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DECEMBER 2020 NEWSLETTER

JobMaker Hiring Credit Passed

The government has passed legislation to establish the JobMaker Hiring Credit, which is part of the government's economic response to the COVID-19

The JobMaker Hiring Credit is specifically designed to encourage businesses to take on additional young employees and increase employment.

It does this by providing employers with a fixed amount of $200 per week for an eligible employee aged 16 to 29 years and $100 per week for an eligible employee aged 30 to 35 years, paid quarterly in arrears by the ATO.

To be eligible, the employee must have been receiving JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the previous three months, assessed on the date of employment. Employees also need to have worked for a minimum of 20 hours per week of paid work to be eligible, averaged over a quarter, and can only be eligible with one employer at a time.

The hiring credit is not available to an employer who does not increase their headcount and payroll.

Employers and employees will be prohibited from entering into contrived schemes in order to gain access to or increase the amount payable.

Existing rights and safeguards for employees under the Fair Work Act will continue to apply, including protection from unfair dismissal and the full range of general protections.

ATO Visa Data Matching Program

The ATO will acquire **visa data** from the Department of Home Affairs for 2020/21 through to 2022/23, relating to approximately 10 million individuals for each financial year.

The data will be used to identify non-compliance with obligations under taxation and superannuation laws, including registration, lodgment, reporting and payment responsibilities.

Improvements To Be Made To Full Expensing Measure

The government will expand eligibility for the temporary 'full expensing measure', which temporarily allows certain businesses to deduct the full cost of eligible depreciable assets in the year they are first used or installed.

The government initially announced in the 2020/21 Budget that businesses with a turnover of up to $5 billion would be able to immediately deduct the full cost of eligible depreciable assets as long as they are first used or installed by 30 June 2022.

The government will also allow businesses to opt out of temporary full expensing and the backing business investment incentive on an asset-by-asset basis.

This change will provide businesses with more flexibility in respect of these measures, removing a potential disincentive for them to take advantage of these incentives *(Editor: For example, where the automatic application of full expensing might cause the entity to make a loss).*

How To Avoid Getting Dodgy Advice

The ATO is warning taxpayers who may be thinking about pausing, changing or closing their business, due to the current economic conditions, to be wary of untrustworthy advisers who may recommend inappropriate or illegal behaviour.

This could include illegal phoenix activity, where businesses intentionally remove their assets prior to winding up so that they can be used in a copy of the original business.

Red flags include:

- people the taxpayer doesn't know cold calling with advice;
- unsolicited letters, emails or phone calls after the taxpayer has been through court action with a creditor;
- advice to transfer assets to a third party without payment;
- refusal to provide advice in writing;
- advice suggesting they have a sympathetic liquidator who will protect the taxpayer's personal interests and assets;
- advice to withhold certain records from the bankruptcy trustee or liquidator, or provide incorrect information to authorities; and
- advice to deal with the liquidator or trustee on the taxpayer's behalf.

The ATO instead recommends anyone thinking of pausing, changing or closing their business to contact a qualified professional, such as an accountant, lawyer, or registered liquidator.

STP Data-Sharing With Services Australia

Single Touch Payroll ('STP') allows the ATO to share data in real-time with other government agencies, to *"help them deliver government services to the Australian community"*.

As part of the ATO's data-matching program, it has a STP data-sharing arrangement with Services Australia to help them administer Australia's welfare system.

This means that people who are on an income support payment from Services Australia and need to report their employment income fortnightly to Centrelink will now see their employer details are pre-filled.

Proposed FBT Exemption — Retraining and Reskilling

The government has announced it will introduce an exemption from FBT for retraining and reskilling benefits provided by employers to redundant, or soon to be redundant, employees where the benefits may not be related to their current employment.

It is proposed that this exemption will not apply to:

- retraining provided under a salary packaging arrangement;

Proposed FBT Exemption - Retraining And Reskilling (Continued)

- training provided through Commonwealth supported places at universities; or
- repayments towards Commonwealth student loans.

If enacted, this proposed measure is intended to apply from the day it was announced (i.e., 2 October 2020).

Getting The Margin Scheme Right

The margin scheme may allow a property owner to pay less GST when they sell the property — paying GST of 1/11th of their margin on the sale, rather than 1/11th of the total sale price.

If a property owner wants to use the margin scheme when selling property, they must be eligible before the property is offered for sale.

This may be where they're selling new property as part of their business and they're registered for GST.

Importantly, among other criteria, there **must** be a written agreement before settlement between the supplier and purchaser to use the margin scheme — this could be part of the contract.

To avoid the common errors suppliers make when selling property using the margin scheme, the ATO is reminding suppliers that they must also:

- calculate the margin correctly; and
- report the amount of the margin on the sale on their BAS — not the full amount of payment received.

Also remember that, when someone purchases property using the margin scheme, they:

- can't claim GST credits for the sale; and
- don't report it on their activity statement