

Tax update

AUGUST 2021

Superannuation caps indexation for 2022

From 1 July 2021, superannuation contributions caps have been indexed for the 2022 income year.

The new concessional contributions cap for FY22 is now \$27,500 (increased from \$25,000).

The new non-concessional (non-deductible) contributions cap for FY22 is now \$110,000 or, where the 'bring forward' rules apply, \$330,000 over three years (increased from \$100,000 and \$300,000 respectively).

The CGT cap amount for FY22 is now \$1,615,000 (increased from \$1,565,000).

The increase in the concessional contributions cap will require people salary sacrificing additional superannuation to consider whether they want to increase their packaging arrangements to maximise the \$2,500 increase in the cap.

Ref: [ATO website](#): Key superannuation rates and thresholds: contributions caps, updated 6 July 2021

Division 7A benchmark interest rate unchanged

The Division 7A benchmark interest rate for FY22 remains unchanged from the 2021 rate of 4.52%.

Ref: [ATO website](#): Division 7A benchmark interest rate, 6 July 2021

Changes to STP reporting from 1 July 2021

Employers should already be reporting through Single Touch Payroll (STP) unless they have only closely held payees or are covered by a deferral or exemption.

From 1 July 2021, there are changes to STP reporting for small employers with closely held payees and quarterly reporting for micro employers. Employers with closely held payees must now report amounts paid to their closely held payees through STP. They can choose to report via one of three methods:

actual payments each pay day	actual payments quarterly, or	a reasonable estimate quarterly.
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For micro employers reporting quarterly, the STP quarterly reporting concession is only available to those that meet eligibility requirements (which now include the need for exceptional circumstances to exist).

Ref: [ATO website](#): Changes to STP reporting from 1 July, 16 July 2021

Maximum contributions base for super guarantee

The maximum super contributions base is used to determine the limit on any individual employee's earnings base for superannuation guarantee purposes on a quarterly basis.

Employers do not have to provide the minimum quarterly support for earnings above this limit.

For FY22, the maximum contributions base has increased to \$58,920 (up from \$57,090).

This means once an employee earns more than \$235,680 during FY22, no additional superannuation guarantee will generally be required to be paid by an employer.

Practically, this means the maximum superannuation guarantee contribution an employer must pay for FY22 is 10% of \$235,680 (\$23,568).

Ref: [ATO website](#), Key superannuation rates and thresholds, Maximum super contribution base, updated 30 July 2021.

New sharing economy reporting regime

Treasury has released draft legislation introducing the long-awaited third-party reporting regime (proposed to apply from 1 July 2022).

The new regime will initially require ride-sharing and short-term accommodation online platform operators to report transactions they facilitate directly to the ATO. This measure was first announced in the 2020 MYEFO (following a recommendation from the Black Economy Taskforce established in 2016).

It is intended to extend to all other types of sharing (gig) economy online platforms, such as food delivery and task services, from 1 July 2023.

Under this new regime, the identity of participants and payments they receive will be reported to the ATO twice a year to identify entities that may not be meeting their tax obligations.

Ref: [Treasury website](#): Implementing a reporting regime for sharing economy platform providers, 6 July 2021

Taxable payments annual reports (TPARs) due 28 August

TPARs for 2021 are due to be lodged for businesses that have paid contractors to provide the following services:

- | | |
|--|---|
| <input type="checkbox"/> building and construction | <input type="checkbox"/> information technology (IT), or |
| <input type="checkbox"/> cleaning | <input type="checkbox"/> security, surveillance or investigation. |
| <input type="checkbox"/> courier, delivery or road freight | |

For TPARs due on 28 August 2021, the ATO has reminded taxpayers they may need to report payments made to contractors during the 2021 income year for the first time.

This will particularly be the case where payments were made for delivery services done on behalf of their business (ie, because of a Covid-19 business pivot during lockdown periods).

The ATO has reminded taxpayers they already have the records needed to lodge a TPAR from preparing their activity statements, including the:

- ☐ contractor's name, address and ABN (if known), and
- ☐ total amounts for the income year of payments to each contractor (including GST) and tax withheld where the contractor did not quote their ABN.

Ref: [ATO website](#): TPAR – check if you need to lodge, 12 July 2021

New FBT retraining and reskilling exemption available

New legislative amendments mean employers that provide training or education to redundant (or soon to be redundant employees) may now be exempt from fringe benefits tax (FBT).

Eligible employers can apply the exemption to retraining and reskilling benefits provided on or after 2 October 2020. There are no limits on the cost or number of training or education courses that employees may undertake.

Retraining and reskilling benefits that are exempt from FBT don't need to be included in the FBT return or in an employee's reportable fringe benefits amount.

If an employer has already lodged and paid for their 2021 FBT return, the ATO has advised they will need to amend it to reduce the FBT paid for any exempt retraining and reskilling benefits.

Ref: [ATO website](#): FBT retraining and reskilling exemption now law, 19 July 2021

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 to independently verify their interpretation and the information's applicability to their particular circumstances.