

News

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Conflict: The Necessary Evil

In this Issue

Conflict: The Necessary Evil	1
ATO Correspondence to be Forwarded via Email	2
Interesting Tax Facts	3
Small Business Lodgement Amnesty	3
Maximising Cashflow	4
Quarterly Reporting for SMSFs	5
Superannuation Guarantee and the Right to Delegate	6
Super Pensions and the Commonwealth Seniors Health Card	7
ATO Corporate Plan 2023-24	8

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Living a life without physical conflict is achievable, and advisable. There are however many types of conflict we must all face. Dealing with it appropriately is the challenging part.

Anyone involved with business and/or family will be all too familiar with the struggles that come with both. There will always be competing interests and views. Often these are well meaning yet can still cause disharmony if not managed correctly. The disharmony can become draining (emotionally, physically and financially) very quickly.

As advisors, we have borne witness to many business and family conflicts. Most are managed well, some are not. Often the notes share similar traits. If the following recommendations are taken on board, all parties are likely to be better off for it.

Address it

Bring everything to the table from the start. Issues left simmering will ultimately be teased out later in the piece, potentially derailing or delaying any resolution.

Compromise

Be prepared for some give and take. Without parties being open to compromise, resolutions are near impossible. Rarely will everyone walk away completely satisfied with the outcome. In many instances the ideal resolution will leave the opposing parties equally unhappy.

Document

Put the issues in writing. Minute the discussions and negotiations. Formally document and sign off on resolutions. Doing so holds everyone accountable and reduces the chance of having to go through the process again.

Involve a Mediator

Whilst this does not necessarily need to be in a formal capacity, someone independent should be put in the middle to reduce emotional influence and keep the major issues targeted.

Let it go

Conflicts often extend from historical events. Some such events are relevant going forward; those that are not must be left in the past. Concentrate on the future and what can be influenced.

Prioritise

Keep the focus on the bigger picture. It is easy to let emotion takeover and enable minor, often irrelevant, matters to take centre stage. Ensure those matters are dealt with quickly and succinctly.

See both sides

Take the time to understand and appreciate differing views and reasons for the differing position. Doing so will open up the discussion and present alternate solutions.

Contrary to popular belief, no one involved in conflicts enjoys it (including independent professionals). To head off conflicts before they become heated, consider the above in all decision making. Regular structured meetings are recommended to enable and encourage this. These can be as simple as a casual drink or meal, noting attendees should be given notice and encouraged to raise any issues. Perhaps less regularly should be formal meetings with an agenda, action items, an independent chair and trusted advisors.

For those that are yet to be faced with such conflict, do not be complacent. Prevention is better than cure.

New Message



To Client

Cc Bcc

Subject ATO Correspondence to be Forwarded via Email

ATO Correspondence to be Forwarded via Email



Many clients will have noted the ATO's "digital first" approach to correspondence in recent years. Generally, the ATO will now only issue communication via post as a last resort.

Where a taxpayer has lodged activity statements digitally, or has linked their MyGov account to the ATO, in most instances correspondence will be issued digitally rather than via post. As a result of this, our office has found that a lot of ATO correspondence is not being actioned appropriately. This is partly due to the prevalence of scams, and taxpayers being quite rightly weary of illegitimate communications.

To help combat this, we have recently implemented a new system to assist in ensuring;

- 1 ATO communications are promptly forwarded and actioned appropriately; and
- 2 They are sent in a safe and secure way.

This system will result in important ATO correspondence being sent from the email address of your RJC Evans & Co contact (i.e. not a generic email address or unknown staff member) to the email address we have on file for the recipient. The ATO correspondence will be attached in PDF format (i.e. not require the recipient to click on a link) and will have the TFN redacted.

Where we do not have an email address on file for the recipient, or the recipient has advised our office that they do not wish to receive such correspondence via email, the correspondence will be forwarded via post.

To ensure such email correspondence remains private and secure, please ensure you and your associates attend to the following:

- 1 Provide our office with the appropriate email addresses, and advise our office immediately if the email address is compromised or the email address changes.
- 2 Setup two factor authentication on your email account.

