



COVID-19 measures: How you might be affected

JobKeeper scheme

The JobKeeper scheme ended on 28 March 2021. You do not have to do anything, but you will need to complete your final March monthly business declaration by 14 April 2021. The final payment will be processed in April.

You must keep all relevant records for five years in case the ATO decides to look at your JobKeeper claims in detail.

The JobKeeper data matching program was extended until 28 March 2021. This will assist Services Australia in identifying the overlapping populations of people who may be registered for both the JobKeeper program and social security payments.

Note! Don't forget that JobKeeper payments are assessable and should be included in your tax return (or business' tax return) as income. If you employ someone and their wages were effectively subsidised by JobKeeper payments, the full wages are still deductible.

JobMaker hiring credit scheme

Under the JobMaker hiring credit scheme, the Government may pay you up to \$200 per week if you hire a new employee aged 16 to 29 and up to \$100 a week if you hire a new employee aged 30 to 35. The new employee must commence employment between 7 October 2020 and 6 October 2021.

What it means for sole traders

Sole traders who operate a business in Australia are potentially eligible for JobMaker. There are a number of conditions to be satisfied, for example you must hold an active ABN and be registered for PAYG withholding. You also need to register with the ATO to claim JobMaker. You must register by 30 April 2021 if you want to make a claim for the first JobMaker period (1 February to 30 April 2021).

To qualify, your employee headcount and payroll must genuinely increase. You cannot claim JobMaker if you merely replace an employee aged over 35 with one aged between 16 and 35.

You cannot claim JobMaker for certain individuals you employ, including:

- relatives;
- partners if your business is operated through a partnership;
- directors and shareholders if your business is operated through a company; and
- certain contractors and subcontractor you engaged at any time between 6 April 2020 and 6 October 2020.

Tip! The JobMaker scheme is complicated. Contact your tax adviser if you think you may qualify for JobMaker or if you are thinking of hiring a new employee.

Stimulus vouchers: How to report this in your tax

Most States and Territories are providing assistance to help boost local economies affected by COVID-19. Many governments are doing this by issuing vouchers to eligible customers to pay towards purchases from eligible businesses for dining out, entertainment or accommodation.

If your business accepts stimulus vouchers from customers, you may be wondering how to deal with this in your tax.

When you accept a voucher, you need to:

- treat the amount the voucher covers and your customer's payment as income;
- report GST on the total of payments received.

Investment incentives: What's changed?

There are two temporary measures to encourage business investment:

- full expensing for the cost of new depreciating assets acquired from 7:30pm (AEDT) on 6 October 2020 (i.e. 2020–21 Budget night) and first used or installed by 30 June 2022; and
- an accelerated rate of depreciation for new depreciating assets first held on or after 12 March 2020 and first used or installed ready for use on or after 12 March 2020 and before 1 July 2021.

Note! The law has changed so that you can now choose not to apply full expensing or accelerated depreciation to particular depreciating assets if you want. But once the choice is made, you are locked in (i.e. the choice cannot be reversed).

Tip! Talk to your tax adviser if you are contemplating buying new business assets.

Victorian business support

Just before Christmas, the Federal Government declared that various COVID-19 related business grants provided by the Victorian Government are not taxable (technically, they are non-assessable non-exempt income). These are:

- Alpine Business Fund;
- Business Support Fund 3;
- Licensed Hospitality Venue Fund;
- Melbourne City Recovery Fund – Small business reactivation grants;
- Outdoor Eating and Entertainment Package; and
- Sole Trader Support Fund.



Do you use trading stock for private purposes?

It is common for certain business owners (e.g. sole traders, individuals and partnerships, etc.) to use trading stock for private purposes. If you do this, you are treated as having sold it for its cost just before you use it 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 current tax year ending on 30 June 2021) were published in early January (in [Taxation Determination TD 2021/1](#)).

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	\$900	\$450
Restaurant/café (licensed)	\$4,640	\$1,810
Restaurant/café (unlicensed)	\$3,620	\$1,810
Caterer	\$3,830	\$1,915
Delicatessen	\$3,620	\$1,810
Fruiterer/greengrocer	\$930	\$465
Takeaway food shop	\$3,670	\$1,835
Mixed business (includes milk bar, general store and convenience store)	\$4,460	\$2,230

Do you operate your business through a company or trust?

