



ATO Update

New Fuel Tax Credit rates

On 3rd February 2020, the fuel tax credit rates increased as part of the ATO's six monthly indexation.

Please note that the relevant date is the acquisition date of the fuel, and not when you paid for the fuel.

Below are the fuel tax credit rates for fuel purchases up until 2nd February 2020, and then the new rates that apply from 3rd February 2020. The rates are shown in cents per litre (cpl):

	Heavy vehicles (GVM > 4.5T) travelling on a public road	Off public roads/ Agriculture
5/8/19 to 2/2/20	16.0cpl	41.8cpl
NEW 3/2/20 to 30/6/20	16.5cpl	42.3cpl

Single Touch Payroll (STP) developments

Treasury has finished consulting on draft legislation that expands the data that may be collected through STP by the ATO.

The legislation, if enacted, will broaden the amounts that employers can voluntarily report under the STP rules, to include employer withholding of child support deductions from salary or wages and child support garnishee amounts from salary or wages that are paid to the Child Support Registrar.

Amendments will also be made to ensure that if employers choose to report under STP to the Commissioner of Taxation, they do not also have to report the amounts to the Child Support Registrar.

STP Registration Reminder

The ATO has advised that over 580,000 small employers have made the transition to STP reporting, and they are encouraging any business that have not registered for STP to do so now.

They will also send reminders to small employers who are registered but are not yet reporting through STP.

With Harvest Over It's Time To Consider Your Tax Planning Options

- ◆ Farm Management Deposits;
- ◆ Asset protection & Business structures;
- ◆ Debt reduction and financing;
- ◆ Deferring income;
- ◆ Bringing forward expenses;
- ◆ Purchasing:
 - Equipment under \$30,000;
 - Fodder storage and other assets;
 - Fencing, drainage and yards.

Please make an appointment if you would like BCH to review your trading results and discuss planning options.

Staff Update

To assist you with planning appointments we wish to advise of the following staff members work changes:

Cherese Mackley

Cherese will be away from Wednesday 13th May until Friday 29th May 2020. She will return to work on Monday 1st June 2020.

Justin Rethus

Justin will be away on leave from Monday 27th April until Monday 11th May 2020. He will return to work on Tuesday 12th May 2020.

Dallas Landwehr

Dallas will be away from Thursday 11th June until Friday 19th June 2020. He will return to work on Monday 22nd June 2020.

Thinking About Changing Business Structures?

If you are looking to grow your business, you may need to think about changing your business structure. There are four main business structures:

- ◆ Sole trader
- ◆ Partnership
- ◆ Company
- ◆ Trust

Each structure has different reporting requirements, so it is important that you understand the obligations for your business type.

In particular, if you change from a sole trader to a company or trust, then your business becomes a separate legal entity from you. Make sure that you:

- ◆ Report income for the correct entity;
- ◆ Account for private use of business assets, eg. the company car;
- ◆ Keep private expenses separate to the business expenses;
- ◆ Maintain separate business and personal bank accounts;

You must keep records of any decisions that you make that affect your tax or superannuation affairs, including if you change business structures.

Dallas or Cherese at our office are more than happy to do a review of your business structure.

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Superannuation Guarantee Amnesty

Parliament has approved an amnesty on unpaid Superannuation Guarantee for employees – this is the compulsory superannuation paid on ordinary staff wages (currently 9.5%).

The amnesty will finish in six months after Royal Assent. The six month period will start very soon. After the amnesty, significantly higher penalties will apply.

What Does the Amnesty Apply To?

- ◆ The amnesty applies to superannuation payable for any quarter between 1 July 1992 and 31 March 2018.
- ◆ It does not apply if the ATO is/has already started investigating/auditing your superannuation compliance for that quarter.

What Are The Benefits?

- ◆ Any payments under the amnesty will be tax deductible (under normal circumstances any superannuation paid late is not tax deductible);
- ◆ No ATO administration fee of \$20 per employee per quarter is payable;
- ◆ ATO penalties between 100% and 200% will be waived;

How Do I Apply?

