



Bushfire relief

How the ATO can help

The ATO has announced various measures to help businesses and individuals in local government areas impacted by the bushfires. These include:

- automatic deferrals for lodgement of income tax, SMSF, FBT and excise returns and activity statements, and their associated payments, until 28 May 2020 (so there is no need to apply for a deferral);
- automatic priority for any refunds due;
- the remission of interest and penalties applied to tax debts since the commencement of the bushfires;
- the suspension of debt recovery action - for taxpayers with a tax debt or outstanding obligation, the ATO will not institute recovery action until at least 28 May 2020; and
- the temporary suspension of current audit activity.

(<https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/Bushfires-2019-20/>)

These measures apply to businesses, individuals and self-managed funds in the local government areas impacted by the bushfires. The ATO website lists the affected postcodes. Note that the deferrals do not apply to large withholders.

Here is the link to the postcodes:

(<https://www.ato.gov.au/Individuals/Dealing-with-disasters/In-detail/Specific-disasters/Bushfires-2019-20/?anchor=Ifyourpostcodeisnotinthislist#Ifyourpostcodeisnotinthislist>)

If you have lost documents in a bushfire, or they are damaged, the ATO can reissue income tax returns, business activity statements and notices of assessment, help you re-construct tax records and help you find your tax file number.

If you are impacted by the bushfires but you are not in an affected postcode (as included in the list on the ATO website) or are a large withholder, you can call the ATO's Emergency Support infoline on 1800 806 218 for assistance. The Commissioner of Taxation, Mr Chris Jordan, has said that he expects ATO staff to be "flexible, reasonable and pragmatic" when considering each request for assistance.

Monthly GST credits

If you are making purchases to replace stock and other losses, and you report and pay GST quarterly, you can elect to change to monthly reporting and payment, to get quicker access to net amount refunds. You can only change from the start of a quarter, so a change now will take effect from 1 April 2020.

Once you choose to report and pay GST monthly, you must keep reporting monthly for 12 months before you can elect to revert to quarterly reporting (unless your GST turnover is more than \$20 million, in which case you must report and pay monthly). Changing your GST reporting cycle to monthly doesn't mean you have to change your PAYG withholding reporting cycle. You can manage this by specifying the roles you are changing.

If you're registered for fuel tax credits, and change your GST reporting from quarterly to monthly, you will also need to claim your fuel tax credits monthly.

You can change your GST reporting cycle through 145 financial, in the business portal, or by phoning the ATO on 13 72 26.

PAYG instalments

If you are a quarterly pay as you go (PAYG) instalments payer, you can vary your PAYG instalments to nil on your activity statement for the December 2019 quarter by lodging a revised activity statement before you lodge your income tax return for the year.

You can also vary your PAYG instalments in future periods. The ATO won't apply penalties or charge interest to varied instalments for taxpayers within the impacted postcodes in the 2019–20 financial year.

If you have already lodged

- If you've already lodged any quarterly activity statements for 2019–20, you can claim a credit (at item 5B) on your next activity statement for the instalment amount you paid in the previous quarters, to receive a refund of the amount paid.
- You can also revise your latest lodged activity statement to nil, and claim a credit for amounts previously paid.
- If you realise you've made a mistake working out your PAYG instalment, you can correct it by lodging a revised activity statement or varying a subsequent.

Exemption for disaster relief payments

The Government has announced that various disaster relief payments received by individuals as a result of the 2019-20 bushfires will be tax exempt. The exemption will apply to the following payments:

- Disaster Recovery Allowance payments
- Payments that would otherwise be taxable under the Disaster Recovery Funding Arrangements, such as grants that may be made to small businesses and primary producers
- Payments made to eligible Rural Fire Service Volunteers for loss of income where they have been called out for extended periods of service.

Super guarantee obligations unchanged

The ATO has reminded employers impacted by the bushfires that they still need to meet ongoing super guarantee obligations for their employees. The ATO does not have the power to vary the contribution due date or waive the superannuation guarantee charge but, if an employer needs help, the ATO can agree to a payment plan.

<https://www.ato.gov.au/business/super-for-employers/paying-super-contributions/missed-and-late-payments/employers-affected-by-disaster/>

What has the ATO been doing?

Looking at your lifestyle

Do you own “lifestyle assets” such as an expensive car, fine art or a boat? If so, the ATO may be checking to see that your declared income can support your lifestyle.

The ATO has instructed over 30 insurance companies to provide information on clients with any of the following assets:

- aircraft valued at \$150,000 or more;
- marine vessels valued at \$100,000 or more;
- fine art valued at \$100,000 or more per item;
- motor vehicles valued at \$65,000 or more;
- thoroughbred horses valued at \$65,000 or more.

Approximately 350,000 individuals are being targeted.

Trading stock taken for private use

It is common in a number of industries for trading stock to be used for private purposes. If you do this, you are treated as having sold it for its cost just before the change in use and as having bought it back for the same amount.

Because it is difficult in many cases to keep accurate records of transactions involving goods taken from stock for private use, the ATO publishes each year standard values (excluding GST) that can be used by proprietors of certain businesses. The latest amounts (for the 2019-20 tax year) were published in early January.