It is fairly common for professionals, such as IT specialists, engineers and business consultants, to operate their business through a company or a trust. If you are in this position, you need to be aware of the rules that will treat the income earned by the company or trust from the provision of your own services (personal services income or PSI) as your personal income. These rules (the PSI rules) also deny a deduction for certain types of expenditure.

We discussed the PSI rules in the [September 2020 Individual edition of TaxWise® News](#). Since then, the ATO has issued a draft ruling (TR 2021/D2) providing general guidance on the operation of the rules. The draft ruling considers a number of issues including:

- the meaning of PSI and income that does not qualify as PSI;
- determining whose PSI it is;
- the effect of the PSI rules; and
- the various tests to determine if a PSB is being carried on (the results, unrelated clients, employment and business premises tests).

Even if the PSI rules do not apply where your services are hired out through a company or trust, the ATO points out that the general anti-avoidance rules may still apply to the arrangement.

Tip! The PSI rules (and the general anti-avoidance rules) are complicated. Talk to your tax adviser if you provide your services through a company or trust or are thinking of doing it.



Working from home or running a business from home? Here's what you can deduct

A lot more people have been working from home because of the COVID-19 crisis.

To make it easier for people to claim deductions for working from home due to COVID-19 (even if not operating a business), the ATO will allow a rate of 80 cents per hour for running expenses and work-related phone and internet expenses incurred up to 30 June 2021.

If you do operate your business from a home office, you can deduct the expenses of running that office. A home office is a room in your home that is used exclusively (or almost exclusively) for business activities.

If you don't have a home office, you can still claim "working from home" expenses, including:

- running expenses – these are the increased costs from using your home for your business, including electricity or gas charges for heating, cooling and lighting, cleaning costs and the decline in value and the cost of repairs of deprecating assets such as furniture, furnishings and equipment; and
- work-related phone and internet expenses, including the decline in value of a relevant device (e.g. handset, computer or laptop) – an apportionment will be required if the device is not used exclusively for work.

Tip! If you are working from home, talk to your tax adviser in order to maximise the tax deduction you can claim.



From the ATO

Have you been affected by floods?

If you're facing problems meeting your tax obligations due to flooding, the ATO will work with you to get things back on track, including:

- give you extra time to pay your debt or lodge tax forms such as activity statements;
- help you reconstruct lost or damaged tax records;
- prioritise any refunds you are owed;
- set up a payment plan tailored to your circumstances, including an interest-free period; and
- remit penalties or interest charged during the time you have been affected.

If you are an employer, you still need to meet super guarantee obligations for your employees. The ATO cannot vary the contribution due date or waive the super guarantee charge on late super guarantee payments.

Tip! Ask your tax adviser to contact the ATO to see what help is available.

Vehicle registrations: Data-matching

The ATO will acquire motor vehicle registry data from State and Territory motor vehicle registry authorities through to 2021–22. The collected data may include identification details (e.g. names, addresses and ABNs) and transaction details (e.g. date and type of transaction, sale price of the vehicle and market value of the vehicle).

The ATO estimates that records relating to approximately 1.5 million individuals will be obtained each financial year.

The data may be used to identify taxpayers buying, selling or acquiring motor vehicles who are at risk of not complying with their tax obligations.

Don't forget that if you are contemplating buying a new car for your business (e.g. to take advantage of full expensing), your deduction cannot exceed the car limit (\$59,136 for the 2020–21 tax year).

Tip! Buying a car for your business can have various tax implications, e.g. depreciation, GST and FBT. Talk to your tax adviser if you are contemplating buying a car.

Easier to pay your tax bill

The ATO has improved how you can use and manage your credit or debit card details in Online services for business, making it easier to pay your tax or super bill.

The new payment features allow you to:

- add and manage up to 3 credit or debit cards in your account profile;
- set up a payment plan with automatic direct debits from a card;
- make one-off payments using a card.

Online services for business offers a simplified process to make it easier for you to create a payment plan if you owe less than \$100,000.

The fight against tax crime

The ATO is asking for help from the general community in the fight against tax crime. You can complete a tip-off form (available in the Contact us section of the ATO app) or call 1800 060 062 to tell the ATO about suspicious activity, including:

- cash in hand transactions;
- not reporting income;
- underpayment of wages;
- identity fraud;
- ABN, GST and duty fraud;
- sham contracting – presenting an employment relationship as a contracting arrangement;
- illegal phoenixing – deliberately liquidating and re-forming a business to avoid obligations;
- schemes that involve deliberate steps to avoid the tax and super systems;
- illegal purchase of Australian property by a non-resident; and
- money laundering.

