

KnowHow

Early access to your super – coronavirus

23 July 2020

A number of measures have been put in place to support Australians in response to the Coronavirus. This includes broadening early access to superannuation savings under compassionate ground - coronavirus.

Am I eligible to access my super under compassionate ground - coronavirus?

To be eligible, you must meet one of the following conditions at the date you apply:

- you're unemployed
- you're eligible to receive Jobseeker Payment, Youth Allowance (jobseekers), Parenting Payment, Special Benefit or Farm Household Allowance
- on or after 1 January 2020, you were made redundant, your hours of work reduced by at least 20%, or if you're a *sole trader*, your business was suspended, or your turnover reduced by at least 20%.

You'll also be able to make a withdrawal where you're an employee of your own company or family trust and your working hours have decreased by at least 20%.

You need to be an Australian citizen, permanent resident of Australia or New Zealand to apply. Temporary residents were eligible to apply for a release in 2019/20, but are not eligible to apply for a payment in the 2020/21 financial year.

You don't need to provide any evidence of your eligibility at the time you apply, but it is important to understand that before submitting an application, you'll be required to make a declaration that you meet the eligibility rules. The Australian Taxation Office (ATO) has reminded individuals that there are a number of mechanisms it uses to cross-check data to determine whether claims were made incorrectly, and that the ATO may request this evidence in the future. This includes tax returns, reporting from automated payroll systems, super fund reporting, and data from Services Australia. Significant financial penalties may apply for making false statements.

How much can I access under this measure?

The temporary measure enables access to two lump sums of up to \$10,000 each, with a maximum withdrawal amount of \$10,000 per financial year. The first access request needed to be made by 30 June 2020.

Applications to release up to \$10,000 for the 2020/21 financial year can be made from 1 July to 31 December 2020.

You're also able to nominate how much you'd like (up to the \$10,000 limit) and if you have multiple funds, you can also nominate more than one fund from which to draw this amount (up to a maximum of \$10,000 in total).

Only one application can be made in each financial year. Once it has been made it also cannot be varied.



This means that if the amount nominated is less than \$10,000 you cannot:

- make a subsequent application to top-up that amount, and
- request a larger amount in the subsequent period.

For example, if you only applied for release of \$8,000 in the 2019/20 financial year, a second application can't be made to top up this amount in the same financial year. You also can't rollover the additional amount to access this financial year. The only additional amount you could withdraw this financial year is up to \$10,000 with your application lodged by 31 December 2020.

How do I apply?

Applications can be made directly to the ATO. You do not apply to your super fund and your super fund is not able to initiate the process. The application can be made online through MyGov. A MyGov account can be setup online and the ATO can be contacted if you need assistance.

Applications for the 2020/21 financial year can be made from 1 July 2020 until 31 December 2020. It is important that applications are received before the cut-off date even though the actual payment may occur after that time.

Once you have made an application, it cannot be varied. The ATO may allow you to revoke an application due to genuine error or mistake. The ATO would consider individual circumstances to make this assessment.

Application process – things you need to do

Actions	Details
<p>Establish a MyGov account with the ATO (unless you already have this)</p>	<p>Instructions for setting up your account is available on my.gov.au. Read the instructions and ensure you have the necessary information that support establishing the account. The ATO can be contacted to assist you establishing your account. Once in MyGov, it is then necessary to set up with the ATO.</p> <p>For more information about how to apply via MyGov, see 'KnowHow: How to apply for early super access – coronavirus'.</p>
<p>How much to withdraw?</p>	<p>Decide how much you wish to withdraw in relation to the application up to the maximum amount of \$10,000.</p>
<p>Nominate which super fund</p>	<p>The ATO provides a list of available super funds that you can elect to have the amount released. You can nominate an accumulation account, but not a pension account. You can nominate more than one fund to make a withdrawal from but the total cannot exceed \$10,000.</p> <p>The account balance shown for this list of funds may be different to the current account balance. However, you cannot nominate a super amount that is held by the ATO.</p>
<p>Bank account details</p>	<p>The ATO will request bank account details that the payment will be directed. This needs to be provided and does not rely on any bank account details that the ATO or super fund already holds.</p>
<p>Declaration</p>	<p>The ATO will ask you to make a declaration that you are eligible (see above) to receive the payment. Before you provide this declaration, the ATO provides a warning if a false declaration is made and that penalties may apply.</p>



Receive ATO determination and receive payment	<p>With all the necessary information, the ATO will make a determination. This includes checking that you have not previously lodged an application for the same period. If successful, the determination will be sent to yourself and directly to the nominated superannuation fund(s).</p> <p>However, if you have an SMSF, the ATO will send you the determination and you'll need to provide this to the fund trustee.</p> <p>Once the fund has received the determination, payment needs to be made as soon as possible.</p>
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Taxation and social security issues

The payment from your super fund is tax-free. You also do not need to include the amount in your tax return which means your super fund will not provide you with a PAYG summary. For social security purposes, the actual withdrawal will not impact your entitlement. However, if you place the funds in a bank account or other assessable asset, it will be assessed under the income and assets tests which may impact your entitlement. It is important to notify Services Australia or Department of Veterans' Affairs of any change in your circumstances that could impact your payment within 14 days.

Can I access any more funds from my superannuation?

Early access to superannuation may be granted under:

- severe financial hardship, and/or
- compassionate grounds.

These measures are separate to the compassionate ground – coronavirus outlined above. If you are eligible under these other early access options, you could access additional amounts from your super funds. However, these measures have their own eligibility criteria. Speak to your financial adviser if you wish to discuss your ability to access your super under these other provisions.

Next steps

For more information, speak to your financial adviser or visit the ATO website (www.ato.gov.au).

Important information

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