

CONTENTS:

- 1 • Have you missed the STP start date?
- 2 • Get your PAYG withholding obligations right
 - Withholding for employee shares
- 3 • Withholding for employee shares (cont.)
 - Are you changing your business structure?
- 4 • Working out if you have to pay super
 - Superannuation guarantee amnesty a step closer
 - Disclosure of business tax debts
- 5 • The end of \$10,000 + cash transactions?
 - Are you holding vacant land?
- 6 • Key tax dates



Have you missed the STP start date?

Small employers had until 30 September to start reporting through Single Touch Payroll (STP). There are 3 options if you missed the deadline:

1. Start reporting

If you already use accounting or payroll software, check whether it offers STP reporting. If it does, enable the STP function and start reporting straight away. If you need new software or an upgrade, the ATO has a list of providers that offer STP reporting products.

2. Apply for a reporting concession if one exists

Micro-employers (1–4 employees) who need more time to move to STP reporting can ask their registered tax or BAS agent to report on their behalf on a quarterly basis. This can continue until 30 June 2021. Please contact Blaze Acumen if you require assistance with this.

3. Ask for more time by applying for a deferral or exemption

For employers with 19 or less employees, you or your registered agent can ask the ATO for a deferral by logging into the ATO Business Portal or phoning the ATO.

For employers with 20 or more employees, your software provider may have applied to the ATO for a later start date for STP reporting. This deferral would cover you as an existing client.

The option you choose will depend on your circumstances but it's important to start reporting or get in touch with the ATO as soon as possible.



Get your PAYG withholding obligations right

All businesses, including not-for-profits, are now required to meet their PAYG withholding obligations before they can claim deductions for payments to workers – for example, salary, wages, bonuses, directors' fees and payments under a labour hire agreement.

Payments to contractors where the contractor does not provide their ABN are also covered by these new rules.

Note! These new rules took effect from 1 July 2019 and apply to income tax returns lodged for the 2020 income year onwards.

What you must do to claim a deduction

In order to claim a deduction, you need to:

- withhold the required amount (if applicable) before you pay your worker; and
- report that amount to the ATO.

If you make a mistake and withhold or report an incorrect amount, you won't lose your deduction. You will need to correct your mistake as soon as possible to minimise penalties.

Tip! If you are uncertain about the impact of these new rules, please speak with your Blaze Acumen adviser.

Using contractors – PAYG obligations

The ATO has published a useful checklist about your PAYG obligations if you hire a contractor.

If the contractor doesn't provide you with their ABN:

- you generally need to withhold 47% from payments to them.
- give a completed PAYG payment summary – withholding where ABN not quoted to the contractor with their net payment, or as soon as practicable afterwards.
- include the payments in your PAYG withholding where ABN not quoted – annual report and lodge the report with the ATO by 31 October.

If the contractor is an individual who has a PAYG withholding voluntary agreement with you:

- work out the PAYG amount to withhold from payments to the contractor – use the tax withheld calculator or tax tables online (take into account any information provided by the contractor in a withholding variation or withholding declaration).
- by 14 July, provide a PAYG payment summary – business and personal services income to the contractor showing the total amounts paid and withheld.
- include the payments in your PAYG payment summary annual report and lodge the report with the ATO by 14 August.

If you have to withhold PAYG amounts for any reason:

- if you haven't withheld before, you need to register for PAYG withholding straightaway.
- report and pay the PAYG withholding amounts to the ATO in your BAS which is usually quarterly or monthly for most businesses. A business withholding more than \$1 million per year reports and pays more often. Please contact your Blaze Acumen adviser if this is the case for your business.

Withholding for employee shares

Does your company have an employee share scheme (ESS)? If it does, you will have withholding obligations.

When does withholding apply?

Withholding will apply if:

- you provide a discounted ESS interest to your employee; and

- that employee has not given you their TFN or ABN by the end of the relevant income year.

