

No penalties for asset valuations if insufficient evidence

In the meantime, the ATO has stated that it will not impose penalties if it is satisfied that SMSF trustee finds it difficult to obtain the required valuation evidence for fund assets due to the impacts of COVID-19.

"If we are satisfied this was due to the impacts of COVID-19, the contravention will not result in penalties," the ATO says. "Instead the trustee will receive a letter from us advising them to ensure they comply with our valuation guidelines and have supporting valuation evidence by the time of their next audit if possible, as repeated contraventions can lead to penalties."

The rules state that it is not the auditor's role to determine the market value of the fund's assets but that it is the trustee's responsibility to provide documents requested by their auditor which supports the market valuation for their assets. This is the area that is subject to ATO leniency for the COVID-19 conditions.

The ATO does advise however that auditors should consider the need to modify their audit report and lodge an auditor/actuary contravention report (ACR), if necessary, during the 2020 and 2021 financial years. The ACR should include the reasons why the trustee was unable to obtain the appropriate evidence.

