CLIENT ALERT

JUNE 2021

ATO's taxable payments reporting system update

The ATO has confirmed that more than 60,000 businesses have not yet complied with lodgment requirements under the taxable payments reporting system ('TPRS') for 2019/20.

The TPRS is a black economy measure designed to assist the ATO to identify contractors who don't report or under-report their income.

The ATO estimates that around 280,000 businesses need to lodge a *Taxable payments annual report* ('TPAR') for the 2020 financial year.

Importantly, 2020 was the first year that businesses that pay contractors to provide **road freight, information technology, security, investigation, or surveillance services** may need to lodge a TPAR with the ATO (in addition to those businesses providing **building and construction, cleaning, or courier services**).

Businesses who have not yet lodged need to lodge as soon as possible to avoid penalties.

FBT rates and thresholds for the 2021/22 FBT year

The ATO has updated its webpage containing the fringe benefits tax ('FBT') rates and thresholds for the 2017/18 to 2021/22 FBT years.

Two amounts that were not previously announced for the 2021/22 FBT year are:

- the FBT record keeping exemption is $8,923 (up from $8,853 for the 2020/21 FBT year); and

- the statutory or benchmark interest rate is 4.52% (down from 4.80% for the 2020/21 FBT year).

ATO "keeping 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 concerning and fraudulent behaviour as well as claims by a small number of organisations and employees, and will actively pursue these claims.
Some of the concerning behaviours the ATO is currently examining include:

- **businesses** that have:
  - made claims for employees without a nomination notice, or have not paid their employees the correct JobKeeper amount (before tax);
  - made claims for employees where there is no history of an employment relationship;
  - amended their prior business activity statements to increase sales in order to meet the turnover test; or
  - recorded an unexplained decline in turnover, followed by a significant increase; and
- **individuals** who have knowingly:
  - made multiple claims for themselves as employees or as '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 (and the ATO may not pursue repayment of an overpayment in certain circumstances, such as for honest mistakes).

ATO asks businesses to check if they are still using their ABNs

The ATO has advised that, if a business hasn't used its ABN for a while, the ATO may contact them about cancelling their ABN.

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 that they regularly review their ABN details and keep them up to date (or cancel their ABN if the business is no longer operating, so that Government agencies can tailor their support to those that need it).

Super contribution caps will 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 also increase from $1.6 to $1.7 million, effective from 1 July 2021.

Cryptocurrency under the microscope this tax time

The ATO is concerned that many taxpayers believe their cryptocurrency gains are tax-free, or only taxable when the holdings are cashed back into Australian dollars.

ATO data analysis shows a dramatic increase in trading since the beginning of 2020, and has estimated that there are over 600,000 taxpayers that have invested in crypto-assets in recent years.

This year, the ATO will be writing to around 100,000 taxpayers with cryptocurrency assets explaining their tax obligations and urging them to review their previously lodged returns. The ATO also expects to prompt almost 300,000 taxpayers as they lodge their 2021 tax return to report their cryptocurrency capital gains or losses.

Gains from cryptocurrency are similar to gains from other investments, such as shares. CGT also applies to the disposal of non-fungible tokens ('NFTs').

The ATO matches data from cryptocurrency designated service providers to individuals' tax returns, helping it to ensure investors are paying the right amount of tax.

"The best tip to nail your cryptocurrency gains and losses is to keep accurate records including dates of transactions, the value in Australian dollars at the time of the transactions, what the transactions were for, and who the other party was, even if it's just their wallet address," Assistant Commissioner Tim Loh said.

Businesses or sole traders that are paid cryptocurrency for goods or services will have these payments taxed as income based on the value of the cryptocurrency in Australian dollars.

Holding a cryptocurrency for at least 12 months as an investment may mean the holder is entitled to a CGT discount if they have made a capital gain.

Temporary reduction in pension minimum drawdown rates extended

The Government has announced an extension of the temporary reduction in superannuation minimum drawdown rates for a further year to 30 June 2022.

As part of the response to the coronavirus pandemic (and the negative effect on the account balance of superannuation pensions), the Government reduced the superannuation minimum drawdown rates by 50% for the 2019/20 and 2020/21 income years.

This 50% reduction will now be extended to the 2021/22 income year.

Super Guarantee rate rising from 1 July 2021

The super guarantee rate will rise from 9.5% to 10% on 1 July 2021, so businesses with employees will need to ensure their payroll and accounting systems are updated to incorporate the increase to the super rate.

ATO warns on 'copy/pasting' claims

The ATO is alerting taxpayers that its sights are set on work-related expenses like car and travel claims that are predicted to *decrease* in this year's tax returns.

Assistant Commissioner Tim Loh noted that COVID-19 has changed people's work habits, so the ATO expects their work-related expenses will reflect this.
"We know many people started working from home during COVID-19, so a jump in these claims is expected," Mr Loh said.

"But, if you are working at home, we would not expect to see claims for travelling between worksites, laundering uniforms or business trips."

The ATO will also look closely at anyone with significant working from home expenses, that maintains or increases their claims for things like car, travel or clothing expenses:

"You can't simply copy and paste previous year's claims without evidence."

"But we know some of these unusual claims may be legitimate. So, if you explain your claim with evidence, you have nothing to fear."

Do you use the Small Business Superannuation Clearing House?

The ATO has advised employers intending to claim a tax deduction for super payments that they make for employees in the 2020/21 income year that any such payments must be accepted by the Small Business Superannuation Clearing House ('SBSCH') on or before 23 June 2021.

This allows processing time for the payments to be received by their employees' super funds before the end of the 2020/21 income year.

New ATO data-matching programs involving property

The ATO has advised that it will engage in two new data matching programs dealing with property transactions, as outlined below:

- The ATO will acquire **property management data** from property management software providers for the 2018/19 through to 2022/23 financial years (relating to approximately 1.6 million individuals); and
- The ATO will acquire **rental bond data** relating to approximately 350,000 individuals from state and territory rental bond regulators bi-annually through to 30 June 2023.