If your employee has given you a TFN declaration for their employment, no withholding is payable.

How is withholding calculated?

Withholding is calculated on the discount your employee should include in their assessable income under the ESS rules.

If you have engaged the services of a third party to administer your ESS, you may give them your employee's TFN. In these circumstances, no withholding is payable.

The rate of withholding is the highest individual marginal tax rate plus the Medicare levy, i.e. 47% for the current tax year. Under no circumstances can you withhold in excess of this rate.

Pay the amounts withheld

You must pay amounts you withheld to the ATO within 21 days after the end of the income year your employee is taxed on the discount.

If you pay amounts withheld to the ATO, you can recover these amounts from your employee. You can do this by offsetting the amount of withholding paid against any amount you owe to your employee, such as salary and wage income.



Are you changing your business structure?

If you are changing your business structure (e.g. from a sole trader to a company), you will need to apply for a new ABN.

Examples of when you need to cancel your ABN and apply for a new ABN under a new structure include moving from either:

- an individual/sole trader to a partnership or trust;
- an individual/sole trader to a company; or
- a partnership to a company or trust.

You must ensure that your ABN details are updated on your tax invoices. This is essential as your ABN is used to:

- identify your business identity to others when ordering and invoicing; and
- claim GST credits.

Other businesses and entities must withhold payment at the top tax rate if the ABN quoted on the invoice is incorrect or the details do not match up.

Tip! Ensure that you update your GST registration details whenever you get a new ABN.

To do! Contact your Blaze Acumen adviser if you are considering changing your business structure. There are also likely to be other relevant taxation issues that will need to be addressed.

Did you know that you can lose your ABN?

The ATO will cancel your ABN if your business is no longer operating. Not keeping lodgements up-to-date is a key indication of this. So that they get it right, the ATO uses information from:

- your tax return;
- other lodgements; and
- third party information.

What happens if the ATO cancels your ABN?

If the ATO cancels your ABN and you want to start your business again, or the ATO gets it wrong, you can reapply and get the same ABN back (as long as your business structure remains the same).

If the business structure is different – for example, you were a sole trader but your new business is a company – you will get a different ABN.

Tip! If you have changed your business structure, you'll need to get a new ABN in these circumstances – see above.



Working out if you have to pay super

An ATO factsheet provides a useful reminder about when you have to make contributions under the superannuation guarantee (SG) scheme.

Generally, if you pay an employee \$450 or more (before tax) in a calendar month, you have to pay them super on top of their wages.

If your employee is under 18 or is a private or domestic worker, e.g. a nanny, they must also work for more than 30 hours per week to qualify.

You pay super regardless of whether the employee:

- is full-time, part-time or casual - working holidaymakers are included.
- receives a super pension or annuity while still working.
- is a company director.
- is a family member working in your business – provided they are eligible for SG.

Note! You may also have to pay for some contractors, even if they quote an ABN.

Superannuation guarantee amnesty a step closer

The proposed amnesty allowing employers to self-correct superannuation guarantee (SG) non-compliance has been reactivated.

What does this mean for employers?

If the Treasury Laws Amendment (Recovering Unpaid Superannuation) Bill 2019 (the Amnesty Bill) is passed by the Parliament, employers will be given a one-off amnesty, with reduced penalties and fees, to disclose historical SG non-compliance and pay any SG charge imposed in relation to the disclosed SG shortfall.

The amnesty allows employers who qualify for the amnesty to claim tax deductions for payments of SG

charge and contributions made to offset any SG charge made during the amnesty period.

The amnesty period starts on 24 May 2018 and ends 6 months after the day the Amnesty Bill becomes law. This is a longer period than the original 12-month amnesty.

Tip! If you are concerned that you may have SG corrections to make, please speak with your Blaze Acumen adviser.



Disclosure of business tax debts

The ATO can now disclose tax debt information of businesses to registered credit reporting bureaus (CRBs), but only if certain criteria are met. Those criteria will be set out in a Legislative Instrument that is being finalised.

