



## Post COVID updates to valuing assets in SMSF's

The Australian Taxation Office (ATO) has recently updated its website guidance in respect to Reg 8.02B of the Superannuation Industry (Supervision) Regulations 1994 due to the impact of COVID-19 on properties held in SMSF's. Under Reg 8.02B it is the trustee's responsibility to provide documents to the auditor to support the valuation of asset on the financial statements. Prior to the update to Reg 8.02B in 2012, it was enough for the trustee to provide evidence every three years. This was updated to require the trustee to revalue and provide evidence every year. In the case of real property, if the assets represent a significant portion of the fund's assets, the trustee is encouraged to use a qualified independent valuer. Alternatively, the ATO suggest the evidence could be in the following forms:

- Kerbside appraisals from Real Estate Agent
- Contract of sale if asset was purchased during the year being audited
- Recent sales in the vicinity of the property
- Rates notice
- Net income yield

In most cases the auditor will expect to see a combination of the above.

### Impacts of COVID-19

The ATO's updated website guidance indicates that any accepted evidence dated prior to COVID-19 should no longer be relied on if the asset has been impacted. The trustee should gather new evidence and consider whether or not the asset needs to be revalued for the 2020 audit. This could mean a valuation obtained in December 2019, even if from a qualified independent valuer, may now be obsolete. The ATO have advised that if the trustee finds it difficult to meet the evidence requirements above, the auditors should consider qualifying PART B of the audit report and lodge an Auditor Contravention Report. If the ATO accepts that the breach is due to the difficulty in the trustee collecting the appropriate evidence, there will be no penalty to the trustee.

If you or your clients are unsure about how COVID-19 has impacted the valuation of any properties in their SMSF's it is important that you seek advice prior to sending the fund off to the auditor.

More information about the ATO's update to their website can be found here -

<https://www.ato.gov.au/Super/Sup/Regulation-8-02B-and-evidence-required-to-support-real-property-valuations/>

If you are interested in reading Reg 8.02B of the Superannuation Industry (Supervision) Regulations 1994 - <https://www.legislation.gov.au/Details/F2020C00827>

