ADAMS ACCOUNTING
CHARTERED ACCOUNTANTS/BUSINESS ADVISORS/TAXATION SPECIALISTS

Business Newsletter **February 2022**

Fuel Tax Credit rate increase from 1 February 2022

The ATO have announced an increase to the Fuel Tax Credit (FTC) **rates from 1 February 2022**.

Type of fuel	Rate for fuel acquired from 1 Feb – cents
Fuel used on the road (in heavy vehicle greater than 4.5 tonnes)	17.8
Fuel used for all other activities	44.2

ATO chasing debts and becoming less forgiving

The ATO have indicated that they will be starting to institute follow up actions far more quickly now that they believe business is getting back to normal post covid (they may also be running out of money).
What this means is that if you or your business or super fund have a debt with the ATO that is overdue you can expect follow up contact from the ATO a lot quicker than it has been over the past two years (the message here is don't let it get overdue).
BUT if you can't pay the bill on time contact the ATO and make a payment plan.
Remember you can't enter into a payment plan if you have any outstanding lodgements like ITR or BAS's – outstanding means the due date to lodge has passed.
If you need help contact us.

Inside This Issue

Beware of ATO scams!

Scammers are always looking for new ways to trick people into handing over money or information.

When it comes to ATO impersonation scams, there are some tell-tale signs that will help you spot the real from the fake.

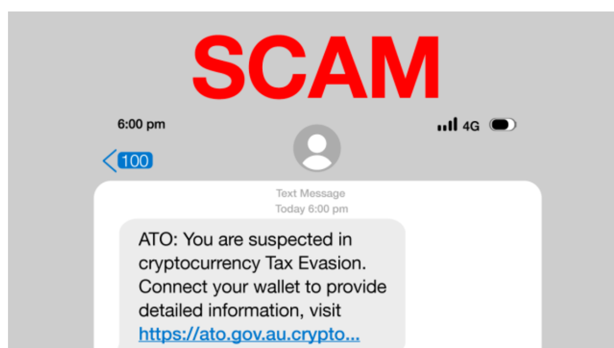
The real ATO will never:

- threaten you with immediate arrest
- cancel your TFN
- send unsolicited pre-recorded messages to your phone
- keep you on the phone until a payment is made
- request payment via unusual methods, like cryptocurrency, gift cards or cardless cash.

Scams can be for various reasons and may look legitimate. If in doubt, gather any details you can and phone us.

Some of the most recent ATO scams include:

- Cryptocurrency request to provide wallet access



- Superannuation - Scammers are phoning and emailing people, pretending to be financial advisers or super experts. They are encouraging people to invest their super in a supposedly high performing self-managed super fund (SMSF).
- Fake tax debt - Scammers pretending to be from the ATO are calling people and telling them they have a tax debt that they need to pay straight away.
- Updating financial information - Scammers are sending emails telling people they will receive a tax refund. They ask them to update their financial information on an attached form to process the refund.

Director ID required for companies

From 1st November 2021 all directors of a company will need a directors identification number (Director ID) and this number is needed by the 30th November 2022. It is free to apply.

If you are becoming a director of a company for the first time, you have 28 days to apply for a Director ID.

The director ID is a unique identifier given to a director who has verified their identity with the Australian Business Registry Services ABRS.

The director ID is a 15-digit identifier given to a director and belongs to the director forever.

Why you need a director ID

Shareholders, employees, creditors, consumers, external administrators, and regulators are entitled to know the names and certain details of the directors of a company.

All directors are required by law to verify their identity with ASIC before receiving a director ID. This is important because it will help to:

- prevent the use of false or fraudulent director identities
- make it easier for external administrators and regulators to trace directors' relationships with companies over time
- identify and eliminate director involvement in unlawful activity, such as illegal phoenix activity.

Illegal phoenix activity is when a company is liquidated, wound up or abandoned to avoid paying its debts. A new company is then started to continue the same business activities without the debt. When this happens:

- employees miss out on wages, superannuation, and entitlements
- suppliers or sub-contractors are left unpaid
- other businesses are put at a competitive disadvantage
- the community misses out on revenue that could have contributed to community services.

How to apply for a director ID

ADAMS ACCOUNTING will contact all of our clients who are company directors in the near future with details as to the options you have in relation to the application process.

Concessional superannuation (tax deductible) contributions cap

For the 2021/22 year, the concessional contributions cap is $27,500. Non concessional contributions cap has been increased to $110,000 for the 2021/22 year.

If you are over 67 years of age you need to meet a work test to be able to make personal concessional contributions. This work test states that you must have worked for 40 hours in any thirty-day period during the year.

If you have a salary sacrifice agreement with your employer, make sure that you will not go over your appropriate cap in the 2021/22 year otherwise excess contributions will be included in your assessable income and taxed at your marginal tax rate.

Always seek advice before making superannuation contributions.

Catch up concessional contributions

Individuals who contributed less than $25,000 in concessional contributions in the previous 2 financial years can accumulate those unused amounts for use in future years. Unused cap amounts are available for a maximum of **five years.**

Example: if you made concessional contributions of $10,000 in the 2019/2020 year and $5,000 in the 2020/2021 year, $35,000 of unused contributions will be brought forward to the 2021/2022 year, allowing you to contribute up to $62,500 (2021's limit of $27,500 + the unused contributions)

***Note** – Individuals must have a super balance **less than $500,000** at the end of the previous financial year to be eligible for catch up concessional contributions.

