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## client alert

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### Single Touch Payroll reporting for small businesses: get ready!

Legislation has recently passed to bring in Single Touch Payroll (STP) reporting for all small employers (with fewer than 20 employees) from 1 July 2019.

STP is a payday reporting arrangement where employers need to send tax and superannuation information to the ATO from their payroll or accounting software each time they pay their employees. For large employers (with 20 or more employees), STP reporting started gradually from 1 July 2018, and until now it has been optional for small employers.

ATO Commissioner Chris Gordon has said he wants to "reassure small business and give my personal guarantee that our approach to extending Single Touch Payroll will be flexible, reasonable and pragmatic".

#### The basics of STP reporting

- With STP reporting, employers no longer need to provide payment summaries to employees for payments reported through STP. Payments not reported through STP, like employee share scheme (ESS) amounts, still need to be reported on a payment summary.
- Employers no longer need to provide payment summary annual report (PSARs) to the ATO at the end of the financial year for STP reported payments.
- Employees can view their year-to-date payment information using the ATO's online services, accessible through their myGov account, or can ask the ATO for a copy of this information.
- Employers need to complete a finalisation declaration at the end of each financial year.

- Employers need to report employees' super liability information for the first time through STP. Super funds will then report to the ATO when the employer pays the super amounts to employees' funds.
- From 2020, the ATO will pre-fill some activity statement information for small to medium withholders with the information reported through STP. Employers that currently lodge an activity statement will continue to do so.

**TIP:** Contact us today for more information about STP for your business.

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### Super guarantee compliance: time to take action

The government's latest initiatives targeting non-compliance with superannuation guarantee (SG) obligations give businesses plenty to think about. With Single Touch Payroll on the way for small businesses, all employers should take time to review their arrangements for paying employees' super.

The government is proposing a 12-month "amnesty" for employers to voluntarily disclose and correct any historical underpayments of SG contributions for any period up to 31 March 2018 without incurring penalties or the usual administration fee. This is provided the ATO hasn't already commenced a compliance audit of that employer. Additionally, employers will be entitled to claim deductions for the catch-up payments they make under the amnesty.

**TIP:** It's an important time for businesses to get their SG affairs in order. If you're an employer with outstanding underpayments of SG contributions, we can assist with the process of making a voluntary disclosure to the ATO.

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## Proposed increase for small business instant asset write-off

Prime Minister Scott Morrison recently announced the government's intention to increase the instant asset write-off already available for small businesses from \$20,000 to \$25,000. Mr Morrison also said that the instant write-off would be extended by another 12 months to 30 June 2020. These measures are expected to benefit more than three million eligible small businesses to access the expanded accelerated depreciation rules for assets costing less than \$25,000.

Labor has previously proposed an "investment guarantee" giving all businesses an immediate 20% tax deduction from 1 July 2020 for any new eligible asset worth more than \$20,000. This would be a permanent accelerated depreciation measure so that businesses could continue to take advantage of an immediate 20% tax deduction when investing in an eligible asset.

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## ATO warns about new scams in 2019

The ATO is warning taxpayers to be alert for scammers impersonating the ATO, using a range of new ways to get taxpayers' money and personal information.

While the ATO regularly contacts people by phone, email and SMS, there are some tell-tale signs that you're being contacted by someone who isn't with the ATO. The ATO will never:

- send you an email or SMS asking you to click on a link to provide login, personal or financial information, or to download a file or open an attachment;
- use aggressive or rude behaviour, or threaten you with arrest, jail or deportation;
- request payment of a debt using iTunes or Google Play cards, pre-paid Visa cards, cryptocurrency or direct credit to a personal bank account; or
- ask you to pay a fee in order to release a refund owed to you.

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## ATO refers overdue lodgments to external collection agencies

The ATO has recently started referring taxpayers with overdue lodgment obligations to an external collection agency to obtain lodgments on the ATO's behalf. External collection agencies will focus on income tax and activity statement lodgments, and referral to an external collection agency doesn't affect a taxpayer's credit rating.

If your case is referred to a collection agency, the ATO will notify you in writing before phoning you or your

authorised contact to negotiate lodgment of the overdue documents and request payment of any debt.

**TIP:** If your tax return or other ATO paperwork is overdue, don't panic! We can help work out what you need to do next, and even make arrangements with the ATO on your behalf.

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## Government consultation on sharing economy reporting

The government has released a consultation paper seeking views on a possible reporting regime to provide information on Australians who receive income from sharing economy websites like Uber, Airtasker, Menulog and Deliveroo.

The ATO and other government agencies currently have limited information about the income of "gig workers" in the sharing economy, and the government's Black Economy Taskforce recently recommended designing and implementing a compulsory reporting regime. Although there are a lot of issues still to consider, including costs and data privacy, a new regime could mean gig platforms, payment processors or even banks may soon need to report to the ATO and other agencies on gig workers' income.

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## Extra 44,000 taxpayers face Div 293 superannuation tax

An extra 44,000 taxpayers have been hit with the additional 15% Division 293 tax for the first time on their superannuation contributions for 2017–2018. This is because the Div 293 income threshold was reduced to \$250,000 for 2017–2018 (it was previously \$300,000).

Individual taxpayers with income and super contributions above \$250,000 are subject to an additional 15% Div 293 tax on their concessional contributions.

Taxpayers have the option of paying the Div 293 tax liability using their own money, or electing to release an amount from an existing super balance, which means completing a Div 293 election form.

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## Company losses "similar business test" Bill passes

Legislation originally introduced in March 2017 to supplement the "same business test" with a more relaxed "similar business test" has finally been passed. The test will be used to work out whether a former company's tax losses and net capital losses from previous income years can be used as a tax deduction for a new business in a current income year. It also is relevant to whether a company joining a consolidated group can transfer its losses to the head company of the consolidated group.

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**Important:** Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.