

Practice Update

SEPTEMBER 2021

Extending administrative relief for companies to use technology

The Government has passed legislation renewing the temporary relief that allows companies to use technology to meet regulatory requirements under the *Corporations Act 2001*.

These temporary relief measures will allow companies to hold virtual meetings and use electronic communications to send meeting materials and execute documents **until 31 March 2022**. This should ensure that companies can meet their obligations as they continue to deal with the uncertainty of the COVID-19 pandemic.

With the extension of this temporary relief, the Government will now seek to introduce permanent reforms later this year to give companies the flexibility to use technology to hold meetings, such as hybrid meetings, and sign and send documents.

Expansion of support for SMEs to access funding

The Government is providing additional support to small and medium sized businesses ('SMEs') by expanding eligibility for the SME Recovery Loan Scheme.

Specifically, in recognition of the continued economic impacts of COVID-19, the Government will remove requirements for SMEs to have received JobKeeper during the March quarter of 2021, or to have been a flood affected business, in order to be eligible under the SME Recovery Loan Scheme.

As with the existing scheme, SMEs who are dealing with the economic impacts of the coronavirus with a turnover of less than \$250 million will be able to access loans of up to \$5 million over a term of up to 10 years.

Other key features include:

- The Government guarantee will be 80% of the loan amount.
- Lenders are allowed to offer borrowers a repayment holiday of up to 24 months.
- Loans can be used for a broad range of business purposes, including to support investment, as well as to refinance any pre-existing debt of an eligible borrower.
- Loans can be either unsecured or secured (excluding residential property).

The loans will be available through participating lenders until 31 December 2021.

ATO warns property investors about common tax traps

In 2019/20, over 1.8 million Australians owned rental properties and claimed \$38 billion in deductions, so the ATO is reminding property investors to beware of **common tax traps** that can delay refunds or lead to an audit costing taxpayers time and money.

The most common mistake rental property and holiday homeowners make is neglecting to declare all their income, including failing to declare any capital gains from selling an investment property.

Assistant Commissioner Tim Loh said: *"To put it simply, you should expect tax consequences for any property that you earn income from that isn't your main residence."*

"We are expanding the rental income data we receive directly from third-party sources such as sharing economy platforms, rental bond authorities, and property managers.

We will contact taxpayers about income they've received but haven't included in their tax return. This will mean they need to repay some of their refund," Mr Loh said.

So far, the ATO has adjusted more than 70% of the 2019/20 returns selected for a review of rental information.

"Most people we contact about their rental deductions are able to justify their claims. However, there are instances where we have to knock back claims where taxpayers didn't keep receipts, claimed for personal use, or claimed for ineligible deductions," Mr Loh said.

Editor: We can help make sure you get your rental income and deductions right, including where rental income has been affected by COVID-19.

Div.293 concessional contribution assessments have been issued

The ATO has recently issued approximately 30,000 Division 293 assessments for the 2018/19 and 2019/20 financial years.

Editor: Division 293 tax is an additional tax on super contributions, which reduces the tax concession for individuals whose combined income and contributions are greater than the Division 293 threshold (currently \$250,000).

Due to a system issue, concessional contributions reported for these financial years were not included in Division 293 assessments where that super account was also reported as closed during that financial year. This reporting issue was resolved in June 2021, and this has resulted in affected members receiving either an **initial** or **amended** Division 293 assessment.

Travel allowances and 'LAFHAs'

The ATO has released a Ruling explaining:

- when an employee can deduct accommodation and food and drink expenses when travelling on work;
- the FBT implications, including the application of the 'otherwise deductible rule', where an employee is reimbursed for accommodation and food and drink expenses, or where the employer provides or pays for these expenses; and

- the criteria for determining whether an allowance is a 'travel allowance' or a 'living-away-from-home allowance' ('LAFHA') benefit.

Whether accommodation and food and drink expenses are deductible depends on the facts and circumstances of each case, so the Ruling uses examples to show how to determine the deductibility of these expenses in a range of situations.

Time running out to register for the JobMaker Hiring Credit

The JobMaker Hiring Credit scheme's third claim period is now open, so if a taxpayer has taken on additional eligible employees since 7 October 2020, they may be able to claim JobMaker Hiring Credit payments for their business.

Eligible businesses can receive up to:

- ◆ \$10,400 over a year for each additional eligible employee hired aged 16 to 29 years; and
- ◆ \$5,200 over a year for each additional eligible employee hired aged 30 to 35 years.

The JobMaker Hiring Credit is available to businesses for each additional eligible employee hired before 6 October 2021, so, if a business is thinking about taking on extra staff, they should check if they are eligible to participate in the scheme.

Labor commits to income tax cuts and certainty on negative gearing

The ALP has formally announced that, if elected to Government, they will deliver *"the same legislated tax relief . . . as the Morrison Government"*.

This means they have committed to upholding the legislated changes to personal income taxes, and will also maintain the existing regimes for negative gearing and capital gains tax to provide *"certainty and clarity to Australian working families after a difficult two years for our country and the world"*.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.