

PRACTICE UPDATE

ATO TO BE PROVIDED WITH MORE SUPER GUARANTEE INFORMATION

The Government has announced a package of reforms to give the ATO near real-time visibility over superannuation guarantee (SG) compliance by employers.

The government will also provide the ATO with additional funding for a SG Taskforce to crackdown on employer non-compliance.

The package includes measures to:

- require superannuation funds to report contributions received more frequently (at least monthly) to the ATO, enabling the ATO to identify non-compliance and take prompt action;
- require employers with 19 or fewer employees to transition to single touch payroll ('STP') reporting from 1 July 2019;
- improve the effectiveness of the ATO's recovery powers, including strengthening director penalty notices and use of security bonds for high-risk employers, to ensure that unpaid superannuation is better collected by the ATO and paid to employees' super accounts; and
- give the ATO the ability to seek court-ordered penalties in the most egregious cases of non-payment, including employers who are repeatedly caught but fail to pay SG liabilities

NO SMALL BUSINESS TAX RATE FOR PASSIVE INVESTMENT COMPANIES

The Government has released draft tax legislation to clarify that passive investment companies cannot access the lower company tax rate for small businesses of 27.5% but will still pay tax at 30%, from 1st July 2018.

The amendment to the tax law will ensure that a company will not qualify for the lower company tax rate if 80% or more of its income is of a passive nature (such as dividends and interest).

The Minister for Revenue and Financial Services said the policy decision made by the government to cut the tax rate for small companies was meant lower taxes on business and was not meant to apply to passive investment companies.

NUMEROUS WORK-RELATED EXPENSE CLAIMS DISALLOWED

The AAT has denied a taxpayer's deductions for work-related travel, clothing, self-education and rental property expenses (totalling \$116,068 and \$140,581 for the 2013 and 2014 income year respectively), and upheld the ATO's 50% administrative penalty on the tax shortfall for recklessness.

Apart from being unable to prove (or 'substantiate') some claims due to lack of receipts, and documents being in the wrong name, the AAT also criticised the taxpayer for:

- claiming work-related travel expenses on the basis of the 'gap' between travel expenses reimbursed by her employer and the ATO's reasonable rates (which "was clearly not permissible under any taxation law"); and
- claiming clothing expense for "formal clothes of high class", despite her clothing not being distinctive or unique to her employment at the Department of Finance, and was instead rather conventional in nature (and so was not deductible).

SLS ACCOUNTING

Ground Floor, 35 Ventnor Ave, West Perth WA 6005

P: 08 9322 1689 F: 08 9322 7554

PRACTICE UPDATE

ATO RELIEF FOR SMSFs REPORTING 'TRANSFER BALANCE ACCOUNT' EVENTS

The ATO has announced that, from 1 July 2018, SMSF event-based reporting regarding events impacting a member's transfer balance account (i.e., via a Transfer Balance Account Report) will be limited to SMSFs with members with total superannuation balance of \$1 million or more.

This new reporting is only required if an event that impacts a member's transfer balance account actually occurs (e.g., such as starting an account based pension, or commuting such a pension).

This effectively means that up to 85% of the SMSF population will not be required to undertake any additional reporting with respect to a member's transfer balance cap, outside of current time frames (as SMSFs with members with account balances below \$1 million can choose to simply report events which impact their member's transfer balances when the fund lodges its SMSF annual return).

However, from 1 July 2018, SMSFs that have members with total superannuation account balances of \$1 million or more **will** be required to report any events impacting member's transfer balance accounts within 28 days after the end of the quarter in which the event occurs.

TRUCK DRIVERS' REASONABLE AMOUNTS FOR TRAVEL UPDATED

Following detailed consultation with the transport industry, the ATO has amended their determination for travel expenses for truck drivers. This provides separate reasonable travel allowance expense amounts for breakfast, lunch and dinner for employee truck drivers for the 2017/2018 income year.

The reasonable amount for travel expenses (excluding accommodation) of employee truck drivers who have received a travel allowance and who are required to sleep away from home was originally reduced for 2017/18 to a total of \$55.30 per day, but this daily rate has now been **replaced** with the following amounts for all domestic travel destinations for the 2017/18 income year:

Breakfast	\$24.25
Lunch	\$27.65
Dinner	\$47.70

The amounts for each of these meal breaks are separate and cannot be aggregated into a single daily amount, and amounts cannot be moved from one meal to another (e.g., if the full amount for breakfast is not expended, it cannot be carried over to lunch or dinner).

A driver's work diary (as maintained for fatigue management purposes) can be used to demonstrate when meal breaks were taken.

SLS ACCOUNTING

Ground Floor, 35 Ventnor Ave, West Perth WA 6005

P: 08 9322 1689 F: 08 9322 7554

PRACTICE UPDATE

GST NEWS

The Government has released draft legislation on “improving the integrity of GST on property transactions”, as announced in the 2017/18 Federal Budget.

They intend to amend the GST law so that, from 1 July 2018, **purchasers will withhold the GST** on the purchase price of new residential premises and new residential subdivisions, and remit the GST directly to the ATO as part of settlement.

This is to address tax evasion through “phoenixing arrangements”, where developers collect GST from their customers but dissolve their company to avoid paying it to the ATO.

To provide certainty for contracts that have already been entered into, the draft legislation provides a two-year transitional arrangement – contracts entered into before 1 July 2018 will not be affected as long as the transaction settles before 1 July 2020.

In addition, the GST Act has been amended to ensure that supplies of digital currency receive equivalent GST treatment to supplies of money (particularly foreign currency).

TOOL FOR APPLYING THE MARGIN SCHEME TO A PROPERTY SALE

The ATO is recommending that taxpayers use their recently updated GST *property decisions tool* to work out if GST applies to their property sales.

The tool can be used to determine GST on the sale, lease or purchase of real property, and was recently updated for easier use on mobile devices.

In particular, after providing the relevant information, the tool will generate a GST decision that:

- advises whether GST is payable on a sale;
- estimates the amount of GST payable when applying the margin scheme; and
- advises whether the taxpayer is eligible to claim input tax credits.

NOTE: The ATO does not record any personal information and users will remain anonymous.

PLEASE NOTE: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek advice from SLS to independently verify their interpretation and the information's applicability to their particular circumstances.

SLS ACCOUNTING

Ground Floor, 35 Ventnor Ave, West Perth WA 6005

P: 08 9322 1689 F: 08 9322 7554