Remember, should you ever doubt the validity of emails purported to be from our office, or the details therein, please consider the following:

- Log on to your ATO Online Services or MyGov account to confirm the details of the email.
- Note that generally the ATO BPay Biller Code does not change.
- Call the ATO via the phone number listed on the ATO website to confirm the details of the email.
- Call our office on (08) 8272 2500 to confirm our office sent the email.



Send



Interesting Tax Fact

Those attentive taxpayers will have noted the “Tax Receipt” that has accompanied Notice of Assessments since 2014.

Obviously, much change has occurred since then, as has the allocation of where tax dollars are being spent.

Below is a comparison of how \$10,000 of tax was allocated in 2014 vs 2023. Note this ignores the quantum of total tax paid.

Commentary on this is left to the reader.

Category	2014	2023	\$ Change	% Change
Welfare	\$3,678	\$3,925	\$246	6.7%
Health	\$1,776	\$1,935	\$159	9.0%
Defence	\$821	\$859	\$38	4.6%
Education	\$818	\$824	\$6	0.8%
Public Services	\$773	\$404	-\$369	-47.7%
Interest	\$370	\$398	\$28	7.5%
Transport & Communication	\$234	\$242	\$8	3.4%
Industry assistance	\$159	\$173	\$14	8.9%
Fuel and Energy	\$194	\$161	-\$33	-17.0%
Foreign affairs, economic aid	\$167	\$137	-\$30	-18.1%
Public order and safety	\$122	\$133	\$12	9.5%
Housing and community	\$231	\$128	-\$103	-44.5%
Recreation and culture	\$103	\$87	-\$16	-15.2%
Immigration	\$128	\$66	-\$62	-48.4%
Other purposes*	\$426	\$528	\$102	23.9%

Small Business Lodgement Amnesty

Since Budget night, the ATO has released more information around the small business lodgement amnesty...which can now be taken advantage of from 1 June 2023!

The amnesty was announced in the recent Budget. It applies to tax obligations that were originally due between 1 December 2019 and 28 February 2022 and runs from 1 June 2023 to 31 December 2023.

To be eligible for the amnesty, the small business must be an entity with an aggregated turnover of less than \$10 million at the time the original lodgement was due.

During this time, eligible small businesses can lodge their eligible overdue forms and the ATO will then proactively remit any associated failure to lodge (FTL) penalties.

The ATO offers a range of support options, including payment plans.

The Amnesty applies to Income Tax Returns, Business Activity Statements, and Fringe Benefits Tax Returns. It does not apply to superannuation obligations and excludes other administrative penalties such as penalties associated with the Taxable Payments Reporting System.

If you are ready to come forward and get your overdue lodgements up to date, we can help you, and hopefully secure the amnesty for you.



Australian Government
Australian Taxation Office

Maximising Cashflow



The predicted slowing of the economy in 2023-24 along with the pay day Superannuation Guarantee (SG) proposal, are sure to make cashflow more important than ever for business over the coming months and years. It is one of the biggest difficulties faced by businesses.

To recap, it is proposed that from 1 July 2026 employers will be required to pay their employees' super at the same time as their salary and wages. Currently, SG is payable quarterly – allowing business more time to make provision for this obligation.

There are a number of strategies that may improve cashflow for your business:

Reconsider the terms on which you deal with customers

If a customer regularly cannot pay, or cannot pay the full amount, you should perhaps consider the terms on which you deal with that customer. For instance, to protect yourself against future non-payment, you might like to only deal with that customer on an upfront payment basis. Decisions in this regard should be made on a case-by-case basis.

Send invoices immediately

Delaying your invoices until the end of the week or the end of the month, for example, may unnecessarily create cashflow problems for yourself. When you make the supply, send out the invoice!

Bank amounts that you receive

By banking amounts as soon as you receive them, you will be better able to monitor your true cash situation at any point in time. Not banking amounts immediately leads to estimation and confusion as to the true cash position of your business.

