



## client alert

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#### **Government launches new service to simplify business registrations**

The government has officially launched a new stand-alone Business Registration Service, providing a simpler and clearer way to register a business. The service is available at [www.business.gov.au](http://www.business.gov.au).

The service can be used for things such as applying for an Australian Business Number (ABN) or goods and services tax (GST) registration. It is for people starting a new business as a sole trader, company, partnership, trust or superannuation fund. Existing businesses with an ABN can also use the service to apply for tax registrations such as GST.

The Business Registration Service has reduced the average time taken to obtain a business and associated licences to under 15 minutes.

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#### **Illegal early access to super: ATO warning about scammers**

The ATO has issued a warning to be aware of scammers who promise to organise access to people's retirement savings for a fee. Unscrupulous promoters encourage people to illegally access their super early to help with expenses such as the purchase of a car, paying off debts, sending money to overseas relatives and taking a holiday. The ATO has seen promoters, mostly in western Sydney, targeting people with small to medium super balances, those involved in local community groups, and those who may not have engaged with their super before being approached.

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#### **ATO gives small businesses the chance to seek independent review of ATO audit position**

From 1 July 2018, the ATO is running a 12-month pilot to extend its independent review service to certain small business taxpayers. This means those taxpayers

can have the ATO's audit position on their tax affairs independently reviewed.

The independent review is conducted by an officer from the ATO's Review and Dispute Resolution business line. This officer will not have been involved in the audit and will bring an independent "fresh set of eyes" to the case. The independent reviewer will consider the documents setting out the taxpayer's position and the ATO audit position. They will schedule a case conference with the taxpayer and the ATO audit officer, generally within one month of receiving the taxpayer's review request.

The ATO audit team will finalise the audit in accordance with the independent reviewer's recommendations. The pilot is currently limited to small business disputes involving income tax audits in Victoria and South Australia.

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#### **Transacting with cryptocurrency: updated ATO info**

The ATO says a capital gains tax (CGT) event occurs when a person disposes of their cryptocurrency (eg Bitcoin). A disposal can occur when someone:

- sells or gifts cryptocurrency;
- trades or exchanges cryptocurrency (including the disposal of one cryptocurrency for another cryptocurrency) – if the cryptocurrency received cannot be valued, the capital proceeds from the disposal are worked out by using the market value of the cryptocurrency disposed of at the time of the transaction;
- converts cryptocurrency to fiat currency like Australian dollars; or
- uses cryptocurrency to obtain goods or services.

If you need assistance with the tax treatment of cryptocurrency, or the ATO's record-keeping requirements for taxpayers who are involved in acquiring or disposing of cryptocurrency, please contact our office.

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## Tax gap for individuals is \$8.8 billion, says ATO

The ATO has estimated that the net “tax gap” for individuals not in business in 2014–2015 is approximately 6.4%, or \$8.8 billion. The gap is an estimate of the difference between the tax the ATO collects and the amount that would have been collected if every one of these taxpayers was fully compliant with the law.

In other words, the ATO estimates that individuals not in business paid over 93% of the total theoretical tax payable in 2014–2015.

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## ATO warns about scammers at tax time

The ATO has warned taxpayers to be on “high alert” for tax-related scams. ATO Assistant Commissioner Kath Anderson said the most common scam is still the “fake tax debt” phone scam, but the ATO is also seeing an increase in “fake refund” or “refund for a fee” scams, and email and SMS scams enticing people to click a hyperlink, download a file or open an attachment.

Scammers frequently claim to be from the ATO and taxpayers should be wary of any phone call, text message, email or letter about a tax refund or debt, especially if they were not expecting it.

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## Income tax residency rules for individuals: Board of Taxation recommends reform measures

The Board of Taxation has publicly released its initial report on its review of Australia’s income tax residency rules for individuals. The Revenue Minister said the Board found that the current individual tax residency rules require modernisation and simplification. The Board also identified opportunities for tax arbitrage, for example where individuals become “residents of nowhere” when they leave Australia and do not become tax residents of another jurisdiction.

The report considered whether the current rules (largely unchanged since 1930) are sufficiently robust to meet the requirements of the modern workforce, address the policy criteria of simplicity, efficiency, equity and integrity, and take into account a significant number of cases heard since 2009 relating to individual residency. The Revenue Minister has asked the Board to consult further on some key recommendations.

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## Retirement income covenant needs more flexibility: KPMG

KPMG has released a submission in response to the Treasury position paper on the proposed retirement

income covenant announced as part of the 2018–2019 Budget. The proposed covenant will require trustees of superannuation funds (including self managed superannuation funds) to formulate a retirement income strategy for fund members. This requirement is aimed at supporting the government’s development of a comprehensive income products for retirement (CIPR) framework.

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## Illegal phoenix activity costs billions; new Phoenix Hotline

The ATO has released a new report on the economic impacts of potential illegal phoenix activity. It estimates that the annual direct impact of illegal phoenix activity on businesses, employees and the government was between \$2.85 billion and \$5.13 billion for the 2015–2016 financial year.

The government has also established a new Phoenix Hotline to combat phoenixing activity and to protect compliant Australian workers and businesses. Employees, creditors, competing businesses and the general public can confidentially provide information about possible phoenix behaviour via the hotline on 1800 807 875 or the ATO website. Disclosures will be protected.

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## Super funds deliver healthy returns for 2017–2018

The median “growth” superannuation fund delivered a healthy investment return of 9.2% for 2017–2018, with the top spot going to Hostplus with a return of 12.5%, according to superannuation ratings firm Chant West. Growth super funds are those with a 61–80% allocation to growth assets.

Every fund in the growth category had positive returns, with even the lowest performer delivering a 6.5% return. Growth funds have delivered nine consecutive years of positive returns, averaging about 9% a year, said Chant West senior investment manager Mano Mohankumar.

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## GST exemption for offshore sellers of hotel bookings to be removed: draft legislation released

The Treasurer has released draft legislation to ensure offshore sellers of hotel accommodation in Australia calculate their GST turnover in the same way as local sellers from 1 July 2019.

Under the proposed changes, offshore suppliers of rights to use commercial accommodation (eg hotels) in the indirect tax zone (broadly, Australia) will be required to include these supplies in working out their GST turnover. If the supplier’s GST turnover equals or exceeds the registration turnover threshold, GST must be remitted for supplies that are taxable supplies.

**Important:** Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.