Apply for the amnesty via the approved ATO form from the ATO website. This form will be available shortly.

What Needs To Be Paid Under the Amnesty?

- ◆ The shortfall of superannuation that should have been paid to each employee, plus;
- ◆ Interest of 10% p.a. from the start of the relevant quarter you have applied for an amnesty, up until it is paid (the ATO amnesty form will calculate this for you). This amount is to reimburse the employee for notional loss of earnings in their super fund;

What Are The Normal Superannuation Payment Due Dates?

Superannuation is payable on behalf of employees on a quarterly basis. If you want to pay more frequently, that is ok. The due dates below are when the superannuation clearing house must receive payment:

- March quarter → due 28th April
- June quarter → due 28th July
- September quarter → due 28th October
- December quarter → due 28th January (no extension until February unlike your quarterly BAS lodgements)

We recommend that you pay several days before the due date, especially if the due date falls on a weekend or public holiday.

SMS Scam Targeting Natural Disaster Victims

The ATO is warning the community about a new SMS scam which promises an 8% bonus on 2020 tax returns to victims of recent natural disasters.

The scam text message says: "Due to natural disasters, Australians are entitled to an 8% bonus on their tax return. Please begin the process by filling out the form below. Link: <https://my.gov.validation-digital.com>."

ATO Assistant Commissioner Karen Foat said this is a classic case of fraudsters impersonating the ATO in an effort to collect personal information from people like names, addresses, emails, phone numbers and online banking login details.

This particular scam includes a link to a fake myGov website which looks genuine.

Over the past few years the ATO has seen an increasing number of reports of scammers contacting members of the public pretending to be from the ATO by SMS, email, and phone, and the scammers are becoming more and more sophisticated.

"If you receive an SMS, call, or email and aren't sure if it's genuine, it's OK to not respond."

The ATO does send SMS and emails, and also makes phone calls to taxpayers, but note that the ATO does not project their phone number onto the recipient's caller ID — so people can be sure that, if there's a number on their caller ID, it's not the ATO calling.

ATO Bushfire Crisis Response

In response to the devastating bushfires across large parts of Australia, the ATO has been keen to advise those impacted that it understands peoples' priority is their family and community.

If taxpayers live in one of the identified [impacted postcodes](#), the ATO will **automatically** defer any lodgements or payments, meaning that income tax, activity statement, SMSF and FBT lodgements (and their associated payments) are deferred **until 28 May 2020**.

For those affected not in the current ATO postcodes list, assistance can still be provided, with impacted taxpayers encouraged to phone the **ATO's Emergency Support Infoline** on **1800 806 218**. Alternatively, please contact the BCH Office.

MyGovID

MyGovID is the new way to access the ATO's Online Business Portal. It is different to myGov.

The old way to access the Business Portal was using AUSKey, however AUSKey access will cease after 27th March 2020. Therefore to continue to access the Business Portal after 27th March, we recommend that you register for your myGovID soon.

MyGovID is an app that you download onto your smartphone from the Apple Store for iPhones, or Google Play for Android phones. After the app has been installed it will ask for identity documents that it will cross-reference with other Government departments to confirm who you are, ie. At least two of: driver's licence, Medicare card, passport, birth certificate.

Next the business owner (or listed associate/director) needs to login to Relationship Access Manager (RAM) using their own myGovID to link their business to their myGovID. After the owner has linked their business, they can then give other users (eg. Accounts manager) authorisation to connect to their business on the Business Portal.

Below is a link for steps to follow for myGovID and RAM:

<https://www.mygovid.gov.au/how-do-i-get-set-up> .

For RAM setup, click on "Getting Started" under "Link your myGovID to a business".

Lifestyle Assets Continue To Be An Audit Target

The ATO has revealed it will request a further five years' worth of policy information from over 30 insurance companies about taxpayers who own marine vessels, thoroughbred horses, fine art, high-value motor vehicles and aircraft.

