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# client alert

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## Key tax considerations this tax time

As the financial year draws to a close, it's time to start thinking about whether your year-end tax planning is in order. Tax planning requires considering your income and deductions for the whole financial year, as well as you've met your obligations – for example, whether you've made tax-related elections on time and prepared other appropriate documentation and records. Here are some key considerations for this tax time.

### Working from home deductions

The shortcut method of claiming a rate of 80 cents per hour worked from home is no longer available – the measure was temporarily introduced during the COVID-19 pandemic and ended on 30 June 2022.

Instead, you can now claim deductions using the revised fixed-rate method, at a rate of 67 cents per hour, as long as you incur deductible expenses while genuinely carrying out work from home, and keep appropriate records, like timesheets for your work hours and receipts for the expenses.

If your work from home doesn't meet these conditions, you won't be able to rely on the fixed-rate method and will need to calculate and apportion the actual expenses. You can also simply choose the actual expenses method if it suits your situation better.

The fixed-rate method covers work-related costs like electricity/gas, stationery, your mobile/landline phone and internet. If you use the fixed-rate method you can't also claim additional deductions for any of these categories. Depreciation of furniture and equipment (eg if you buy a desk, computer and printer for work) may be calculated separately (and in addition) to the fixed rate.

### Rental properties and holiday homes

The ATO has flagged rental properties and holiday homes as an area of particular focus for this 30 June.

It's important to remember that the ATO receives information from sources like sharing economy platforms, rental bond agencies and state and territory revenue authorities


that enables it to detect under-reporting of income and inappropriate deduction claims.

### Temporary full expensing

The immediate deduction for the cost of eligible depreciating business assets that has been available under the temporary full expensing concession since 2020 is coming to an end. To access the concession, your business must use the depreciating asset or have it installed ready for use by 30 June 2023.

From 1 July 2023, an immediate deduction will only be available to small business entities (with aggregated turnover less than $10 million) for assets costing less than $20,000.

### Loss carry-back for corporate tax entities

Subject to certain rules being satisfied, corporate tax entities may be entitled to claim a refundable tax offset by carrying back a tax loss arising in the 2022–2023 income year to one or more of the four previous income years (that is, as far back as 2018–2019).

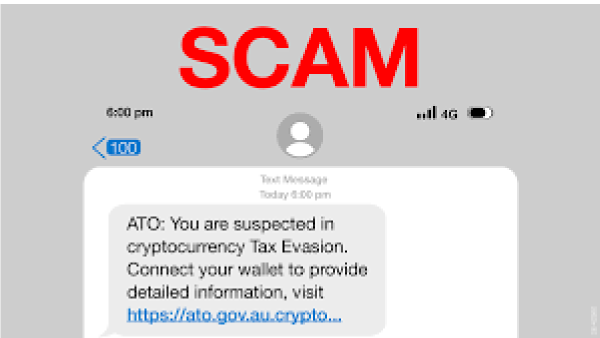
### Deductions for superannuation contributions

For an employer to be entitled to a deduction for superannuation contributions, the contribution must be received by the fund on or before 30 June. The super guarantee contribution rate increased to 10.5% of an employee's ordinary time earnings from 1 July 2022.

Individuals wishing to claim a deduction for personal contributions must provide their fund with a notice of intention to claim a deduction and have that acknowledged by the fund before the earlier of the day the individual's tax return is lodged and 30 June of the next income tax year.

## Stay alert for tax time scams

The Federal Government has warned of scammers targeting Australians ahead of tax time 2023. The number of scam reports received to date this year has topped 19,843 and impersonation scams are becoming increasingly commonplace. These scams typically consist of unsolicited contact through SMS, email, or on social media offering refunds or help to solve tax issues. The ATO recommends not engaging with any unsolicited contact, ending any conversations as soon as possible and independently looking up the ATO's number to initiate contact in order to verify any communication is genuine.




Tax time scams typically involve the impersonation of the ATO to obtain personal information or solicit unlawful payment. The common tricks tax scammers are using recently include:

- posing as the ATO on social media and offering to help individuals with tax and super questions, which require the individuals to hand over personal information such as tax file numbers, dates of birth, names, addresses etc;
- luring unsuspecting individuals with an offer of a fake tax refund in return for the provision of personal information;
- initiating conversations via phone, social media private messages, email and SMS, attempting to keep the individual engaged for as long as possible through various means including threats and intimidation, offers to help and so on, to either collect personal information or solicit payment.

Many scammers will use spoofing technology to show a real ATO or Australian phone number in the caller ID or call log. The ATO's genuine calls will be in fact be shown as No Caller ID. The ATO will also never insist on a conference call with a third party, not even your own tax agent or law enforcement officers.

In terms of SMS and emails, the ATO will never send an unsolicited message asking you to return personal identifying information through these channels. It also does not send links or attachments for you to open or download.

