Tax update

September 2022

More Covid-19 business grants are now tax-free

The Federal Government has expanded the list of state and territory Covid-19 grant programs that may be tax-free to eligible businesses.

A state or territory government Covid-19 grant payment will generally be tax-free if:

1. the payment is received under a grant program that is formally declared to be an eligible program
2. the recipient conducted a business and had an aggregated turnover of less than $50 million in the income year the payment was received, or in the previous income year, and
3. the payment was received in the 2021 or 2022 income year.

The following Victorian and ACT Covid-19 grant programs have been declared eligible grant programs for these purposes:

- Business Cost Assistance Program round two – top up (Victoria)
- Business Cost Assistance Program rounds three, four and five (Victoria)
- Business Cost Assistance Program round four – construction (Victoria)
- Commercial Landlord Hardship Fund 3 (Victoria)
- Impacted Public Event Support Program round two (Victoria)
- Licensed Hospitality Venue Fund 2021 – top up payments (Victoria)
- Live Performance Support Program (Presenters) round two (Victoria)
- Live Performance Support Program (Suppliers) round two (Victoria)
- Homefront 3 (ACT).

ATO reminder about appointing an SMSF auditor

The ATO is reminding trustees of self-managed super funds (SMSFs) they need to appoint an approved SMSF auditor no later than 45 days before lodging their fund's SMSF annual return (for example, for the 2022 income year). Importantly, an audit is required even if no contributions or payments were made to or from the SMSF in the financial year.

The ATO says: "Don't risk approaching an auditor the day before you need to lodge as it will result in an overdue lodgement. Approved SMSF auditors are an important part of your lodgement and reporting obligations. They review your fund's financial statements and ensure you're complying with super law."

Super comparison tool updated

The YourSuper comparison tool helps individuals compare MySuper products and choose a super fund that meets their needs. It ranks products' performance by fees and net returns.

Each year, the Australian Prudential Regulation Authority (APRA) assesses the performance of each MySuper product and that information is displayed in the comparison tool. Updated information for the 2022/23 year is now available.

The comparison tool provides one of the following results for each MySuper product:

- Performing – the product has met or exceeded the performance test benchmark.
- Underperforming – the product has not met the performance test benchmark.
- Not assessed – the product had less than five years of performance history and has not been rated by APRA.

Individuals who are members of underperforming MySuper products will receive correspondence to notify them of the underperforming status.

Individuals can access a personalised version of the tool to view and compare their existing MySuper products by doing the following:

- Log in to ATO online services through myGov.
- Go to the 'Super' drop-down menu and select 'Information', then select 'YourSuper comparison'.

To access a non-personalised version of the tool (without logging into myGov), visit ato.gov.au/yoursuper.

Small business tax incentives back on the table

The Federal Labor Government has confirmed its commitment to implementing two tax incentives aimed at supporting small businesses to train and upskill employees and improve their digital and tech capacity.

The Technology Investment Boost and the Skills and Training Boost were announced in the 29 March 2022 Federal Budget but remain unlegislated. Small businesses with an annual turnover of less than $50 million can claim a 'bonus' 20% deduction for eligible expenditure on:

- external training of employees until 30 June 2024, and
- the uptake of digital technologies until 30 June 2023.

The incentives will be backdated to 29 March 2022.

Please note these incentives are not yet law. If you have spent, or are considering spending, on training or digital technology, please contact Advisory Partner for an update.

Rental properties and second-hand depreciating assets

The ATO is reminding taxpayers with residential rental properties to take care when making claims for 'second-hand depreciating assets' used in their properties.

In most cases, these are items that existed in the taxpayer's property when they purchased it, or were in their private residence (which they later rented out), such as:

- flooring and window coverings
- air conditioners, washing machines, alarm systems, spas, pool pumps, and
- items used for both the rental property and the taxpayer's own home.

Since 1 July 2017, taxpayers generally cannot claim the decline in value of second-hand depreciating assets (some limited exceptions apply). However, the rule does not apply to a property that was rented out before that date or if it is newly built or substantially renovated (conditions apply).

If you have a residential rental property, to help us get your claim right, please answer the following:

- When did you purchase the property?
- Was it a new or existing build?
- Did you live in the property before renting it out?
- When did you start renting the property?
- Was the asset already in the rental property when you bought it?
- Is the property used for business purposes?