COVID superannuation withdrawal – you can recontribute to your fund

Individuals can now re-contribute amounts they withdrew under the COVID-19 early release of super program without them counting towards their non-concessional contributions cap. These contributions can be made between 1 July 2021 and 30 June 2030.

COVID-19 re-contribution amounts are not a new type of contribution. They are a personal contribution that we will exclude from an individual's non-concessional contribution cap.

New Stapled Superannuation Funds rules introduced – information for employers

'Superannuation stapling' is a new measure that was introduced as part of a package of reforms to the superannuation system announced in the 2020/21 Federal Budget.

Under this measure, an existing superannuation account is linked, or 'stapled', to an individual employee so that it follows them as they change jobs. This avoids the creation of a new superannuation account each time a person changes their employment.

These new rules require employers to use the 'stapled super fund' details (instead of the employer's default fund) for new employees who do not choose a fund.

These changes only apply to new employees who commence work on or after 1 November 2021.

Employers must generally provide new employees with a superannuation Standard Choice Form within 28 days of commencing work.
From 1 November 2021, if a new employee does not choose a fund, then the employer will need to check if the employee has an existing stapled fund by logging into ATO online services and accessing the 'stapled super fund request service'.

The ATO has advised that once all the required information is provided and the request is made, the result of the stapled super fund request should be available on-screen within minutes.

Where the employee has a stapled fund, the employer will be required to contribute to the employee's stapled fund. If an employer makes contributions into their default fund for a new employee rather than checking with the ATO to see if the employee has a stapled super fund, then they may be subject to the choice shortfall penalty.

Employees will also be notified by the ATO of the stapled super fund request made in relation to them and will be advised of the details provided by the ATO to the employer.

The ATO will be monitoring the 'stapled super fund request service' to ensure that employers are using it appropriately and making genuine requests for stapled super fund details.

Employers who use the service incorrectly (e.g. to request information for employees who started work before 1 November 2021) may have their access to the service removed.

Tax Planning for 2021

It is that time of year again to start thinking about a year-to-date review of your business's financial performance.

<u>There is nothing more frustrating than an unexpected tax liability!</u>

To avoid this potential problem, we recommend that you undertake a planning process with us before the end of June.

Planning will alert you to what your potential income tax situation is for the 2021/22 year and what options you have in relation to managing that potential tax liability.

To start the ball rolling, contact us in the next month to ensure we can finalise your plan before the end of June.

Introducing 3 new team members

We have welcomed three new team members to our team in the past twelve months.

Andrea Hammond has been with us since April last year in our administration team. Andrea is the welcoming face that has assisted you when phoning or coming into the office in the past 12 months.
Andrea is now transitioning across to our accounting team as she expands her skills.

Mitch Mahoney started with us in December last year as our newest Trainee accountant. Mitch will be undertaking his university degree whilst working with us.

Narelle Petterson started with us in January this year and is our newest member of the administration team. You will come across Narelle at reception.

Goodbye to team members

Regan was with us in the accounting team for 3 years and decided to move on to pursue a different career. We wish him well in his future endeavours.

Sheridan was the smiling face you would be greeted with in our reception area up until she went on maternity leave twelve months ago. Sheridan has decided to focus on her family for now.

Trish who has been with us for over 20 years (applause) has decided to work in a different field. Many of you would have been cheerfully greeted by Trish in reception and over the phone.

You will all be missed, and we thank you for your valuable contributions over the years.

Windfall Gains Tax

What is the windfall gains tax?

From 1 July 2023, a windfall gains tax (WGT) will apply to land that is subject to a government rezoning resulting in a value uplift to the land of more than $100,000 (this tax is for land outside metropolitan Melbourne).

A rezoning is an amendment of a planning scheme that causes land to be in a different zone from the zone that it was in immediately before the amendment. The taxable value uplift is the difference in the capital improved value (CIV) of the land before and after the rezoning takes effect, less any deductions. The Valuer-General Victoria will be responsible for determining the value of the land before and after a rezoning. These valuations will be based on the CIV of the relevant land.

How much is the windfall gains tax?

For a rezoning of land that results in a taxable value uplift:
more than $100,000 but less than $500,000: the tax will apply at a marginal rate of 62.5% on the uplift above $100,000
$500,000 or more: a tax rate of 50% will apply to the total uplift.

Who pays WGT?

The owner of the land that is subject to the rezoning pays WGT.
Grouping and aggregation provisions can apply so that the $100,000 threshold applies only once to properties owned by the same owner or group of owners and rezoned under the same planning scheme amendment.

When does WGT have to be paid?

Owners of land liable to pay WGT will be issued with a WGT assessment with a due date for payment.
They will have the option to defer payment of any liability until the next dutiable transaction (or relevant acquisition) occurs, or until 30 years after the rezoning event, whichever occurs first. Certain excluded dutiable transactions and relevant acquisition will not cease deferral.

Who administers the WGT?

WGT will be administered by the Commissioner of State Revenue (Commissioner) as a taxation law under the Taxation Administration Act 1997 (TAA), which provides rights of objection to the valuations used in the calculation of WGT.
Unpaid or deferred WGT will constitute a first charge on the relevant land, with provision to include WGT information on property clearance certificates issued under the TAA.

Who will ultimately end up paying for this tax?
Residential land purchasers will be the end payer of this tax. So much for improving housing affordability.