The ATO expects to receive information about assets owned by around 350,000 taxpayers from 2016 to 2020 as part of its data-matching program.

This information (provided by insurers) is intended to be used by the ATO as part of its compliance profiling activities.

For example, ATO Deputy Commissioner Deborah Jenkins said:

"If a taxpayer is reporting a taxable income of \$70,000 to us but we know they own a three million dollar yacht then this is likely to raise some red flags."

She clarified that the data will not be used to initiate automated compliance activity.

"Taxpayers selected for compliance activities are identified through other methodologies. The data is made available to our compliance teams to support their risk profiling of the selected taxpayers. Existence of an insurance policy may or may not prompt the compliance officer to pursue a particular line of enquiry."

Aside from helping identify taxpayers who may be understating their income, the data from insurers may be used by the ATO to identify taxpayers who have made capital gains on the disposal of certain assets but who have not declared this to the ATO.

It will also be used by the ATO to identify incorrect claims for GST input tax credits where taxpayers are incorrectly claiming GST credits as if the (private) item was a business asset.

Additionally, SMSFs the ATO suspects may be acquiring lifestyle assets purely for the personal enjoyment of the fund's trustee or beneficiaries are also likely to be looked at by the ATO.

Insurers are required to provide the ATO with policy information where the value of assets is equal to or exceeds the following thresholds:

- ◆ Marine vessels \$100,000
- ◆ Motor vehicles \$65,000
- ◆ Thoroughbred horses \$65,000
- ◆ Fine art \$100,000 per item
- ◆ Aircraft \$150,000

Ref: ATO website, 18 December 2019

Staff With Annual Salary Arrangements

The Fair Work Commission have brought in new payroll rules for "annualised wage arrangements" that apply from the first pay period that commences on or after 1st March 2020.

Who Do The New Rules Affect?

The new rules affect **full-time employees** who are paid an annual wage (that may be broken up into weekly, fortnightly or monthly payments) under one of the [listed Awards](#), which includes the Clerical, Horticulture and Pastoral Awards.

Part-time and casual employees are not captured under these new rules as they cannot have annual wage arrangements under these Awards.

Importantly, the changes mean that you can continue to pay your staff annualised salaries, as long as their annual wage is high enough to cover the Award entitlements.

What Is Included In Employees' Salary

Employers need to ensure that an employee's annual salary covers payment for:

- ◆ Minimum weekly wages;
- ◆ Allowances;
- ◆ Overtime and penalty rates;
- ◆ Annual leave loading;

This means that employers need to ensure that their employees' annual wage is high enough to cover the Award entitlements that they have included in the arrangement.

For example, an employee's agreement includes 40 hours of standard hours per week, plus allows for 5 hours of overtime per week. However if the employee is averaging 50 hours per week (ie. 10 hours of overtime), the annual wage agreement needs to ensure that the employee is being paid at least the same amount as if their ordinary hours and overtime were calculated under the Award rates.

Annual Reconciliations

Employers are not required to reconcile employee wages against the Award every pay, however they must do so:

- ◆ Every 12 months after the arrangement start;
- ◆ When the arrangement ends;
- ◆ When the employment ends;

Employers have to ensure that their employees have been paid at least the same amount that they would have been paid under the Award if they were not on an annual wage, for **all the hours** they worked.

If an employee's annual wage is less than the Award payments that they would have received, then the employer has to pay them the difference within 14 days.

Other Requirements For Employers

- ◆ Employers are to advise full-time employees what entitlements are included in their annual salary agreement. This may involve the re-issuing of a contract of employment or contract amendment letter for affected full-time employees;
- ◆ Detail the number of ordinary hours and overtime hours an employee can work without receiving an extra payment;
- ◆ Keep records of employee start times, finish times, and unpaid breaks taken;

Source: Fair Work Australia