Discounts for early payers

Offer discounts to customers who pay early. A word of caution – it is important to strike a balance between a reasonable discount, and your desire for early payment. Offering sizeable discounts for money that may have been paid in full a few days later anyway will end up causing its own cashflow problems! In most cases, it is best to keep the discounts small, and require the payment well before the due date.

Insurance for debtors

If you are a business that relies heavily on a few clients, you should consider taking out insurance. By insuring against the failure of your major debtors, you can safeguard against their potential collapse.

Increase your time to pay

Try to get creditors to extend their due dates for payment, for example, from 14 days to 30 days; from 30 days to 60 days; or from 60 days to 90 days. Any extra time that you have to pay amounts owing is effectively interest-free money.

Consider charging deposits for significant orders. Not only does this guarantee at least part payment, but also makes customers think twice before cancelling their orders for goods that are in the process of being made available.

Excess stock

Businesses need to make sure that they do not have excessive stock. Ideally, businesses should aim to have enough stock to keep customers happy and not have (if applicable) your store looking empty. Beyond that, any excess stock is merely tying up cash.

Prepare a cashflow forecast

Please contact our office should you need assistance with this.



Quarterly Reporting for SMSFs

It cannot be expected the ATO will not apply penalties for late lodgement

As of 1 July 2023, all Self-Managed Superannuation Funds (SMSFs) are required to report events that affect a member's transfer balance quarterly (rather than annually), regardless of the member's total super balance.

Previously only SMSFs that had a member balance of \$1 million or more were required to report quarterly. If less than \$1 million, events could be reported annually by the due date of the fund's annual return.

These changes mean you must report the event that affects the members transfer balance within 28 days after the end of the quarter in which the event occurs. For example, pensions that commence on 1 July 2023 are due to be reported by the 28 of October 2023.

Examples of reportable events

- Starting or stopping a retirement phase income stream (ie. pension), including death benefit income streams
- Lump sum withdrawals made from pension accounts
- Compliance with a commutation authority issued by the ATO
- Personal injury (structured settlement) contributions

Examples of events that are not reportable

- Pension payments
- Your investment earnings and losses
- Cessation of income stream because the interest has been exhausted
- When a member passes away
- Information that individuals report to the ATO directly such as:
 - Family law payment split
 - Debit event from fraud, dishonesty, or bankruptcy
 - Structured settlement contributions made before 1 July 2007

The consequences of late reporting

If a SMSF does not lodge a TBAR by the required date, the member's transfer balance account will be adversely affected, and more money may need to be commuted to rectify any excess or to pay more excess transfer balance tax.

While the ATO have chosen not to apply penalties for late lodgement to date, and instead take an educational approach, it cannot be expected that this will continue.

If we administer your SMSF, please contact our office if any of the above-mentioned events occur to ensure your reporting remains compliant.

Superannuation Guarantee and the Right to Delegate

Another key Federal Court case may have a bearing on whether businesses owe certain workers they engage superannuation guarantee or not.

For background, early last year the High Court made a game-changing decision in determining whether a worker is an employee or contractor at common law. It ruled that this is determined by the employment contract / agreement and whether it contains the usual indicators that tend toward a finding that a worker is an employee at common law including:

- Does the business have control over the worker (e.g. what hours they work and how they do the work)?
- Must the worker perform the work personally (rather than having the ability to delegate or subcontract the work to an outside party)?
- Is the worker paid like an employee (e.g. hourly rate)?
- Does the business supply the tools and equipment for the worker?
- Does the business bear the risk and liability to outside parties for any defects in the work?

Where the answer to most of those questions is yes, then the worker is an employee at common law.

Up until the High Court's decision, lower courts were looking at how individual work arrangements were playing out in practice when answering the above questions. The High Court however ruled that you should instead look at the rights and obligations set out in the respective contract between the parties rather than how the situation plays out after the contract is signed. This is provided that the contract was not a sham.

With this new approach in mind, in early June 2023 a case came before the Full Federal Court where it was asked to determine whether a worker was an employee or contractor. Adopting the High Court's new approach, the Full Federal Court examined the contract and found that the answers to some of the above questions were yes, while the answers to others were no.

