements are outlined in the SIS Act and the rules pertaining to the ownership and usage are covered in SIS regulations.

The assets covered include:

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| • Artwork | • Rare folios, manuscripts and books memorabilia |
| • Jewelry | • Wine or spirits |
| • Antiques | • Cars |
| • Artefacts | • Recreational boats |
| • Coins | • Memberships of sporting or social clubs |
| • Medallions and bank notes | • Other assets used or kept primarily for person use or enjoyment (excluding land). |

With most physical or non-financial assets, there are several steps that need to be verified for ownership, compliance with the superannuation legislation and satisfaction for audit. These can be categorised as:

- Proof of acquisition
- Proof or recognition of ownership
- Associated transaction aspects including income production or capital appreciation and costs of maintenance
- Confirmation the asset or its acquisition does not breach the superannuation investment standards
- Confirmation the asset conforms with the SMSF's written investment strategy
- Ongoing valuation of the asset for both accounting and member interest purposes

For collectables, there are a series of additional specific investment standards that are to be met by the SMSF. These are:

- The asset cannot be not leased to a related party
- The asset cannot be stored in a private residence of a related party
- The trustees need to document their decision in relation to asset storage
- The asset must be insured within seven days of acquisition in the SMSF's name except for sporting and social clubs
- The asset cannot used by a related party, and
- If the asset is disposed of to a related party, it must occur at market price as assessed by a qualified independent valuer

Each of these standards carries a separate strict liability penalty.

This will mean that as part of the acquisition of a collectable item, the aspects of storage, usage and insurance will need to be verified and documented to satisfy the auditor.

Further information



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