TYPE OF BUSINESS	AMOUNT (EXCLUDING GST) FOR ADULT/CHILD OVER 16 YEARS	AMOUNT (EXCLUDING GST) FOR CHILD 4 to 16 YEARS OLD
Bakery	\$1,350	\$675
Butcher	\$850	\$425
Restaurant/café (licensed)	\$4,640	\$1,750
Restaurant/café (unlicensed)	\$3,500	\$1,750
Caterer	\$3,790	\$1,895
Delicatessen	\$3,500	\$1,750
Fruiterer/greengrocer	\$880	\$440
Takeaway food shop	\$3,440	\$1,720
Mixed business (includes milk bar, general store and convenience store)	\$4,260	\$2,130

Table taken from Taxation Determination TD 2019/1

<https://www.ato.gov.au/law/view/document?docid=TXD/TD20201/NAT/ATO/00001>

Tip-off to keep the competition fair

Businesses that deliberately do the wrong thing by not meeting their tax and super obligations put others at an unfair disadvantage. So the ATO is encouraging people to tip them off if you know or suspect a business is taking part in phoenix, tax evasion or black economy activities, or feel something is going on that isn't quite right.

To make a tip-off:

- complete a Tip-Off Form on the ATO's website at [ato.gov.au/tipoff](https://www.ato.gov.au/tipoff) or in the 'contact us' section of the ATO app; or
- phone the Black Economy Hotline on 1800 060 062.

<https://www.ato.gov.au/Tax-professionals/Newsroom/Your-practice/Tip-off-to-keep-the-competition-fair/>

SMS scam - tax refund notification

The ATO has alerted taxpayers to another scam where messages are texted to people asking them to click on a link and provide personal identifying information to receive a refund. To make the messages seem more legitimate, scammers are using technology that causes them to appear in your genuine ATO message feed.

The text messages say something like "We've noticed you have a positive balance 320.70 AUD from last financial year. Please verify your information to provide the funds." It then provides a link to a website. However, the website is a fake myGov website which asks users to provide their bank details, along with other personal identifying information, for "verification purposes". The ATO warns people not to click on any links and not to disclose the information requested.

<https://www.ato.gov.au/General/Online-services/Identity-security/Scam-alerts/#January2020SMSscamtaxrefundnotification>

Small business CGT concessions

The CGT concessions for small business are complicated. Two recent cases have not made them any easier to understand.

In the first case, a property used to store materials, tools and equipment for use in a building, bricklaying and paving business was not considered to be used in the course of carrying on that business. This was because storing materials did not have a “direct functional relevance” to the daily income-producing activities of the business.

As a result, the property was not an active asset and therefore the capital gain made on the sale of the property did not qualify for the CGT concessions.

In the second case, 3 shareholders sold their shares in a company (each owned one-third) to a single purchaser. The sale contract included a restrictive covenant whereby the 3 vendors agreed not to compete with the purchaser for 5 years (not uncommon when a business is sold).

One of the vendors argued that as the restrictive covenant did not come into existence until the sale contract was concluded, its value should be excluded in working out if he satisfied the maximum net asset value test (\$6 million). Under that test, only assets in existence just before the sale contract was concluded would be taken into account. If the value of the shares for the purposes of that test was the amount specified in the sale contract, the vendor would not satisfy the test and would not qualify for the CGT concessions.

The vendor was unsuccessful as the restrictive covenant impacted on the value of the shares. The purchaser would naturally want the covenant as the success of the business depended on the contribution of the 3 shareholders. The value of the shares was increased by the covenant. Without it, the sale price would have been less.

Tip!

If contemplating selling your business, talk to 145 financial. It is advisable to plan well in advance if you want to take advantage of the generous CGT small business concessions.

Super guarantee changes

From 1 January this year, an employer can no longer use salary sacrificed contributions to satisfy their super guarantee obligations.

This measure was announced in July 2017 and was finally approved by Parliament in October last year.

The change also means that if an employer has a shortfall, any amounts sacrificed into superannuation that would have been salary or wages will be taken into account in calculating the amount of the shortfall.

Tip!

Talk to 145 financial if you are uncertain about the impact of these changes.



Key tax dates

Date	Obligation
21 Feb 2020	- Lodge and pay January 2020 monthly BAS
28 Feb 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 SGC (if required)
	- Lodge and pay SMSF annual return for new SMSFs (unless otherwise advised)
21 Mar 2020*	- Lodge and pay February 2020 monthly BAS
31 Mar 2020	- Lodge and pay tax return for companies and super funds with income >\$2m (unless due earlier)
21 Apr 2020	- Lodge and pay March 2020 monthly BAS
28 Apr 2020	- Lodge and pay March 2020 quarterly BAS - Pay March 2020 quarterly instalment notice - Employee super guarantee contributions due
15 May 2020	- Lodge 2019 income tax returns not due earlier
21 May 2020	- Lodge and pay April 2020 monthly BAS - Lodge and pay annual FBT return (if your business lodges one)
28 May 2020	- Lodge and pay March 2020 quarterly SGC (if required)

*Next business day applies instead

Note!

Talk to 145 financial to confirm the correct due dates for your own tax obligations. For example, you may have more time to lodge and pay if impacted by bushfires.

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