Date: 06 October 2025

The Trustees

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Dear Trustees,

dbdfbdfb Audit for the Year ended **06-10-2025**

We are writing to inform you that I have completed the audit of the **dbdfbdfb**.

We remind you that the responsibility for the preparation of the financial report, including adequate disclosure, and compliance with the Superannuation Industry (Supervision) Act 1993 (“SISA”) and Regulations is that of the Trustee(s) of the superannuation fund...

Internal Controls

Our audit procedures are designed primarily to assess, on a selection basis, whether the financial report is fairly stated...

PRELIMINARY

PLM-2 ATO Compliance Action Penalties

The ATO can impose on trustees of self-managed superannuation funds (‘SMSF’), the following compliance powers:

Education directions.

Rectification directions.

Administrative penalties.

Further, where Trustees have not complied the superannuation laws, the ATO can:

Impose Enforceable undertaking(s).

Disqualify Trustee(s).

Seek Civil and Criminal penalties.

Allowing the SMSF to wind up.

Issue a Notice of Non-Compliance.

Freeze SMSF assets.

The ATO does not distinguish between ‘active’ and ‘passive’ trustees when applying compliance action, but they can consider these matters when it comes to remitting penalties.

In practice, the ATO issues penalties where they detect contraventions of the Superannuation Industry (Supervision) Act 1993 (Cth) (‘SISA’) or Superannuation Industry (Supervision) Regulations 1994 (Cth). The ATO is generally made aware of contraventions via the fund’s auditor, who is obliged to report all contraventions that meet the reporting thresholds.

Where the contraventions come to the attention of the ATO, the ATO can impose the following penalties on trustees.

Administrative Penalties

Under Section 166 of the SISA, the ATO can impose administrative penalties including:

Lending to members of regulated superannuation fund: 60 penalty units.

Borrowing: 60 penalty units.

In-house asset rules: 60 penalty units.

Duty to keep minutes: 10 penalty units.

Duty to keep records of change of trustee: 10 penalty units.

A penalty unit is currently $210 but increases with the consumer price index. For example, 60 penalty units are currently $12,600.

Where an administrative penalty is imposed, individual trustees or directors of corporate trustees are personally liable. Therefore, the penalty cannot be paid or reimbursed from assets of the fund. Directors of corporate trustees are jointly and severally liable to the penalty.

The ATO has the discretion to remit penalties in part or in full. The circumstances where the ATO will not

remit administrative penalties include the more serious cases, such as:

Indicators of ongoing non-compliance.

The trustees' unwillingness to recognise the issue and engage with the ATO; or

Where it has remitted a penalty previously.

Trustees may object to the ATO's decision not to remit or not to remit in full the administrative penalty by seeking a review of the ATO's decision. Broadly, a review of the ATO's decision usually means that the matter is then referred to and adjudicated by the Tribunals or the Courts.

Other Penalties

The ATO has the power to disqualify people where it is concerned with the actions of an individual or their suitability to be a trustee. When deciding whether to disqualify a trustee, the ATO will consider how serious the contraventions are, how many contraventions have occurred and how likely it is that they will continue to be non-compliant.

An individual may be disqualified as a trustee for not being a 'fit and proper person'.

The ATO also has the power to issue a notice of non-compliance where there are serious contraventions of the superannuation laws. A fund remains non-compliant until a notice of compliance is given to the fund. Note, that a non-complying superannuation fund will lose its concessional tax treatment.

Further, a large tax bill is typically issued to the fund (by the ATO) in the year of non-compliance. The ATO states:

"… in the year that it becomes non-complying, a self-managed super fund includes in its assessable income an amount equal to the market value of the fund's total assets less any contributions the fund has received that are not part of the taxable income of the fund".

The ATO can also seek a civil penalty order by making an application to the Courts, particularly for severe contraventions of the law. Civil penalty provisions may also be relevant where the ATO's decision regarding an administrative penalty is subject to review.

PLM-3 The Auditor's Responsibility Under Section 129

Our responsibility is to express an opinion of the financial report(s) (incl. the Statement(s) of Financial Position and Operating Statement(s) of the , within the context of the Superannuation Industry (Supervision) Act 1993 and Regulations.

Under **SIS Act Section 129,** we are required to bring to your attention any matters that require remedial action and request that you take such action. Where remedial action is not adequately carried out by the Trustee(s), we are **legally bound** to advise the Australian Taxation Office that these matters have not been adequately addressed.

Matters for the Trustees' Attention

Matter 1 -

Matter 2 -

Matter 3 -

Audit for the Year Ended 06-10-2025

Part A – Financial Report

Please note there were no financial reportable matters arising during the audit...

Part B – Compliance Report

Please note there were no compliance reportable matters arising during the audit...

To conclude the audit, I require payment of the enclosed tax invoice for the audit fee of $XXX.

Should you have any queries, please contact me.

Yours faithfully,



Saul SMSF
David Geoffrey Saul CA
Director