If you think you may have fallen victim to a scam, you should contact your bank or financial institution, make an official report to local police, and report the scam through either the ATO's phone hotline or its specific scams email address.

**TIP:** The ATO now has a dedicated team that monitors queries and assists taxpayers who have fallen victim to scammers. You can look up and use the ATO's phone numbers and other contact details on the official ATO website, www.ato.gov.au.

## Small business lodgment amnesty: reminder

The ATO has reminded eligible small business taxpayers to take advantage of the lodgment penalty amnesty program announced in the recent 2023–2024 Federal Budget. The amnesty applies to tax obligations covering income tax returns, business activity statements or FBT returns that were originally due between 1 December 2019 and 28 February 2022. Superannuation obligations and penalties associated with the taxable payments reporting (TPAR) system are not included as a part of the program. The amnesty is running for the period 1 June 2023 to 31 December 2023.

To be eligible for the amnesty, your small business must have had an annual turnover of less than $10 million at the time the original lodgment was due, and lodge the relevant overdue forms and returns during the amnesty period.

Where your eligible business lodges relevant overdue forms and returns during the amnesty period, any associated failure to lodge (FTL) penalties will be proactively remitted – you won't need to separately request a remission.

Although FTL penalties will be remitted, the ATO emphasises that no other administrative penalties or general interest charge (GIC) amounts will be remitted as a part of the amnesty. So, businesses with an existing debt or that accrue a new debt through late lodgment may still have GIC applied to those debts.

The ATO is also encourages businesses outside of the amnesty to lodge any overdue forms or returns to avoid being classified as "not being actively engaged with the tax system", which is a red flag that may lead to other action. While FTL and other penalties may apply to those businesses, the ATO will consider the unique circumstances and may remit penalties on a case-by-case basis.

The ATO has a range of support options available for businesses where debts arise out of their lodgment activity, including payment plans, compromise of tax debt, or deferring repayments.

## "Buy now pay later" sector facing more regulation

As foreshadowed last year, the "buy now pay later" (BNPL) market will soon be facing more regulation. Assistant Treasurer Stephen Jones recently announced that the government will be moving forward to bring BNPL within the Credit Act's application to apply a tailored version of the responsible lending obligations to BNPL products.

Late in 2022, the Federal Government released a consultation paper seeking views on options to regulate the BNPL market. The paper outlined three increasingly rigorous options for the regulation of the BNPL market, consisting of: strengthening the BNPL industry code plus an affordability test; limited BNPL regulation under the Credit Act; or full regulation under the Credit Act.

Consultation has since ended, and the Assistant Treasurer has announced that the government will moving forward with law changes to bring in limited BNPL regulation under the Credit Act, applying a tailored version of the responsible lending obligations to BNPL products so that BNPL providers must hold an Australia credit licence or be a representative of a licensee with a requirement to comply with most general obligations, including internal/external dispute resolution, hardship provisions, compensation arrangements and marketing rules.

Under the proposed changes, providers would be required to assess that credit is not unsuitable for an individual, and would be prohibited from increasing a consumer's spending limit without explicit instructions from that consumer. Fee caps for charges relating to missed or late payments would be required, combined with additional warning and disclosure requirements. Merchants who offer BNPL products to consumers would not be required to be an authorised credit representative of the BNPL provider.

The government will be consulting with the industry and consumer groups in the coming months to bed down the details of the potential legislation. Draft legislation is expected to be released for consultation later this year, and the final Bill is expected to be introduced into Parliament by the end of the year.

## Minimum pension payment changes

Retirees who draw an account-based pension from their super need to be aware that the 50% reduction in the minimum pension drawdown rate for superannuation and annuities which applied for previous years will no longer apply from 1 July 2023.


This temporary measure was introduced by the previous Federal Government as part of its response to the COVID-19 pandemic, which was negatively impacting super and pension/annuity balances.

Most income streams paid from a super account held in an individual member's name are account-based pensions. These pensions are required to meet minimum standards, including not being able to increase the capital supporting the pension using contributions or rollover amounts once the pension has commenced, and paying a minimum amount at least once a year.

In general, minimum payments need to be made at least once a year and are determined by the age of the beneficiary and the value of the account balance as at 1 July each year. For example, people aged between 65 and 74 will need to apply a 5% standard percentage factor to work out the minimum pension amount for 2023–2024.

While the minimum annual payments are mandated, there are no maximum annual payments, except for transition to retirement pensions which have a maximum annual payment limit of 10% of the account balance at the start of each financial year. This means that retirees can draw a pension above the minimum pension payment amount, which may be especially welcome given the current cost of living pressures.

**TIP:** With the cost of living going up every day, you may find that your pension arrangement is no longer fit for your lifestyle. Contact us today – we can help you work out the best strategy for your situation.