

# Tax update

MAY 2021

## Federal Government to modernise business communications

The Federal Government has committed to modernising some laws so they are 'technology neutral', to enable easier communication between businesses, individuals and regulators.

The first phase of legislative reform will focus on key areas raised by stakeholders that are implementation ready (ideally by the end of 2021), including:

- expanding the range of documents that can be validly signed electronically
- increasing the range of documents that can be sent electronically to shareholders and amending requirements to contact lost shareholders
- improving flexibility for customers when changing address and consenting to electronic communication with credit providers
- removing prescriptive requirements for notices to be published in newspapers, where suitable alternatives have been identified, and
- addressing provisions in Treasury legislation where only non-electronic payment options are in place.

Subsequent phases will consider reforms in additional areas that could benefit from greater technology neutrality, including communication with regulators, and product disclosure and recordkeeping requirements.

## ATO to keep JobKeeper payment fair

The ATO is using its compliance resources to maintain the integrity of the JobKeeper measure. While most businesses and employees have done the right thing, the ATO has identified fraudulent behaviour and claims by a small number of organisations and employees. The ATO will actively pursue those claims.

Some concerning behaviours the ATO is currently examining include:

- businesses that have:
  - made claims for employees without nomination notices or have not paid employees the correct JobKeeper amount (before tax)
  - made claims for employees where there is no history of an employment relationship
  - amended prior business activity statements to increase sales to meet the turnover test, or
  - recorded an unexplained decline in turnover, followed by a significant increase.
- Individuals who have knowingly:
  - made multiple claims for themselves as employees or 'eligible business participants', or
  - made claims both as an employee and an 'eligible business participant'.

The ATO encourages all JobKeeper applicants to review their applications and contact the ATO if they have made mistakes (the ATO may not pursue repayment of overpayments in some circumstances, such as honest mistakes).

If anyone is concerned that someone is doing the wrong thing about the JobKeeper payment, they are encouraged to tell the ATO. The ATO will examine JobKeeper tip-offs and contact businesses where it has concerns and needs more information.

## Independent review service for small businesses made permanent

After a successful multi-year pilot, the ATO's small business independent review service will be offered permanently as a dispute resolution option for eligible small businesses.

ATO Deputy Commissioner Jeremy Geale said the service was to ensure small businesses received an opportunity to achieve an independent, fast, free and fair resolution when they disagree with the ATO's audit position. He said: "Independence is critical when handling a dispute, so we ensure every independent review is done by an officer from a different part of the ATO who was not involved in the original audit."

The ATO's small business independent review service is available to eligible small businesses with an annual turnover of less than \$10 million for disputes about income tax, GST, excise, luxury car tax, wine equalisation tax, and fuel tax credits, and is in addition to other dispute options.

Disputes about employer obligations, like superannuation and FBT, are not eligible for the independent review service. More information about the review service, including how to request a review and eligibility criteria, is on the ATO website.

## Businesses asked to check if they are still using their ABNs

If a business hasn't used its ABN for a while, the ATO may contact them about cancelling it.

The ATO may also contact them about their ABN if their business situation has changed. To ensure businesses don't miss out on government support, including during unfortunate events, it's essential they regularly review ABN details and keep them up to date (or cancel their ABN if the business is no longer operating, so government agencies can tailor support to those that need it).

It's also important to check the business has listed its physical address, otherwise it can be difficult for emergency services and government agencies to make contact. A business's mailing and physical location addresses can be listed separately with its ABN data, and checked and updated online at any time.

## Passenger movement data-matching program

The ATO will access data from the Department of Home Affairs on passenger movements during the 2016/17 to 2022/23 financial years and match it with ATO data holdings to identify taxpayers who can be provided with tailored information to help them meet their tax and superannuation obligations, or ensure compliance with taxation and super laws.

Data items include names, dates of birth, arrival and departure dates, passport information, and status types (visa status, residency, lawful, Australian citizen). The ATO estimates that records for about 670,000 individuals will be obtained each financial year.

## Super contribution caps increase from 1 July 2021

The ATO has confirmed that, from 1 July 2021, the superannuation concessional and non-concessional contribution caps will be indexed. The new caps for the 2021/22 year will be:

**Concessional cap:** \$27,500 **Non-concessional cap:** \$110,000 (or \$330,000 over 3 years)

The total superannuation balance limit that determines if an individual has a non-concessional contributions cap of nil will increase from \$1.6 million to \$1.7 million, effective from 1 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.