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OCTOBER  
2018

## Claiming work-related expenses: ATO guides and toolkits

This year, the ATO has launched its biggest ever education campaign to help taxpayers get their tax returns right. The ATO says the campaign, which is running throughout tax time, includes direct contact with over three million selected taxpayers, as well as specialised guides and toolkits for taxpayers, agents, employers and industry bodies. A key component of the campaign is simple, plain English guidance for people with the most common occupations, like teachers, nurses, police officers and hospitality workers.

ATO Assistant Commissioner Kath Anderson says that last year work-related expenses totalled a record \$21.3 billion, "and we have already flagged that over-claiming of deductions is a big issue". The most popular topics this year include car, clothing, travel, working from home, and self-education expenses, and the guides for tradies, doctors, teachers, office workers and IT professionals have been popular.

## Banking Royal Commission: possible super contraventions

On 24 August 2018, the Royal Commission into banking, superannuation and financial services misconduct released the closing submissions, totalling over 200 pages, that set out possible contraventions by certain superannuation entities. The evidence surrounding these alleged breaches was revealed during the fifth round of public

hearings, when high-level executives of some of the largest superannuation funds were grilled about practices that may involve misconduct or fall below community expectations.

The Commission heard evidence about fees-for-no-service conduct and conflicts of interests which affect the ability of some super fund trustees to ensure that they always act in the best interests of members. Questioning during the hearings focused particularly on how trustees supervise the activities of a fund and respond to queries from the regulators. Executives were also quizzed about expenditure on advertisements and sporting sponsorships, and finally, the Commission turned its attention to the effectiveness of the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) as regulators.

### What's next?

The Royal Commission's interim report is now due, and the sixth round of public hearings (10–21 September 2018) is investigating conduct in the insurance industry. The Royal Commission has released four background papers covering life insurance, group life insurance, reforms to general and life insurance (Treasury) and features of the general and life insurance industries.

## SMSF issues update: ATO speech

ATO Assistant Commissioners, Superannuation, Tara McLachlan and Dana Fleming recently spoke at the SMSF Association Technical Days in various capital cities. The speech was mainly

about practical considerations to be taken into account when setting up a new self managed superannuation fund (SMSF) and during the first year of its operation. Other issues raised included SMSF registrations, annual return lodgements, SuperStream SMSFs and exempt current pension income and actuarial certificates.

## ATO data analytics and prefilling help tax return processing

The ATO reports that a record number of tax returns have been finalised in the first two months of this year's "tax time" period, thanks to prefilling of tax return data and the ATO's correction of mistakes using analytics and data-matching. Over \$11.9 billion has been refunded to taxpayers, and errors worth more than \$53 million were detected and corrected before refunds were issued.

The ATO has prefilled over 80 million pieces of data from banks, employers, health funds and government agencies to make tax returns easier for taxpayers and agents. The ATO's advanced analytics allow it to scrutinise more returns than ever before, and make immediate adjustments where taxpayers have made a mistake.

## Parliamentary committee recommends standard tax deduction, "push return" system

The House of Representatives Standing Committee on Tax and Revenue has tabled its 242-page report on taxpayer engagement with the tax system. This significant report covers issues that have



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also been canvassed in previous tax reform reviews such as the Australia's Future Tax System Review and the Henry Review.

In its inquiry, the Committee examined the ATO's points of engagement with taxpayers and other stakeholders, and reviewed the ATO's performance against advances made by revenue agencies in comparable nations. The inquiry asked what taxpayers should now expect from a modern tax service that is largely or partly automated.

Australia's complex system for claiming work-related tax deductions, for example, was highlighted during the inquiry as being out of step with approaches in most other advanced nations, which have almost universally standardised their approach. The Committee concluded that under Australia's self-assessment model, more should be done to make tax obligations easier for taxpayers to understand and simpler to comply with. The report includes 13 recommendations to help achieve this goal.

### 12-month extension of \$20,000 instant asset write-off

The *Treasury Laws Amendment (Accelerated Depreciation for Small Business Entities) Bill 2018* has now

passed through Parliament without amendment.

The Bill makes changes to the tax law to extend by 12 months the period during which small businesses can access expanded accelerated depreciation rules for assets that cost less than \$20,000. The threshold amount was due to revert to \$1,000 on 1 July 2018, but will now remain at \$20,000 until 30 June 2019.

Australian Small Business and Family Enterprise Ombudsman Kate Carnell has welcomed the extension, but reminded small businesses and family enterprises that the instant asset write-off is a tax deduction, not a rebate – your small business needs to make a profit to be eligible to claim the benefit.

### Cryptocurrency and tax: updated guidelines

The ATO says that for taxpayers carrying on businesses that involve transacting with cryptocurrency, the trading stock rules apply, rather than the capital gains tax (CGT) rules.

The ATO's guidelines on the tax treatment of cryptocurrencies have recently been updated, following feedback from community consultation earlier this year. The ATO received about 800 pieces of individual feedback and submissions, and

has now provided additional guidance on the practical issues of exchanging one cryptocurrency for another, and the related recordkeeping requirements.

### The ATO as SMSF regulator: observations

In the opening address to the Chartered Accountants Australia and New Zealand National SMSF Conference in Melbourne on 18 September 2018, James O'Halloran, ATO Deputy Commissioner, Superannuation, shared some observations and advice from the ATO's perspective as regulator for the SMSF sector. He spoke about matters including the crucial role of fund trustees, the ATO's activities to address behaviour that seeks to take advantage of SMSFs, what sort of SMSF events attract close ATO scrutiny, and issues relating to the use of multiple SMSFs to manipulate tax outcomes.

**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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