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**LODGING TAX RETURNS**

*Please bring in your information ASAP if you have not lodged your 2018 and prior tax returns.  
**DUE 15 MAY 2019***

**Company Loans to Shareholders under Review**

Where a private company makes a payment or loans funds to a shareholder and/or their associate, the amount will be treated as a taxable **unfranked dividend** paid to the recipient.

To avoid this, many shareholders enter into complying 'Division 7A loan agreements' (basically agreeing to repay the relevant amount within 7 years, or 25 years if the loan is secured).

With this in mind, the government is currently looking at

- simplifying the Division 7A loan rules by converting to a new 10-year model; and
- clarifying that distributions from a trust to a 'bucket' company that remain 'unpaid present entitlements' come within the scope of Division 7A.

The proposed amendments are intended to apply from 1 July 2019 and will be a significant tax reform impacting business and investment clients over the next two years.

**ATO Contact Regarding Business Cars & Fringe Benefits Tax (FBT)**

The ATO has recently advised that it will be contacting taxpayers (and tax agents on behalf of their clients) that have been identified as having cars registered in their business name who have **not** lodged an FBT return.

The ATO has reminded businesses that:

- a car fringe benefit will occur when a business owns or leases a car and makes it available for an employee's private travel or use (including garaging the car at or near an employee's home and making it available for private use); and that
- business directors are also 'employees' for FBT purposes.

**ATO Data Matching & Share Transactions**

The ATO has extended its data matching program, this time focusing on share data.

The ATO will continue to receive share data, including details of the price, quantity and time of individual trades dating back to 2014, with more than 500 million records obtained.

The ATO will use the information to identify taxpayers who have not properly reported the sale or transfer of shares as income or capital gains in their income tax returns.

It seems share transactions are high on the ATO's priority list, given more than 5 million Australian adults (almost one-third) now own shares.

## **ATO Guidance Regarding 'Downsizer Contributions'**

The ability to make 'downsizer contributions' commenced on 1 July 2018. This new measure will be of most assistance for individuals where they dispose of their family home in an effort to 'downsize' and they want to contribute part or all of the proceeds to superannuation.

Basically, these measures allow older Australians to make a downsizer contribution where:

- they are aged at least 65;
- the contract of sale for the property was entered into on or after 1 July 2018;
- a superannuation contribution is made within 90 days of settlement;
- the contribution does not exceed the lesser of \$300,000 and the proceeds received from the sale of the dwelling;
- an ownership interest in the dwelling had been held for at least 10 years (usually by the individual making the contribution or their spouse);
- a choice to treat the contribution as a downsizer contribution is made in the approved form; and is the first downsizer contribution the taxpayer has made.

### **Expansion of the TPRS**

The Taxable Payments Reporting System ('TPRS') has been expanded to the cleaning and courier services industries from **1 July 2018**.

Businesses that have an ABN and make any payments to contractors for cleaning or courier services provided on behalf of the business must lodge a Taxable Payments Annual Report ('TPAR') each income year.

The first TPAR for payments made to contractors from 1 July 2018 to 30 June 2019 will be due by **28 August 2019**.

## **Scammers Impersonating Tax Agents**

The ATO has received increasing reports of a new take on the 'fake tax debt' scam, whereby scammers are now impersonating registered tax agents to lend legitimacy to their phone call.

The fraudsters do this by coercing the victim into revealing their agent's name and then initiating a three-way phone conversation between the scammer, the victim, and another scammer impersonating the victim's registered tax agent or someone from the agent's practice.

As the phone conversations with the scammers appeared legitimate and the victims trusted the advice of the scammer 'tax agent', victims have been falling for this new approach.

The ATO is reminding taxpayers that they will never:

- demand immediate payments;
- threaten them with arrest; or
- request payment by unusual means, such as iTunes vouchers, store gift cards or Bitcoin cryptocurrency.

If you are suspicious about a phone call from someone claiming to be the ATO, then disconnect and call us to confirm the status of your tax affairs and verify the call.

*In the wake of an increase in recent tax fraud attempts, it is clear that taxpayers need to exercise additional caution when dealing with electronic messaging from (or purportedly from) the ATO.*

*The authenticity of ATO correspondence can be verified by contacting us.*

## **ACT Land Tax**

With effect from 1 July 2018, ACT land tax is now payable on any ACT property that is not used as your principal residence. Properties that are left vacant or even occupied by a family member rent free, are now liable. It is the property owner's responsibility to advise ACT Revenue.

**Federal Election** – With changes to taxation being a major issue, it is important to be fully aware of what each parties policies are and the real effect any changes will have on your tax.