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JUNE  
2017

## Tax Alert June 2017

### Tax assistance for people affected by Cyclone Debbie

The ATO has said it will fast-track refunds for people affected by extreme weather and flooding associated with Tropical Cyclone Debbie and ex-Cyclone Debbie in Queensland and New South Wales, and will allow extra time for those taxpayers and their agents to lodge income tax returns and activity statements.

Tax Commissioner Chris Jordan said taxpayers do not need to apply for a deferral or a faster refund. "If your business or residential address is in one of the identified affected postcodes it will happen automatically," Mr Jordan said. "We understand that for many people their tax affairs are the last thing on their minds right now. When people are ready, we will make sure they are supported in meeting their tax obligations."

Automatic deferrals of one month apply for tax lodgement and payment dates for people in the affected postcodes. Employers still need to meet their ongoing super guarantee obligations for employees.

The ATO is offering a range of other support measures, and can help reconstruct tax records where documents have been damaged or destroyed.

**TIP: If your personal or business affairs have been affected by Cyclone Debbie, contact us to find out what ATO measures and support you can access.**

### ATO adds value to developing financial literacy

The ATO is helping teachers add tax and super to their classes this year with dedicated educational resources.

In partnership with the Australian Curriculum, Assessment and Reporting Authority (ACARA) and the Australian Securities and Investment Commission (ASIC), the ATO has developed resources that align to the Australian Curriculum for students in years seven to 10.

"Understanding tax and super is an important skill for young Australians, and we are pleased it is now part of the Australian curriculum," Assistant Commissioner Kath Anderson said.

The ATO says it wants to make it easy for teachers and students to access information, and now offers online learning and teaching resources, activities, videos and webinars through ACARA's new Curriculum Connections. School visits can also be arranged to cover topics including tax file numbers, preparing for work and how to lodge a tax return.

### Does your business import or export goods and services?

The ATO reminds business owners that if your business imports or exports goods or services in Australia, it is important to be aware of your GST responsibilities so you can get the information on your business activity statement (BAS) right.

Exports from Australia are generally GST-free, but special conditions apply in some situations. For example, if it takes longer than 60 days for you to receive payment for your exports, then GST could be charged.

When importing, you are generally required to pay GST (10% of the value of the taxable importation). This GST is usually paid to the Department of Immigration and Border Protection Service before the goods are released, unless you are part of the deferred GST (DGST) scheme.

**TIP: Talk to us to find out more about your GST obligations. The ATO accepts voluntary disclosures about mistakes in GST reporting, and you may find your business is eligible for the DGST scheme.**

### Senate Committee holds corporate tax avoidance hearing

The Senate Economics References Committee is inquiring into tax avoidance and aggressive minimisation by corporations registered in Australia and multinational corporations operating in Australia, including looking at the adequacy of Australia's current laws.

The Committee held a public hearing in Perth on 28 April 2017, where it heard from representatives of Woodside Energy Limited, BHP Billiton, ExxonMobil Australia, Shell Australia, BP Australia, Chevron Australia, the ATO, the WA Department of Mines and WA Treasury. Discussion of the Petroleum Resource



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Rent Tax (PRRT) occupied much of the hearing. The Committee is due to report by 30 September 2017.

### Higher education HELP changes: faster repayments and threshold changes

The Minister for Education and Training, Simon Birmingham, has announced a package of reforms to higher education – the Higher Education Reform Package – to take effect generally from 1 January 2018.

The details announced will be confirmed in the 2017–2018 Federal Budget. They include:

- an increased maximum student contribution from 1 January 2018;
- no up-front fees or deregulation of fees;
- a new set of repayment thresholds from 1 July 2018, changing repayment timings and quantities for all current and future Higher Education Loan Program (HELP) debtors;
- a new minimum repayment threshold at \$42,000 of income from 1 July 2018 with a lower 1% repayment rate, and a new maximum threshold of \$119,882 of income with a repayment rate of 10%;
- phasing in increased maximum student contributions by 1.8% each year between 2018 and 2021, cumulating in a 7.5% increase; and
- from 1 July 2019, indexation of HELP

repayment thresholds, currently linked to Average Weekly Earnings (AWE), will be changed to align to the Consumer Price Index (CPI).

The Minister said that taxpayer-funded student loans stand at more than \$52 billion and, without changes to address this situation, around a quarter of that is expected to go unpaid.

### Super guarantee non-compliance: Senate Committee report

On 2 May 2017, the Senate Economics References Committee released its report into Superannuation Guarantee (SG) non-payment, calling for the ATO to take a more proactive stance in identifying and addressing SG non-compliance.

As part of its inquiry, the committee heard that employers failed to pay \$5.6 billion in SG contributions in 2013–2014, affecting 2.76 million employees who lost over \$2,000 on average in a single year.

Other key recommendations include:

- requiring monthly contributions (instead of quarterly);
- removing the current \$450 monthly threshold for SG eligibility;
- ensuring salary sacrificed contributions cannot count towards the employer's compulsory SG obligation, and do not reduce the earnings base upon which SG is calculated;
- strengthening the ATO's ability to recover SG liabilities through

the director penalty notice (DPN) framework to stop directors undertaking fraudulent phoenix activity; and

- amending the Fair Work Regulations 2009 to require payslips to display further details about super contributions.

### Illegal SMSF early access scheme leads to \$6,000 fine

ASIC reports that a man from South Melbourne has pleaded guilty in the Melbourne Magistrates Court and been fined \$6,000 for operating a financial services business without an Australian financial services (AFS) licence. ASIC's investigation arose from ATO intelligence that raised concerns about the promoter's conduct.

The offence related to a scheme the man promoted and operated to facilitate illegal early release of his clients' superannuation benefits through the creation of self managed superannuation funds (SMSFs).

Between 2010 and 2012, the man placed newspaper advertisements in Victoria and South Australia offering loans dependent upon future superannuation entitlements. A round-robin scheme was operated whereby the promoter's clients transferred their superannuation funds into newly created SMSFs.

The SMSFs lent funds to a company the promoter operated, and then an amount, less a fee, was loaned by either



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the company or personally back to the trustees of the SMSF in their personal capacity. The promoter has never been granted an AFS licence or a credit licence and has never been an authorised representative of a licensee.

ASIC said the promoter exploited his clients' trust through an illegal scheme that exposed them to potential legal and financial risk.

ASIC urges consumers to deal only with licensed representatives of the financial services and credit industries.

**Important:** This is not advice. Clients should not act solely on the basis of the material contained in this Tax Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. The Tax Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval. Liability limited by a scheme approved under Professional Standards Legislation.

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