The ATO says it will safeguard your identity.

There are also protections for certain tax whistleblowers who report breaches or suspected breaches of tax law and misconduct relating to an entity's tax affairs.

Are you a victim of tax crime?

The ATO can help you if fall victim to fraud. For example, the ATO may:

- cancel a tax return or activity statement lodged without your knowledge (you will then need to lodge a valid return or activity statement);
- grant you an extension of time to lodge a replacement return or activity;
- remit (reduce or cancel) interest charged on unpaid tax debts or shortfall amounts that occur as a consequence of fraud;
- allow you to pay a tax debt by instalments over an agreed period of time, if an outstanding debt causes financial difficulties;
- provide assistance during the course of audits or investigations to correct your tax accounts after fraud has occurred.

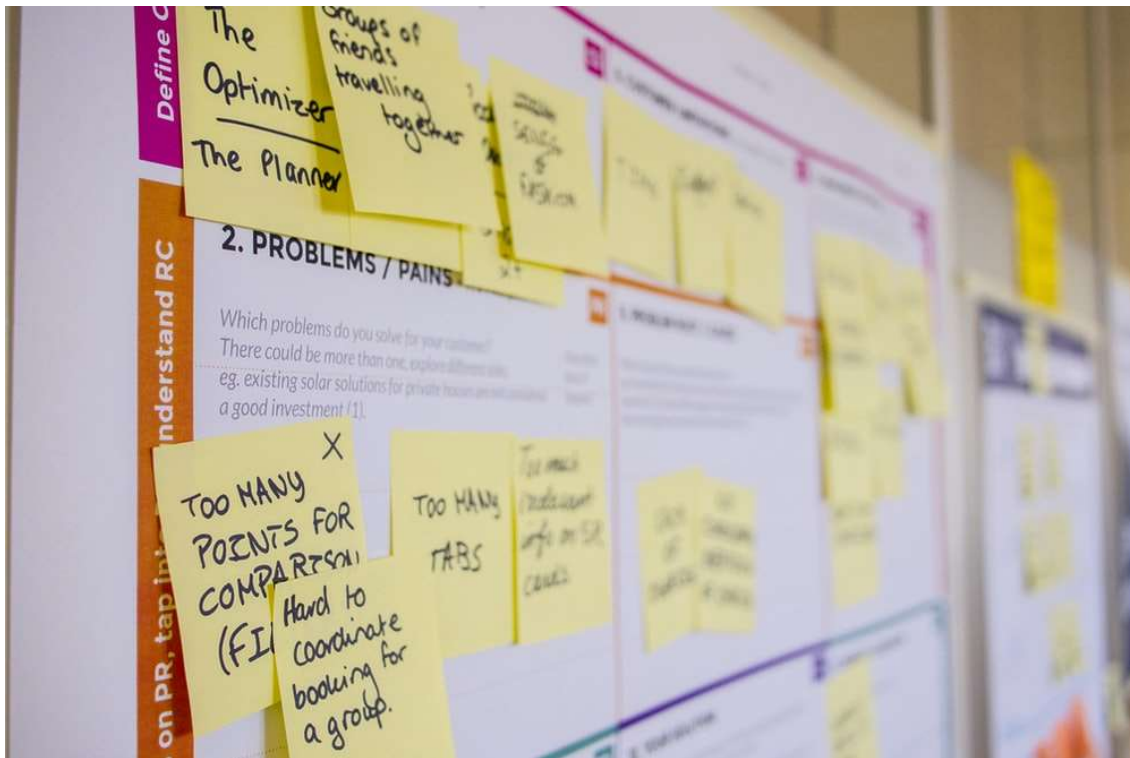
Tip! If you think you are the victim of fraud, contact the ATO and the police as soon as possible. You should also talk to your tax adviser.

Are you being targeted by an illegal scheme?

The ATO has identified a new scheme where SMSF trustees were informed that they can set up a new SMSF to roll-over the fund balance from the old SMSF and then liquidate their old SMSF in an attempt to avoid paying potential tax liabilities.

The ATO warns that taking part in this arrangement and others like it can result in civil and criminal actions and could ultimately put your retirement savings at risk.

If you believe you have been approached by a promoter of a retirement planning scheme, you should seek a second opinion from a registered tax agent or appropriately qualified financial adviser. You should also report the promoter to the ATO.



Other matters to consider...

