

Tax update

DECEMBER 2021

Super now follows new employees

The ATO is reminding employers that, from 1 November 2021, there is an extra step they may need to take to comply with the choice of super fund rules.

If a new employee does not choose a super fund, most employers need to request the employee's stapled super fund details from the ATO to avoid penalties. A stapled super fund is an existing super account that is linked, or 'stapled', to an individual employee so it follows them when they change jobs.

When a new employee starts, employers need to:

- offer eligible employees a choice of super fund
- if a new employee does not choose a fund, the employer must request stapled super fund details using [Online services for business](#) and
- pay super contributions into one of the following:
 - the super fund they choose
 - the stapled super fund the ATO provides if they have not chosen a fund, or
 - the employer's default fund (or another fund that meets the choice of fund rules) if the employer cannot pay into the two above.

ABN 'intent to cancel' program

The ATO is reviewing Australian business numbers (ABNs) to identify potentially inactive ABNs for cancellation and has introduced a new automated process to enable taxpayers (or their tax agents) to confirm if their ABN is still required via a secure voice response system.

An ABN may be selected if the taxpayer has not reported business activity in their tax return or there are no signs of business activity in other lodgements or third-party information.

The ATO reminds taxpayers that any income earned under an ABN needs to be reported in their tax return, regardless of the amount. By keeping their tax obligations up to date, the ATO can see they are actively conducting a business, so their ABN should not be cancelled.

Backpacker tax may not apply to some backpackers

The High Court has held that the 'working holiday maker tax' (known as the backpacker tax) did not apply to a taxpayer on a working holiday visa from the United Kingdom who was also an Australian tax resident, because of the application of the double tax agreement between Australia and the UK.

The ATO response notes the decision is only relevant where a working holiday maker is both an Australian resident for tax purposes and from Chile, Finland, Japan, Norway, Turkey, the UK, Germany or Israel.

Working holiday makers who may potentially be affected by the decision are encouraged to check the ATO website for updated guidance before lodging or amending a return or lodging an objection.

Employers should continue to follow rates in the published withholding tables for working holiday makers until the ATO updates its website with further guidance.

The ATO says a working holiday maker's residency status for tax purposes is determined by the taxpayer's individual circumstances, but most working holiday makers will be non-residents (consistent with their purpose of having a holiday in Australia and working to support that holiday).

Beware of scams

Scamwatch is warning that scams cost Australian consumers, businesses and the economy hundreds of millions of dollars each year and cause serious emotional harm to victims and their families.

Cryptocurrency scams are the most 'popular' type of investment scam, accounting for more than 50% of losses. Often the initial investment amount is low (\$250-\$500) but the scammers pressure the person to invest more over time before claiming the money is gone or ceasing communication and blocking access to the funds.

All age groups are losing money to investment scams, but over-65s have lost the most – \$24 million this year.

Some simple steps individuals can take to protect themselves (and their businesses) are:

- Never give any personal information to someone who has contacted you.
- Hang up and verify the identity of the person contacting you by calling the organisation directly — find them through an independent source, such as a phone book, past bill or online search.
- Do not click on hyperlinks in text or social media messages or emails, even if it appears to be from a trusted source.
- Go directly to a website through a browser (for example, to reach the MyGov website, type 'my.gov.au' into the browser).
- Search for reviews before purchasing from unfamiliar online traders.
- Be wary of sellers requesting unusual payment methods.
- Verify any request to change bank details by contacting the supplier directly.
- Consider a multi-factor approval process for transactions over a certain dollar amount.
- Never give a stranger remote access to your computer, even if they claim to be from a telco company, such as Telstra.

Managing business cash flow

The ATO has issued a reminder to businesses that paying regular attention to their record-keeping and reporting tasks will help them better manage cash flow and enable future planning.

The best way to ensure a business has enough cash available to meet its tax and other obligations is to do a cash flow budget or projection. That information will help the business to:

- see its likely cash position at any time
- identify fluctuations that may lead to potential cash shortages
- plan for tax payments
- plan for any major expenses, and
- provide lenders with information.

Accounting for income and expenses can help keep a business running smoothly, by giving it an overview of when it can expect money to come in and when it may go out, and highlighting where the business may need to direct its money.

The ATO provides resources about record keeping for business and there is information on business.gov.au about how to create a budget and how to improve a business's financial position.

Data-matching program: Services Australia benefits and entitlements

The ATO has advised it will acquire Medicare exemption statement data for about 100,000 individuals from Services Australia for the 2021 financial year through to the 2023 financial year inclusively and compare it with claims made by taxpayers on their tax returns.

Please note: Many comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice from Advisory Partner to independently verify their interpretation and the information's applicability to their particular circumstances.