

Tax update

October 2022

Banking business income to private accounts

The ATO has said it has “no concerns” with business owners banking their business takings or other sales in private accounts, but that may become an issue if the income isn’t reported.

The ATO therefore suggests a good way to avoid that problem is to establish a separate business bank account and only deposit sales and other business income into it, which can help with record keeping and monitoring the business’s cash flow.

The ATO uses many tools to identify income earned and check if it matches income reported, and reminds taxpayers that business income includes all sales, whether cash or electronic (for example, internet sales), and they must all be reported on the business’s tax return (and any earnings for services the business provides).

If you are unsure about what income you need to declare, please contact Advisory Partner.

‘Talking tax’ with new workers

The ATO reminds employers with new employees that employees can complete TFN declarations through [ATO online services](#), which is an easy way for them to provide both their employer and the ATO with the information needed.

If a new employee has a myGov account linked to the ATO, they can:

- access ATO online services
- go to the ‘Employment’ menu, and
- select ‘New employment’ and complete the form.

This sends the TFN declaration details straight to the ATO, so the employer doesn’t have to.

Employees will need their employer’s ABN to complete the form and, once it’s submitted, need to print it and give their employer the summary of their tax details so the employer can input the data into their system.

If an employer’s payroll software can link to the online forms, it will automatically receive new employees’ information from the ATO, saving them time spent entering the information manually.

Employers can also use the ‘New employment’ form to collect a range of information contained in other forms, and employees can use it to authorise variations to amounts to be withheld from their pay for tax or the Medicare levy, or to advise of their choice of super fund.

They can also use it to update their tax circumstances with their employer, for example, if their residency status changes or they are claiming the tax-free threshold from a different employer.

However, employers can continue to use their current processes, including providing a paper TFN declaration where employees can’t create a myGov account or don’t have internet access.

How the myGov update affects taxpayers

Clients using myGov will see it has been updated with a new look and more features.

When signed in to myGov, you might receive notifications through ‘Payments and claims’ from other government services, such as Centrelink.

However, the ATO has said it will not communicate using that feature. Instead, the ATO will continue to send messages to the myGov inbox, and to tax agents on behalf of their clients, if that’s their communication preference.

Therefore, clients don't need to do anything different, and can still:

- find myGov at the same website address (my.gov.au)
- sign in using their current sign-in details, and
- have access to all their linked services, including the ATO.

Input tax credits denied due to late BAS lodgements

The Administrative Appeals Tribunal has found a partnership's entitlement to \$16,361 of input tax credits claimed for the quarterly periods of 1 July 2012 to 31 March 2017 had ceased by the time the associated BASs were lodged with the ATO on 21 June 2021, and the ATO therefore did not need to pay the taxpayer a refund. The GST Act's operation means that, unless an extension of time to lodge a BAS has been granted before the expiry of four years after the day on which it was required to be given to the ATO, the entitlement to input tax credits immediately ends. The ATO has no discretion with that.

Valuing fund assets for SMSFs' annual returns

The ATO has reminded SMSF trustees about their obligations to value assets annually.

Trustees managing SMSFs are responsible for valuing the fund's assets at market value. It must be done every income year, so the ATO knows the SMSF has complied with super laws.

An asset's market value is the amount someone could be reasonably expected to pay if the asset was for sale.

Asset valuations will be reviewed by the fund's approved SMSF auditor as part of the annual audit before lodgement of the SMSF's annual return (SAR). The auditor will check that assets have been valued correctly and assess and document whether the basis for the valuation is appropriate, given the nature of the asset.

Trustees are reminded to get valuations done before they go to the auditor to streamline the process and avoid delays. It is the trustee's responsibility to provide objective, supportable evidence to the auditor for the asset valuation, including all documents the auditor requests.

Failure to do so could delay the fund's audit and cause potential late lodgement of the SAR (and could result in a contravention if the auditor believes mistakes have been made).

The ATO suggests trustees start researching now to find who can value the fund's assets and what evidence is needed to support the valuation, as that can take time. In some instances, the law requires valuations to be conducted by a qualified, independent valuer.

Super guarantee contribution due date for September 2022 quarter

The due date for employers to make super guarantee contributions for their employees for the September 2022 quarter is 28 October 2022.

Varying PAYG instalments

The ATO reminds taxpayers they can vary their pay as you go (PAYG) instalments, if they think the amount they pay now will be more or less than their expected tax liability for the year, by lodging a variation through myGov or [Online services for business](#).

Instalments for PAYG instalment amount payers have been increased by the gross domestic product adjustment factor of 2% for the 2022/23 income year.

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.