The Government has said that the ATO will only disclose tax debt information to a CRB if the business has an ABN and one or more tax debts of at least \$100,000 that are overdue by more than 90 days.

It's also important to note that businesses that are engaging with the ATO to manage their tax debts or are disputing the calculation of a tax debt through the AAT or the courts, will not have their tax debt information reported to CRBs.

The ATO has also said that it will apply administrative safeguards above and beyond the legislative ones before reporting the tax debt information of a business.



The end of \$10,000 + cash transactions?

You may have read about a proposal to ban cash transactions in excess of \$10,000. Well, that is a step closer to becoming law as the Parliament is now considering it (the Currency (Restrictions on the Use of Cash) Bill 2019).

If the Bill is passed by the Parliament, it will be a criminal offence for all individuals, companies, partnerships, trusts and other entities to make or accept cash payments (including gifts and loans) of \$10,000 or more. Why \$10,000? Because it is consistent with the reporting threshold under the anti-money laundering/counter terrorism financing (AML/CTF) regime.

A series of payments totalling \$10,000 or more will be caught by the new rules if the payments are for the same supply or part of a single gift or loan. An example would be the purchase of a car by instalments. Regular payments under \$10,000 between the same parties will be acceptable where distinct things are supplied.

The new laws will apply to foreign currency as well as Australian currency.

Note! If a partnership breaks the law, each partner can be prosecuted. If a trust breaks the law, the trustee (or each trustee if more than one) can be prosecuted.

What are the exceptions?

Draft rules released by the Government specify a number of exceptions. These will include:

- personal or private transactions unless involving real property.
- digital currency transactions.
- payments that are subject to reporting obligations under the AML/CTF regime.
- exceptional transactions where no alternative method of payment could reasonably be used.



Are you holding vacant land?

If you are holding vacant land, the law changed from 1 July 2019 so that any expenses you have relating to the land are generally not tax deductible. This is the effect of legislation (the Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Act 2019) that became law on 28 October.

What are the exceptions?

There are certain exceptions. You can still claim a tax deduction to the extent the land is used, or held available for use, in a business including where the business is carried on by your spouse or child or by an affiliate or a connected entity. A deduction is also available where the land is held by a company or a partnership of companies.

The legislation was amended during its passage through the Parliament to add additional exceptions. These apply to vacant land:

- held by primary producers;
- used for business purposes under arm's length arrangements; or
- on which there is situated a substantial and permanent structure, and the land effectively becomes vacant because of an event outside your reasonable control, such as a natural disaster, fire or substantial building defects (for up to 3 years).

So, you can still claim a tax deduction in those circumstances.

To do! Contact your Blaze Acumen adviser if you hold vacant land.



Key tax dates

Date	Obligation
21 November 2019	- Lodge and pay October 2019 monthly BAS
28 November 2019	- Lodge and pay September 2019 quarterly Super Guarantee Charge (if required)
1 December 2019	- Full self-assessment companies – pay final 2018-19 income tax liability - Non-full self-assessment companies – lodge 2018-19 return
21 December 2019	- Lodge and pay November 2019 monthly BAS
21 January 2020	- Lodge and pay December 2019 monthly BAS
28 January 2020	- Pay Super Guarantee contributions for December 2019 quarter to the respective superannuation funds
31 January 2020	- Closely held trust – lodge December 2019 quarterly TFN report - Charities / Private Ancillary Funds – lodge Annual Information Statement with ACNC (if reporting on a 30 June year end)

21 February 2020	- Lodge and pay January 2020 monthly BAS
28 February 2020	- Lodge and pay December 2019 quarterly BAS - Lodge and pay December 2019 quarterly instalment notice - Lodge annual GST return (if no tax return due) - Lodge and pay December 2019 quarterly Super Guarantee Charge (if required) - Lodge and pay SMSF annual return for new SMSFs (unless otherwise advised)

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