



# SMSF investing

Detailed information about investing and self-managed super funds.

## SMSF investing in crypto assets



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29 June 2022

Acquiring crypto assets

Investment strategy and a fund's governing rules

Ownership and separation of assets

Valuation of crypto assets

Related-party transactions

Sole-purpose test

Pension or benefit payments

## Acquiring crypto assets


While SMSFs are not prohibited from investing in crypto assets, the investment must:

- be allowed under the fund's trust deed
- be in accordance with the fund's investment strategy
- comply with the same regulatory requirements as apply to other investments – as set out in the Superannuation Industry (Supervision) Act (SISA) and Superannuation Industry (Supervision) Regulations (SISR).

For tax purposes, **crypto assets** are not a form of money but are capital gains tax (CGT) assets.

We strongly encourage SMSFs to seek independent professional advice before investing in crypto assets.

When acquiring or disposing of crypto assets, SMSFs must also **keep full records** of their crypto transactions.

For more information on the nature of crypto assets and the risks of investing in them, see [ASIC's Money Smart website](#) .

## Investment strategy and a fund's governing rules

An SMSF's **investment strategy** outlines its investment objectives and specifies the types of investments it can make. Before investing in crypto assets, SMSF trustees and members should consider the level of risk of the investment. Trustees and members may then review and, if necessary, update their fund's investment strategy to ensure the investment being considered is permitted.

Trustees and members also need to ensure that investments in crypto assets are allowed under the SMSF's trust deed.

For more information on the requirements of the SMSF's investment strategy in the SISR, see **Reg 4.09 SISR: Operating standard – Investment strategy**.

## Ownership and separation of assets

The super laws require trustees and members to ensure their fund's assets are held separately from personal assets.

An SMSF's crypto assets must be held and managed separately from the personal or business investments of trustees and members. This includes ensuring the SMSF has clear ownership of the crypto assets. This means the fund must maintain and be able to provide evidence of a separate crypto wallet for the SMSF from that used by trustees and members personally.

For more information on the separation of assets requirement in the SISR, see **Reg 4.09A SISR: Operating standard -- money and other assets to be kept separate (Self Managed Super Funds)**.

## Valuation of crypto assets

SMSFs must ensure their investments in crypto assets are valued in accordance with **ATO valuation guidelines for SMSFs**. The value in Australian dollars will be the fair market value which can be obtained from a reputable digital currency exchange or website that publishes its rates publicly.

The value of crypto assets can change constantly. For the purpose of calculating member balances at 30 June, the ATO will accept the 30 June closing value published on the website of a crypto exchange that reports on historical crypto values.

## Related-party transactions

With certain exceptions, SMSFs are prohibited from intentionally acquiring assets from related parties. The exceptions include listed securities and business real property, when acquired at market value. Crypto assets are not 'listed securities' so don't fall within the exceptions. Therefore, crypto assets cannot be acquired from a related party.

It follows that SMSF trustees and members – being related parties of the fund – can't make *in specie* contributions or other transfers of crypto assets to the fund.

## Sole-purpose test

An SMSF must be maintained for the sole purpose of providing retirement benefits to trustees and members, or to their dependants if a member or trustee dies before retirement.

It is unlikely that an SMSF will meet the sole-purpose test if trustees or members, directly or indirectly, obtain a financial benefit when making investment decisions and arrangements. For example, it may be a breach of the sole-purpose test where affiliate fees or commissions associated with the fund's crypto asset investment are paid to a trustee or member personally.

## **Pension or benefit payments**

Where a trustee or member satisfies a condition of release, the SMSF can make an *in specie* lump sum payment by way of transfer of crypto. The transfer of crypto assets amounts to a **crypto transaction** and a CGT event happens.

Pension payments to trustees or members, however, must be made in cash.

Trustees and members will need to consider the fund's trust deed and any CGT implications associated with the transfer of assets such as crypto assets.

## **Voluntary disclosures**

If trustees or members believe they may have breached the super laws, they should work with their professional advisers to rectify the breach as soon as possible. They should also consider making a voluntary disclosure using the **SMSF early engagement and voluntary disclosure service**.

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