However, ultimately it found that because the worker had the ability to delegate/subcontract the work (although a limited ability subject to the approval of the business) the worker was not an employee for superannuation purposes at common law:

... if a person engaged to perform work has a contractual right to have someone else perform that work, that is a matter which at the very least tends against a conclusion that the person is an employee. The existence of the right is inherently inconsistent with an employee relationship. In the absence of significant countervailing considerations, how can you be

an employee if, within the scope of the contract, you can lawfully get someone else to perform the entirety of your contractual obligations, whether for a short period, or for a longer period?

Because the worker had the ability to delegate, he was also not entitled to superannuation under the wider definition of 'employee' in the superannuation legislation either which provides that if a person works under a contract that is wholly or principally for the labour of the person, the person is an employee of the other party to the contract. The ability to delegate meant that this test was not met.

The take home message for employers is that the terms of the written agreement will determine whether a worker is owed superannuation at common law (but that contract cannot be a sham). However, where there is the ability of the worker to delegate, this will generally be decisive – no superannuation will be owed at common law or under the superannuation legislation.

All told, this is a complex area. Please reach out to us if you are unsure of whether a superannuation obligation is owed to a worker.

Super Pensions and the Commonwealth Seniors Health Card

Are you a self-funded retiree who does not qualify for the Age Pension? If you've answered yes, then help may be available for certain living expenses by way of the Commonwealth Seniors Health Card (CSHC).

What is the CSHC?

The CSHC is a concession card enabling access to cheaper health care and some discounts if you've reached Age Pension age.

Benefits of the CSHC

With a CSHC you may receive benefits such as:

- Cheaper medicine under the Pharmaceutical Benefits Scheme (PBS)
- Bulk billed doctor visits – this is up to your doctor
- A refund for medical costs when you reach the Medicare Safety Net, and
- Depending on your state or territory government and local council, lower electricity and gas bills, property and water rates, and public transport.

Who can get the CSHC?

To get this card you must meet all of the below conditions:

- Be of Age Pension age or older
- Meet residency rules
- Not be receiving an income support payment (such as the Age Pension) from Centrelink or the Department of Veterans' Affairs

- Give Centrelink your Tax File Number (including your partner's TFN) unless you're exempt from doing so
- Meet identity requirements, and
- Meet the income test.

An income test applies

To get a CSHC, you must meet an income test and earn less than the following:

- \$90,000 a year if you're single
- \$144,000 a year for couples, or
- \$180,000 a year for couples separated by illness, respite care or prison.

The income test will look at both your:

- *Adjusted taxable income* – this is the taxable income shown on your income tax return plus some extra amounts such as certain superannuation contributions and losses made on investments, and
- *A deemed amount* from your account-based income streams (ie, superannuation pension) that started on or after 1 January 2015.

When it comes to deeming amounts for account-based income streams, the actual amounts paid from your income stream are ignored. Rather, Centrelink assumes that your income stream (including other financial investments) earn a certain rate of income based on a percentage of the account balance at the start of the year.

The percentage is 0.25% up to a threshold (\$60,400 for singles, \$100,200 for couples) and then 2.25% thereafter.



For example, if you are a single person with a \$1.5 million account-based income stream, you would have a 'deemed income' amount from that pension of \$32,622, worked out as follows:

$$(0.25\% \times \$60,400) + [2.25\% \times (\$1.5m - \$60,400)] = \$32,542$$

Whereas (using the same formula) a couple with income streams of \$1.5 million each would have deemed income of \$65,494, combined.

