



Self-managed super funds

Collectables and personal-use assets

Collectables and personal-use assets are things like artworks, jewellery, vehicles, boats and wine. Investments in such items must be made for genuine retirement purposes, not to provide any present-day benefit. So collectables and personal-use assets can't be:

- leased to, or part of a lease arrangement with, a related party
- used by a related party
- stored or displayed in a private residence of a related party.

In addition:

- your investment must comply with all other relevant investment restrictions, including the sole purpose test
- the decision on where the item is stored must be documented (for example, in the minutes of a meeting of trustees) and the written record kept for at least 10 years
- the item must be insured in the fund's name within seven days of the fund acquiring it
- if the item is transferred to a related party, this must be at market price as determined by a qualified, independent valuer.

For collectables and personal-use assets that you held before 1 July 2011 you have until 30 June 2016 to comply with these rules.

On this page:

- [Definition of collectables and personal use assets](#)
- [Definition of private residence](#)
- [Display or storage at business premises](#)
- [Leasing and selling artworks](#)
- [Storing wine](#)
- [Use of motor vehicles](#)
- [Insurance](#)
- [Keeping records for your auditor](#)
- [Valuation](#)

Definition of collectables and personal use assets

Collectables and personal use assets are:

- Artwork – including paintings, sculptures, drawings, engravings and photographs
- jewellery
- antiques
- artefacts
- coins, medallions or bank notes
 - coins and banknotes are collectables if their value exceeds their face value
 - bullion coins are collectables if their value exceeds their face value and they are traded at a price above the spot price of their metal content
- postage stamps or first-day covers
- rare folios, manuscripts or books

- memorabilia
- wine or spirits
- motor vehicles and motorcycles
- recreational boats
- memberships of sporting or social clubs.

Definition of private residence

A private residence includes all parts of a private dwelling (above or below ground), the land on which the private residence is situated and all other buildings on that land, such as garages or sheds.

Display or storage at business premises

Collectables and personal-use assets can't be displayed at the business premises of a related party because this means they are being used by the related party. For example, if your SMSF invests in artwork it can't be hung in the business premises of a related party where it is visible to clients and employees.

However, you can store collectables and personal-use assets in premises owned by a related party, such as a purpose-built storage facility, provided the premises are not part of the private residence of the related party and the assets are not on display. Remember to keep a record of the reasons for deciding on where to store the assets.

Leasing and selling artworks

Your SMSF can lease artwork to an art gallery provided the gallery is not owned by a related party and the lease is on arm's-length terms.

The artwork must be insured in the name of your SMSF, even if the art gallery has its own insurance policy.

Lease arrangements can be formal or informal arrangements under which a person uses or controls the artwork and include arrangements where no rent is payable to the fund in exchange for the use of the artwork.

Artworks can be sold to a related party provided the sale is at a market price as determined by a qualified independent valuer.

If your fund acquired the artwork before 1 July 2011 and sells it before 1 July 2016, the transaction does not need to be supported by a valuation determined by a qualified independent valuer. However, the transaction must still take place on arm's length terms.

Storing wine

If your fund acquired the wine on or after 1 July 2011 it must not be stored in the private residence of any related party. If your fund acquired the wine before 1 July 2011, you must ensure that the wine ceases to be stored at the private residence of a related party before 1 July 2016.

Use of motor vehicles

If your SMSF owns a motor vehicle, such as a vintage car, related parties can't drive it for any reason – not even for maintenance purposes or to have restoration work done – because this constitutes use of the asset. However, a person who is not a related party can drive the vehicle for such a purpose.

Insurance

Collectables and personal use assets purchased by the fund must be insured in the name of the fund within seven days of the purchase.

As part of the decision to invest in collectables, you need to consider the availability and cost of insurance. If your fund has made the investment and you find you can't obtain insurance, contact both your fund's approved auditor and the ATO to try to rectify the situation.

Your fund's collectables and personal use assets may be insured under separate policies or collectively under the one policy, but it must be in the name of the fund. You can't, for example, insure the assets as part of a trustee's home and contents insurance.

If you acquired a collectable or personal use asset prior to 1 July 2011, you must insure it in the name of the fund prior to 1 July 2016 to comply with the rules.

Keeping records for your auditor

The auditor of your fund must obtain sufficient appropriate evidence on which to base their audit opinion. This may include evidence about where collectables and personal use assets are stored, documentation about the decision for storing them, insurance cover information and any lease documentation. If a related party receives an interest in an item, the auditor may seek verification that the transaction was conducted at market price, as determined by a qualified independent valuer.

Valuation

If your SMSF transfers a collectable or personal use asset that was acquired on or after 1 July 2011 to a related party of the fund, it is required to be done at market value as determined by a qualified independent valuer.

A valuer will be qualified either through holding formal valuation qualifications or by being considered to have specific knowledge, experience and judgment by their particular professional community.

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations. A valuer is independent if they are independent of the interests of the fund. This means that the valuer should not be a member of the fund or a related party of the fund (for example, an investment partner). If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.


If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

[Valuation guidelines for self-managed super funds](#)

Copyright notice

© Australian Taxation Office for the Commonwealth of Australia

You are free to copy, adapt, modify, transmit and distribute this material as you wish (but not in any way that suggests the ATO or the Commonwealth endorses you or any of your services or products).

 If your fund is having difficulty complying with the rules for investments in collectables and personal use assets, contact us and