



What is limited recourse borrowing?

A regulated superannuation fund (RSF) is prohibited from borrowing money or maintaining a borrowing of money. In the limited circumstances where borrowing is permitted, it is referred to as a limited recourse borrowing.

What is the trustee?

The trustee is a person or company responsible for the administration of the RSF, as stated in the trust deed.

What is the custodian?

The custodian is the person or company, other than the RSF trustee, who acquires property using money provided by the RSF trustee. The custodian is registered as the freehold owner on the certificate of title.

What duty is payable?

The following are dutiable transactions under the [Duties Act 2001](#):

1. the initial transfer of the property to the custodian;
2. the declaration of trust made by the custodian (whether this occurs before or after the transfer of the dutiable property); and
3. the transfer of the property from the custodian to the trustee of the RSF after the limited recourse borrowings have been repaid.

What transaction type do I use when entering the transaction into TRO?

A limited recourse borrowing arrangement consists of three (3) dutiable transactions:

Dutiable transaction 1: *Initial Transfer*

- The transfer instrument effects the first transaction when the property is purchased.
- Enter that document in TRO using the Duty Transaction *Property transaction* (see next page for details).

Dutiable transaction 2: *Declaration of Trust over Property*

- The second transaction is the declaration of trust where the custodian declares that it is holding the property on trust for the RSF.
- Enter that document in TRO using the Duty Transaction *Trust* (see next page for details).

Dutiable Transaction 3: *Transfer of Property to the Trustee of the RSF*

- The transfer instrument effects the third transaction when the property is transferred from the custodian to the trustee of the RSF.
- Enter that document in TRO using the Duty Transaction *Property transaction* (see next page for details).

Are there any concessions or exemption applicable?

In the guideline, [Limited Recourse Borrowing Arrangements - Transfers from custodian trustees](#), see details under the headings i) The declaration of trust, and ii) The final transfer.

If a concession or exemption applies to your circumstances, the [Documentary evidence requirements guideline](#) sets out the supporting documentation required.

Entering transaction 1 in TRO

Initial transfer

Enter this transaction in TRO as a *Property Transfer*.

1. On the *Transferee information* screen, enter the *Entity type*.
2. Continue entering the following data:
 - a. *Trust name*: name of the RSF.
 - b. *Trust type*: enter 'Superannuation'.
 - c. *Foreign trust*: is the RSF a foreign trust?
 - d. *Trustee type*: the custodian details (company or individual).
3. Complete the remaining screens.
4. **Self-endorse the transaction or submit it to the SRO for approval.**

Transferee information

Transferee tenancy type: Single transferee

The tenancy type of the transferees in the property following transfer. If the transaction relates to multiple titles, you should check the tenancy type is the same across all titles. If it is not, select 'Varied across titles'.

If there are multiple transferees, select a transferee entity type, enter the details and then click 'Add another'. You can enter additional details about the entity on the next page.

Entity type: Trust

Trust details

Remove this party

Trust name: Smith Tas Superannuation Fund

Trust type: Superannuation

Is this a foreign trust as defined in the Duties Act?: No

Trustee type: Company

Company name: Smith Tas Custodian Pty Ltd

Add this trustee Cancel this trustee

Entering transaction 2 in TRO

Declaration of trust over property - Fixed Beneficiary

Enter this transaction in TRO as a *Trust over property - Fixed beneficiary*.

1. On the *Trust information* screen enter the:
 - a. *Declaration date*: for the Trust.
 - b. *Trust name*: the name of the Bare Trust.
 - c. *Trustee type*.
 - d. *Company name*.
2. Click on the *Add this trustee* button.
3. *Settlor information* screen: enter details of the trustee of the RSF.
4. *Beneficiary information* screen: enter details of the RSF.
5. Complete the remaining screens.
The dutiable value will be the greater of the consideration or the unencumbered value of the property held in trust.
6. **Submit this transaction to the SRO for approval.**

Trust information

Declaration date

Trust name: 2 Luxton Drive Hobart Bare Trust

Trustee type: Company/Organisation/Foreign corporation

Company name: Smith Tas Custodian Pty Ltd

Add this trustee Cancel this trustee

Settlor information

Remove this party

ACN

ABN

ARBN

Other client identifier

Company/organisation name: Smith Tas Trustee Pty Ltd

Beneficiary information

Entity type: Trust

Trust name: Smith Tas Superannuation Fund

Add another Cancel

Entering transaction 3 in TRO

Transfer of property to the Trustee of the RSF

Enter this transaction in TRO as a *Property Transfer*.

1. Complete the *Transferor information* screen with the RSF details (show the custodian as trustee).
2. Complete the *Transferee information* screen.
 - a. *Trust name*: name of the RSF.
 - b. *Trust type*: enter 'Superannuation'.
 - c. *Foreign trust*: is the RSF a foreign trust?
 - d. *Trustee type*: details of the trustee of the RSF.
3. Complete the remaining screens.
4. **Self-endorse the transaction or submit it to the SRO for approval.**

Transferee information

Trust details

Remove this party

Trust name: Smith Tas Superannuation Fund

Trust type: Superannuation

Is this a foreign trust as defined in the Duties Act?: No

Trustee type: Company

Company name: Smith Tas Pty Ltd

Add this trustee Cancel this trustee

Frequently Asked Questions

Q. What evidence must be included with 'Transaction 2 - Declaration of Trust' when it is submitted to the SRO?

A. Refer to the [Documentary evidence requirements guideline](#).

Q. What evidence is required to be provided with 'Transaction 3 - Transfer of property to the Trustee of the RSF' when it is submitted to the SRO?

A. Refer to the [Documentary evidence requirement guideline](#).

Q. If the RSF has repaid the loan, is an exemption or concession available?

A. In some instances, a concessional rate of duty may be applicable where the RSF has repaid the loan to the lender. Refer to [section 39](#) or [section 46](#) of the [Duties Act 2001](#).

Q. I have an unnamed bare trust. How should I record it in the 'Trust name' field?

A. Enter the property address and the words 'Bare Trust' in the Trust name field.
For example, 2 Luxton Drive Hobart, Bare Trust.

Q. I need to submit the transaction to the SRO for assessment with supporting evidence. Am I able to attach it to the transaction in TRO?

A. Yes. Upload the evidence in TRO.

Reminder: the combined file size of attachments should not exceed **50MB**.

If your documents exceed the limit, upload them in smaller batches using the 'transactions mail' function in TRO. The process is set out in the 'Initiate' section at the bottom of page one of the TRO User fact sheet [No. 1 - Communicating using the TRO portal](#).