Check your PAYG instalments

Now is a good time to check your pay as you go (PAYG) instalments still reflect your expected end of year tax liability.

If your circumstances have changed and you think you will pay too much (or too little) in instalments for the year, you can vary the instalments on the next activity statement.

Instalments can be varied multiple times throughout the year. The varied amount or rate will apply for the remaining instalments for the tax year or until another variation is made.

If you are affected by COVID-19, the ATO has said it will not apply penalties or charge interest to varied instalments relating to the current tax year (2020–21). This applies when you have made your best attempt to estimate your end of year tax liability.

If you vary an amount or rate, you will no longer receive paper activity statements and instalment notices. These will be issued electronically. You will need to consider this when deciding how to lodge, revise and vary future activity statements and instalment amounts.

Tip! Talk to your tax adviser if you think you may need to vary your PAYG instalments or if you have made a mistake working out your instalments.

Small business tax offset

A sole trader, an individual who is a partner in a partnership and an individual who is a beneficiary of a trust may qualify for the small business tax offset if the sole trader,

partnership or trust qualifies as a small business (total annual turnover under \$10m). The offset is not available to an individual acting as a trustee.

The offset for the current tax year (2020–21) is equal to 13% of the income tax payable on the person's taxable income that qualifies as their net small business income (the rate will increase to 16% from the 2021–22 tax year, i.e. the tax year beginning on 1 July this year). The offset is capped at \$1,000.

STP reporting

Employers should be reporting through Single Touch Payroll (STP) unless they only have closely held payees, or they are covered by a deferral or exemption.

There are some changes to STP reporting from 1 July 2021:

- small employers (less than 20 employees) with closely held payees must report their closely held payees through STP. You can choose to report these payees each pay day, monthly or quarterly;
- the STP quarterly reporting concessions for micro employers (less than 5 employees) will only be available to employers who meet certain eligibility requirements, including the need for exceptional circumstances to exist. Employers can apply for this concession through the online deferral tool from 1 July 2021.

A closely held payee is an individual directly related to the entity from which they receive payments, e.g.:

- family members of a family business;
- directors or shareholders of a company;
- beneficiaries of a trust.

Further changes will start on 1 January 2022. We will advise you of those nearer the date.

Tip! Talk to your tax adviser if you are an employer and you have not started reporting through STP but you do not have a deferral or exemption. You need to start reporting now.

Low and middle income offset

The low and middle income offset (LMITO) is due to be scrapped from 1 July 2021, so it will not be available as from the 2021–22 tax year. LMITO is available for all taxpayers whose taxable income is below \$126,000. The maximum amount is \$1,080. Taxpayers whose taxable income is in the \$48,001–\$90,000 range are eligible for the maximum.

Taxable income	Amount of LMITO
\$0 – \$37,000	\$255
\$37,001 - \$48,000	\$255, plus 7.5% of the excess
\$48,001 - \$90,000	\$1,080
\$90,001 - 126,000	\$1,080, less 3% of the excess
\$126,001 +	Nil

If you will receive LMITO for the current tax year, you will lose it (and thus pay more tax) next year. If the Federal government decides to extend LMITO in the Federal Budget for the next tax year (i.e. 2021–22), we will let you know in the special Budget edition of TaxWise® News. The Budget will be handed down on 11 May.

Insolvency reforms

Important changes to Australia's insolvency laws commenced on 1 January 2021. The Assistant Treasurer has said that they are the most important changes to Australia's insolvency framework in 30 years.

The changes introduce a new, simplified debt restructuring process for eligible small businesses. The process allows financially distressed small businesses to access a single, streamlined process to restructure their debts, while allowing the owners to remain in control of their business. The Government has said that this will support more small businesses to survive, meaning better outcomes for businesses, creditors, employees and the economy.



Key tax dates

Date	Obligation
14 April 2021	March JobKeeper monthly business declaration due
28 April 2021	Lodge and pay March 2021 quarterly BAS Pay March 2021 quarterly instalment notice Employee super guarantee contributions due
11 May 2021	2021–22 Federal Budget
21 May 2021	Lodge and pay annual FBT return (if your business lodges one)
28 May 2021	Lodge and pay March 2021 quarterly SGC (if required)
28 July 2021	Lodge and pay June 2021 quarterly BAS Pay June 2021 quarterly instalment notice Employee super guarantee contributions due

Note! Talk to your tax agent 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 COVID-19 or floods.

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