

SMSFs MUST TREAD A CAREFUL PATH

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Self-managed super funds can buy property from related parties but they are better off paying market rates and behaving as if at arm's length, a superannuation legal expert has said.

Maria Siu, special counsel on Superannuation for Townsends Business and Corporate Lawyers, said there had been renewed interest in super fund borrowing as SMSFs become more sophisticated.

They may be tempted to give their fund a special deal, for example a cheap interest rate, or by selling property below market value.

But they must conduct their business as if they are at arm's length just as if they were two strangers in the market.

Siu said when transferring property into SMSFs, it was important for trustees to keep good records and to follow due process, for example by getting a professional property valuation.