

Practice Update

June 2019

Single Touch Payroll Update

Employers with 19 or fewer employees are required to start reporting through Single Touch Payroll ('STP') from 1 July 2019.

The ATO will be working with employers to support them as they transition to STP, including allowing small employers to start reporting any time from 1 July to 30 September (and the ATO will also be "generous" in granting deferrals to small employers who need more time to start STP reporting).

Note also that employers with 19 or less employees do not need to report 'closely held payees' in 2019/20 and can report closely held payees information quarterly from 1 July 2020.

Employees and payment summaries

The ATO has also reminded employees that how they get their end of financial year information from their employer, showing their earnings for the year, depends on how their employer reports their income, tax and super information to the ATO.

Specifically:

- Employers that are not yet reporting through STP will continue to provide employees with a payment summary by 14 July.
- Employers that report through STP are **no longer** required to give employees a payment summary; instead this information will be provided in an 'income statement', available via the employee's myGov account by 31 July (i.e., when the employer marks it as 'Tax Ready').

Cryptocurrency data matching program

The ATO is collecting bulk records from Australian cryptocurrency designated service providers ('DSPs') as part of a data matching program to ensure people trading in cryptocurrency are paying the right amount of tax, and correctly meeting their tax (and superannuation) obligations.

The ATO will collect data from cryptocurrency DSPs to identify individuals or businesses who have or may be engaged in buying, selling or transferring cryptocurrency during the 2014/15 to 2019/20 financial years (the ATO estimates that there are between **500,000 to one million Australians** that have invested in crypto-assets, including SMSF trustees).

Editor: The ATO has also noted that cryptocurrency can be considered a "high risk, volatile investment", and they have already seen incidences of self-managed super funds losing significant amounts.

They strongly recommend all trustees undertake their own investigation and appropriate due diligence before investing with any organisation investing super assets into cryptocurrency holdings.

Tax office to double audits of 'dodgy' rental deductions

Rental property owners are being warned to ensure their claims are correct this tax time, as the ATO has announced it will **double** the number of audits scrutinising rental deductions, with a specific focus on:

- over-claimed interest;
 - capital works claimed as repairs;
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- incorrect apportionment of expenses for holiday homes let out to others; and
- omitted income from accommodation sharing.

Assistant Commissioner Gavin Siebert said:

“A random sample of returns with rental deductions found that nine out of 10 contained an error. We are concerned about the extent of non-compliance in this area and will be looking very closely at claims this year.”

“We use a range of third party information including data from financial institutions, property transactions and rental bonds from all states and territories, and online accommodation booking platforms, in combination with sophisticated analytics to scrutinise every tax return,” Mr Siebert said.

“Once our auditors begin, they may search through even more data including utilities, tolls, social media and other online content to determine whether the taxpayer was entitled to claims they’ve made”.

The number one cause of the ATO disallowing a claim is taxpayers being unable to produce receipts or other documents to support a claim.

Furnishing fraudulent or doctored records will attract higher penalties and may also result in prosecution.

The ATO has also reminded taxpayers that, since 1 July 2017, they can no longer claim travel expenses related to inspecting, maintaining or collecting rent for a residential rental property, unless they are an "excluded entity".

Paying super to backpackers

The ATO has issued the following reminders to employers, that backpackers on working holidays:

- are considered temporary residents, and are entitled to superannuation guarantee if they are paid \$450 or more before tax in a calendar month; and
- who leave Australia can claim the super paid to them as a Departing Australia superannuation payment ('DASP'), providing all requirements are met.

Anyone employing backpackers should:

- check they hold a valid visa using the Visa Entitlement Verification Online ('VEVO') service;
- use the ATO's *Super guarantee eligibility decision tool* to determine if they are eligible for super;
- offer them a choice of super fund if requested, and follow the same steps as for any other worker before they start working for the employer; and
- advise them that they can start their DASP application using the ATO's free online application system while they are in Australia.

New rules for immediate write-offs

Small business entity ('SBE') taxpayers who choose to depreciate their assets under the simplified depreciation rules are entitled to an immediate deduction with respect to **low-cost assets** in the year they are first used or installed ready for use for a taxable purpose.

Due to recent changes, SBE taxpayers may be entitled to an immediate deduction in the 2019 income year for acquiring certain depreciating assets costing up to \$30,000 (net of entitlement to GST input tax credits) for assets used or installed ready for use from 7:30pm AEST on 2 April 2019 until 30 June 2019.

Assets acquired prior to 2 April 2019 may also be eligible for immediate write-off, although the thresholds may be lower (e.g., the threshold is \$20,000 for assets used or installed ready for use from 1 July 2018 until 28 January 2019, and \$25,000 for assets used or installed ready for use from 29 January 2019 until 7:30pm AEST on 2 April 2019).

In addition, medium sized businesses (with an aggregated turnover of less than \$50 million) may also be eligible to claim an immediate deduction for acquiring assets from 2 April 2019.

Please Note: Many of the 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.