

# TAX MATTERS

TAX STRATEGIES FOR YOU AND YOUR BUSINESS

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## Single Touch Payroll authorisations

The ATO has allowed clients to authorise their registered agent to act on their behalf for Single Touch Payroll (STP).

On 1 July 2018, the Australian Government introduced STP for employers with 20 or more employees. The new scheme requires employers to report payment activities each time employees are paid. The STP engagement authority allows employers to provide the Commissioner of Taxation with the relevant form once a year instead of at every pay event by using a registered agent.

### STP engagement authority

A registered agent that reports through STP for an employer can get written authorisation to make

this declaration through an annual agreement. This authorisation allows the registered agent to make the relevant declaration to the Commissioner when they lodge an STP at each pay event. Both parties should have a copy for their records although there is no need to provide a copy to the ATO.

The agreement should include the following terms:

- An outline of the responsibilities of both parties
- Agreed terms of the employer's collation of payroll
- Their process for calculating and paying their employees
- Taxation and superannuation obligations

### Employer's eligibility

To be eligible for the STP engagement authority

the employer must not:

- Have any overdue activity statement lodgements
- Have any outstanding debts, unless they are covered by a payment arrangement or subject to review
- Currently be or have been the subject of the ATO compliance activity for PAYG withholding in the last two years

### Exclusions

The STP engagement authority does not apply to other approved forms or the finalisation declaration. A registered agent must still get a signed declaration in writing from an employer before making the finalisation declaration on behalf of the employer at the end of the financial year.

**ha** HOOPER ACCOUNTANTS



### TOOWOOMBA OFFICE

100 NEIL STREET  
TOOWOOMBA QLD 4350

### PITTSWORTH OFFICE

132 YANDILLA STREET  
PITTSWORTH QLD 4356

TEL (07) 4637 9363

FAX (07) 4638 7617

### EMAIL

hooper@hooperaccountants.com.au

### WEBSITE

www.hooperaccountants.com.au

### DIRECTORS

Jim Rawlings

Tony Beverland

Accounting & Bookkeeping  
Taxation & SMSF  
Business Structures  
Management & Consulting  
Valuation & Audit  
Estate Planning

# ATO's new guidelines for FBT exemption on vehicles

The ATO has released draft guidelines to eliminate confusion and more closely define FBT exempt benefits for work vehicles and their private use.

Guidelines will be enforceable by the end of the 2019 FBT year. Employers could be forced to pay a 20 per cent FBT compulsory tax payment on the cost of the vehicle if they fail to comply.

Employers who make a vehicle they hold available to their employees for work related or private use fall within the scope of the ATO's new fringe benefit guidelines. This fringe benefit may only remain an exempt benefit if other private use of the vehicle is minor, infrequent and irregular.

## Private and non-private use

The ATO has determined that the vehicle cannot deviate more than two kilometres from its usual route to and from work if it is to be classified as professional travel. The reason being that any deviations larger than two kilometres mean the primary purpose of the trip is no longer work-related. Dropping the kids off to school before work, adding

500 metres to the route, is professional travel. Attending sports training after work, deviating five kilometres, is private use.

Non-work related travel of 1000km is permitted provided that there is no single trip exceeding 200km. A single trip to visit the relatives or grocery run will not leave employers non-compliant so long as their employees record that the trip was non-professional travel.

## Logbook requirements

Employers must ensure their workers keep detailed logbooks with regard to their use of their vehicles. Regardless of whether the logbook is electronic or not, the distance of the journeys must be recorded every time the vehicle is used for wholly private purposes. The records must be emailed to employers before the end of the FBT year.

## Eligible Vehicles

Check the ATO to see if your vehicles are eligible. Keep in mind that these guidelines have recently changed to include single and dual cab utes.



## Government fast-tracks tax cuts for small and medium businesses

The Australian Government is fast-tracking tax-cuts five years earlier than planned for small and medium businesses.

Businesses with an aggregated turnover below \$50 million will be taxed 25 per cent in 2021-22, instead of the current 27.5 per cent. Previous legislation stated the tax cuts would be implemented by 2026-2027. The tax cuts will be gradual with a decrease to 26 per cent for the 2020-21 financial year.

The \$29.8 billion tax cut will benefit three million businesses that employ nearly seven million Australians. For example, small businesses like an independent pub or cafe making \$500,000 profit, will have an additional \$7,500 in 2020-21 and \$12,500 in 2021-22 to grow their business, increase staff or manage cash flow.

The Government has also announced a 16 per cent increase for their tax discount for unincorporated entities, which will apply from the 2022 income year, rather than the 2027 income year.

## ATO phone scam alert

Public alerts have been issued regarding phone scammers who impersonate ATO officials to defraud their victims of thousands of dollars.

An increasing number of reports have been submitted regarding scammers who claim their target has an outstanding tax debt and threaten arrest if the debt is not paid immediately.

## Scam tactics

Scammers are using technology to make their requests seem more legitimate. Some tactics include:

- Calls appearing to originate from a legitimate ATO number
- Using the number 6216 1111 and other official looking numbers
- Using a three-way conversation between the scammer posing as an ATO official, the victim and another scammer impersonating the victim's tax agent

## Spotting a scam

Keep in mind that although calls may look

legitimate, the ATO will never:

- Threaten you with arrest
- Demand immediate payment, particularly through unusual means such as bitcoin, prepaid credit cards or gift cards
- Refuse to allow you to speak with a trusted advisor or your regular tax agent
- Present a phone number on caller ID
- Use aggression and intimidation tactics

## How to take action

The ATO encourages individuals who have suspected they have been called by a scammer to take the following action:

- Phone the ATO to check if the call was legitimate
- Know the status of your tax affairs
- Check myGov or contact your registered tax agent
- Never call a scammer back but independently locate a contact number for the organisation referenced in the call