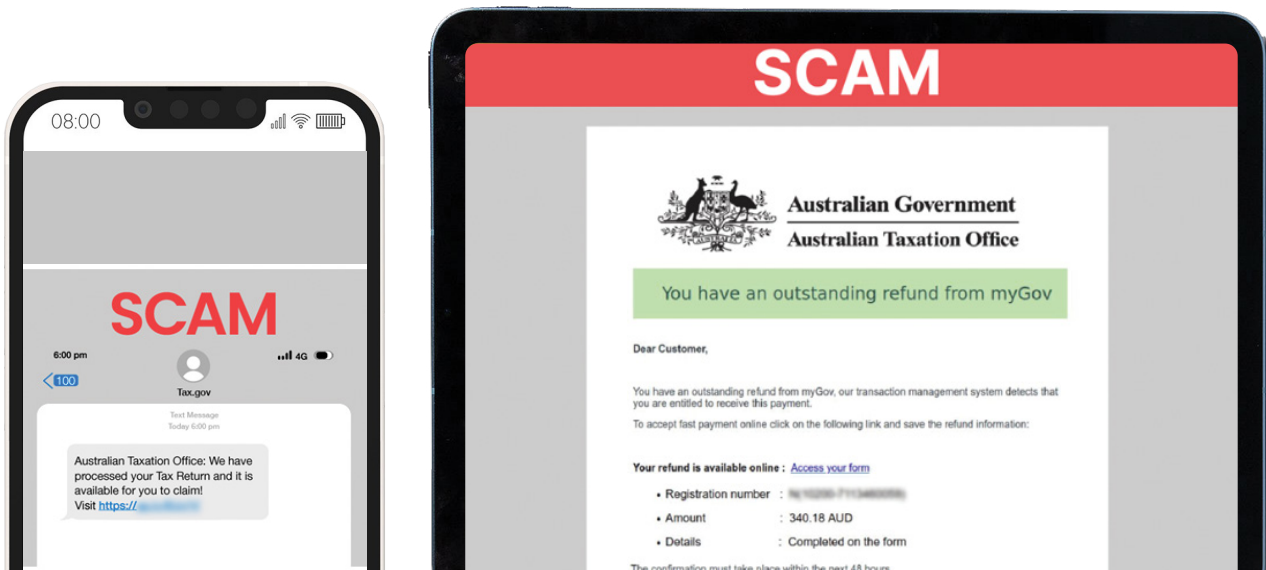
No assets test applies

There is no assets test for the CSHC. This means you could have large accumulation accounts or make large withdrawals from your accumulation or pension accounts each year and have no impact on your CSHC!

How to claim

The easiest way to claim the CSHC is online via your myGov account. Alternatively, you can also claim by form or phone. Please feel free to contact our office for more guidance on the CSHC.

Are you a self-funded retiree who does not qualify for the Age Pension? If Yes, this is a must read



ATO Scam Alert

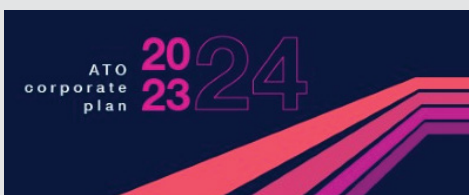
The ATO has advised that they are seeing an increased number of ATO impersonation SMS and email scams trying to steal myGov usernames and passwords.

These scams encourage you to click on a link that takes you to a fake myGov log on page designed to steal your myGov details.

Do not open any links or provide the information they're asking. The ATO will not send you an SMS or email with a link to log on to their online services.

For more information on how to spot these scams, visit www.ato.gov.au/general/online-services/identity-security-and-scams/scam-alerts or please contact our office to discuss.

ATO Corporate Plan 2023-24



The ATO has released its corporate plan for 2023-24 which, amongst other things, highlights eight key focus areas for the ATO. These are:

- Address collectable debt
- Continue to drive digitalisation and improve client and staff experiences to deliver more effective and efficient services.
- Continue to improve compliance and pursue new priority-tax-risk areas for multinational enterprises as well as public and private businesses and groups
- Continue to strengthen its ability to govern, protect, detect and respond to cyberthreats to safeguard the organisation and client data.

• Implement the Government's response to the Independent review of the Modernising Business Registers Program.

• Improve small business tax performance with a digital-first approach

• Strengthen system integrity by preventing, detecting and responding to evasion and fraud in the tax, superannuation and registry systems.

• Superannuation Guarantee integrity

You can find out more about this at www.ato.gov.au and search ATO Corporate Plan. https://www.ato.gov.au/uploadedFiles/Content/CR/downloads/ATO_corporate_plan_2023-24.pdf