IMPORTANT

Australian Government

Department of Veterans' Affairs

Under 55 year olds Superannuation Fund Investment Withdrawals Worksheet

From 28 December 2002, the profit rules pertaining to withdrawals from superannuation investments by persons under 55 years of age ceased to apply. Profit is still assessable for affected pensioners prior to that date.

These changes ensure that the provisions that were only applicable to those persons aged under 55 years **cease to apply to all pensioners** from 28 December 2002. It should be noted that these sections still apply to any profit on withdrawals made by persons under the age of 55 years before 28 December 2002. Profit remains assessable up to and including 27 December 2002.

In case pages of this form become separated, please place your name on top of each page.

DVA File Number *(if known)*

Please write in BLOCK LETTERS using a blue or black pen (not pencil).

Name

2. Withdrawal date / /

3. Fund manager

4. Product

Section 1 - Calculation of start date of Assessment period

For a Superannuation Investment withdrawal prior to 55 years of age *(Guide Note 1 refers).*
The start date is the *later* of:

- date of commencement of pension *(if 2 or more years of continuous non-payment prior to latest grant, ignore earlier dates of grant*); or / /
- date the investment was made; or / /
- 1 April 1993 — 1 / 4 / 93

Start date of assessment period *(as calculated above)* **is** / /

Section 2 - Calculation of Gross Assessment Amount

A Value of investment at date of maturity/withdrawal — **A** $

B All earlier amounts withdrawn from the investment during assessment period — **B** $

TOTAL (A+B) $

C Value of investment at start of assessment period *(as per start date in Section 1 above)* PLUS any subsequent additions to the investment — **C** $

D Profit on previous sales/withdrawals from this investment *during the assessment period* - this is the sum of any previous *positive* Box G amounts on this version of the form, and any positive Box N amounts on the old version of this form. — **D** $

TOTAL (C+D) $

E Gross Assessable Amount = (A+B) - (C+D) — **E** $

Section 3 - Partial Sale/Withdrawals

Is this a partial sale/withdrawal?

Yes [ ] - Please complete details below

No [ ] - Please transfer the figure in box **E** from the previous page to box **G** below, then go to Section 4

F Amount being sold | **F** $

G Proportion realised | **F** $ **X** **E** $ **=** **G** $

(F ÷ A) X E | **A** $ (profit/loss realised on sale/withdrawal)

Section 4 - Assessment Period

Start of the assessment period as per Section 1 | / /

End of assessment period (date of withdrawal) | / /

Were there gaps in payment in the assessment period?

Yes [ ] - Please complete details below

No [ ] - Please transfer the figure in box **G** above to box **J** below, then complete item **K**

H Number of whole months in assessment period (not calendar months) | **H** $

I Number of whole months in H during which pension was paid (not calendar months) | **I** $

J Proportion realised (I ÷ H) X G | **I** $ / **H** $ **X** **G** $ **=** **J** $ (assessable amount)

K Fortnightly amount (J ÷ 26) | **K** $

Examiner | Date / /

Guide to the Under 55 year olds Superannuation Fund Investment Withdrawals Worksheet

Application of the Sheet

1. The worksheet is to be used for withdrawal from a Superannuation Fund/Bond, Approved Deposit Fund (ADF) or Deferred Annuity (DA) where the owner had not attained 55 years of age at the date of the withdrawal.

Underlying Principles

2. The principle underlying this sheet is that increases in the value of an investment while pension (including Centrelink pensions or benefit/allowance) was paid, should be treated as income for 12 months from the date the investment is realised or until the person attains 55 years of age, whichever happens first. The legislative basis for this procedure is contained in section 46R of the VEA.(Repealed effective from 28 December 2002).

3. The increase in the value of an investment is claculated by adding the value of the investment at the date of the withdrawal to all earlier amounts withdrawn (A + B), and deducting the value of the investment at the start of the assessable period (C). Previously realised profits, on which income has already been assessed (D) are also deducted, otherwise those profit amounts would be counted twice. The profit to be assessed on a total withdrawal (E), is therefore (A + B) - (C + D).

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4. If only part of the investment is withdrawn, the realised profit or loss must be scaled down proportionally - i.e. if only half of the investment is cashed on only half of the capital gain (profit) is being realised.

Assessable Periods

5. Where pension was not paid for the whole of the assessable period, the profit or loss to be taken into account must be reduced proportionally - if the investor had gaps in receipt of pension resulting in pension only being paid for 30 months out of an assessable period of 40 months, only 3/4 of the realised profit would be treated as income.
6. The assessable period does not include any periods prior to a gap of two years or more during which pension was not paid. If the non-payment gap is less than 2 years, use the earliest date of grant in determining the start date of the assessment period.
7. Where a married couple who are joint owners of an investment have different dates of grant, use the earliest date as the date of commencement of pension for both clients in determining the start date of the assessment period.
8. Where one partner only is qualified for pension and other partner is the sole owner of the investment, and where the non-qualified partner withdraws from a Superannuation Investment prior to 55 years of age, there is no assessable period. This means no income can be assessed.
9. Where it becomes evident that earlier withdrawals have been made in the assessment period without advising the Department, separate withdrawal worksheets should be prepared for each withdrawal, beginning with the earliest, if appropriate, overpayments should be raised. Details of past transactions should be requested.

Items on the Sheet

10. The items on the sheet should be completed as follows:

Item A This is the value of the investment at the date of realisation, including the amount now being realised.

Item B This is the total amount withdrawn from this investment *during the assessable period* excluding periodical distributions of income or dividends.

Item C This is the value of the investment at the start of the assessable period plus any additional amounts invested during the assessable period. Includes contributions made by the individual or their employer.

Item D This is the net total of all earlier realised capital profits (positive amounts) <u>during the assessment period</u>. It includes amounts assessed in the past as a result of calculations such as this one even though 12 months may not have elapsed since the calculation. It also includes amounts which should have been assessed but for Departmental oversight or failure to notify (see 9 above).

Item E this is the profit liable to assessment on sale/withdrawal as per point 3 above. Even if a loss has occurred the worksheet should be completed (see Item J).

Item F This is the part of the investment now being withdrawn/sold, after deducting expenses such as fees or brokerage, but before any tax has been deducted.

Item G This is the part of the profit or loss which has been realised on this withdrawal/sale.

Item H This is the number of whole months in the assessment period. Count months from date to date commencing at the start of the assessment period, e.g. 7 April to 6 May = one whole month; 7 April to 5 May = nil whole months. Do not use whole calendar months e.g. all of April or all of May.

Item I This is the number of whole months that pension was received during the assessable period. Count whole months as defined in Item H above.

Item J This is the assessable amount from the withdrawal. If this is a profit, it should be held as income for 12 months from the date of realisation or until the person attains 55 years of age, whichever happens first. If this is a loss (a negative amount) it can be offset against any profits calculated using this form (or the old form D2702) but only for the overlapping period (ie. for 12 months from the date of realisation or until the person attains 55 years of age, whichever happens first). The profit/loss should be held even if the whole investment is realised.

Item K This is Item J converted to a fortnightly amount.

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