

SMSF BORROWING — RELATED PARTY LOAN TERM ALTERATION

Firm ordering (if applicable):

Person ordering:

Street address:

Postal address (if different):

Phone:

Fax:

Email:

Tick here if we are to invoice the SMSF's trustee, otherwise, our invoice will be addressed to you. Unless the SMSF trustee completes our costs document (see page 3), we will ultimately look to you for payment.

TIME SAVING TIP

If DBA Lawyers drafted the existing limited recourse borrowing arrangement ('LRBA'), enter the code on the front of our covering letter: _____ : _____ and then go straight to heading 'Terms of the loan to change'.

COPY OF DOCUMENTS (only relevant if DBA Lawyers did not draft the original)

If DBA Lawyers did NOT draft the original LRBA please provide a copy of:

- the SMSF's latest trust deed
- the loan agreement
- the bare/holding trust deed and
- any other relevant documentation.

NAME OF FUND (borrower)

Name of SMSF here:

SMSF COMPANY TRUSTEE

Company name:

ACN:

Registered office:

Full names of all directors

T1

T2

T3

T4

OR, SMSF INDIVIDUAL TRUSTEES

T1

Full name:

Street address:

T2

Full name:

Street address:

T3

Full name:

Street address:

T4

Full name:

Street address:

COMPANY BARE TRUSTEE

Company name:

ACN:

Registered office:

Full names of all directors

BT1	T1? <input type="checkbox"/>	BT2	T2? <input type="checkbox"/>
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BT3	T3? <input type="checkbox"/>	BT4	T4? <input type="checkbox"/>
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OR, INDIVIDUAL BARE TRUSTEES

BT1	Full name:	T1? <input type="checkbox"/>
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BT2	Street address:	T2? <input type="checkbox"/>
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BT2	Full name:	T2? <input type="checkbox"/>
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BT2	Street address:	
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DETAILS OF LENDER

trustee of a related trust name of trust: _____
 related company
 SMSF member(s)
 other natural person(s)

COMPANY DETAILS

Company name:

ACN:

Registered office:

Full names of all directors

LT1	T1? <input type="checkbox"/>	LT2	T2? <input type="checkbox"/>
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LT3	T3? <input type="checkbox"/>	LT4	T4? <input type="checkbox"/>
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OR, INDIVIDUAL(S) (if applicable)

LT1	Full name:	T1? <input type="checkbox"/>
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LT2	Street address:	T2? <input type="checkbox"/>
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LT2	Full name:	T2? <input type="checkbox"/>
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LT2	Street address:	
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SPECIAL INSTRUCTIONS

TERMS OF THE LOAN TO CHANGE	
Which terms are to change and what will be the new terms?	
Alter this term?	What the new term is to be (don't complete if the term is to remain the same)
<input type="checkbox"/>	Type of loan: principal and interest <input type="checkbox"/> interest only <input type="checkbox"/>
<input type="checkbox"/>	Interest rate is: fixed <input type="checkbox"/> variable <input type="checkbox"/>
<input type="checkbox"/>	Interest rate*: _____ % per annum
<input type="checkbox"/>	Penalty interest rate (eg, normal interest rate + 2%): _____
<input type="checkbox"/>	Term (eg, 7 years): _____
<input type="checkbox"/>	Repayments: monthly <input type="checkbox"/> quarterly <input type="checkbox"/> other:
<input type="checkbox"/>	When should changes take effect? prospectively (when alteration documents are signed)? <input type="checkbox"/> retrospectively (upon commencement of loan) <input type="checkbox"/>
<input type="checkbox"/>	Other: _____ (please specify)
* The interest rate must be certain and capable of being worked out by a third party. For example, it could be expressed as a percentage (eg, x %) or as a benchmark that is readily understood (eg, RBA cash target rate + x %).	

RISKS
<p>Previously the ATO released a number of private binding rulings suggesting that related party loans with favourable terms would not cause non-arm's length income.</p> <p>In ATO ID 2015/27 and 2015/28 the ATO confirmed that related party loans on non-commercial terms would give rise to non-arm's length income being taxed at the highest personal tax rate.</p> <p>Those who are concerned might consider changing the terms of the related party loan to ensure that the parties are in the same position they would have been in had they dealt at arm's length.</p>

WHAT'S IN THE PACKAGE?
<p>The package includes a detailed covering letter, resolutions, deed of variation of loan agreement, and a generic memo discussing the 'ins and outs'. Please note that mortgage, charge or security documents are not included in the package and will need to be ordered separately through your preferred provider.</p>

FEES & TERMS OF ENGAGEMENT	
DOCUMENTS ONLY	
Where DBA Lawyers drafted the original loan	\$
First arrangement	880
Second arrangement	770
Third arrangement	660
DBA Lawyers did NOT draft the loan	
First arrangement	1,760
Second arrangement	1,540
Third arrangement	1,320
ADVICE	
<p>As a law firm DBA Lawyers is not licensed to provide financial product advice under <i>the Corporations Act 2001</i> (Cth). DBA Lawyers is only engaged when you provide DBA Lawyers a copy of this form. The terms of our engagement are set out here www.dbalawyers.com.au/costs_document.pdf. By completing this form, you are instructing DBA Lawyers to provide documentation to implement your above instructions and not to provide advice. LRBAs are sophisticated arrangements, which can give rise to various issues, such as SIS compliance issues, income tax (including CGT and division 7A), stamp duty, GST and much more. If instructed in writing, DBA Lawyers would be pleased to provide advice. As noted above, DBA Lawyers does not prepare mortgage documents and does not attend to conveyancing or registration of mortgages.</p>	