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Practice Update

Please read this update
and contact this office
if you have any queries

WINTER 2019

Tax Scammer Alert

The ATO has again warned taxpayers to be alert for scammers impersonating the ATO, as it appears they have changed tactics in 2019.

Specifically, the ATO is seeing the emergence of a new tactic where:

“scammers are using an ATO number to send fraudulent SMS messages to taxpayers asking them to click on a link and hand over their personal details in order to obtain a refund”.

The ATO has received reports of scammers maliciously manipulating the calling line identification so the phone number that appears is different to the number from which the call originated.

This is referred to as “spoofing” and is a common technique used by scammers to appear legitimate.

It appears these scams aim to steal taxpayers' personal details and identities.

The ATO has advised it will **not**:

- send an email or SMS asking a taxpayer to click on a link to provide login, personal or financial information, or to download a file or open an attachment;
- use aggressive or rude behaviour, or threaten taxpayers with arrest, jail or deportation;
- request payment of a debt via iTunes or Google Play cards, pre-paid Visa cards, cryptocurrency or direct credit to a personal bank account; or
- request a fee in order to release a refund owed to taxpayers.

Editor: If you are unsure about a call, text message or email purportedly received from the ATO, the best advice is not to reply.

Should you have any concerns, please contact our office directly, or alternatively you can call the ATO on 1800 008 540 to check if the contact was legitimate or to report a scam.

Non-compliant payments to workers

The rules for claiming deductions for payments to workers are changing.

From 1 July 2019, businesses can only claim deductions for certain payments made to workers where they've met the Pay As You Go ('PAYG') withholding obligation for that payment.

Specifically, a business can only claim a deduction for the following payments if it complies with the relevant PAYG withholding rules:

- Salary, wages, commissions, bonuses or allowances to an employee.
- Directors' fees.
- Payments to a religious practitioner.
- Payments made under a labour hire arrangement.
- Payments made for a supply of services (except from supplies of goods and real property) where the contractor has not provided their ABN.

Where the PAYG withholding rules require an amount to be withheld, the business must:

- withhold the amount from the payment before they pay their worker; and
- report that amount to the ATO.

Importantly, a deduction will not be lost if an incorrect amount is withheld (or reported) by mistake.

Single Touch Payroll Update

Employers with 19 or fewer employees are required to start reporting through Single Touch Payroll ('STP') from 1 July 2019.

The ATO will be working with employers to support them as they transition to STP, including allowing small employers to start reporting any time from 1 July to 30 September (and the ATO will also be "generous" in granting deferrals to small employers who need more time to start STP reporting).

Note also that employers with 19 or less employees do not need to report 'closely held payees' in 2019/20 and can report closely held payees information quarterly from 1 July 2020.

Employees and payment summaries

The ATO has also reminded employees that how they get their end of financial year information from their employer, showing their earnings for the year, depends on how their employer reports their income, tax and super information to the ATO.

Specifically:

- Employers that are not yet reporting through STP will continue to provide employees with a payment summary by 14 July.
- Employers that report through STP are **no longer** required to give employees a payment summary; instead this information will be provided in an 'income statement', available via the employee's myGov account by 31 July (i.e., when the employer marks it as 'Tax Ready').

Editor: We will be able to access employee clients' payment summaries or income statement information through our connections with the ATO (this has not changed).

Latest ATO benchmarks released

The ATO has released updated benchmark data drawn from over 1.5 million small businesses around the country to *"help small businesses across the country . . . gauge the strength of their business and keep an eye on their competition"*.

Updated benchmarks for more than 100 industries are now available for the following categories:

- Accommodation and food;
- Building and construction trade services;
- Education, training, recreation and support services;
- Health care and personal services;
- Manufacturing;
- Automotive electrical services;
- Machinery and equipment repair and maintenance;
- Architectural services;
- Veterinary services;
- Retail trade; and
- Transport, postal and warehousing.

The benchmarks are one of the tools the ATO uses to crack down on the black economy, along with data matching and referrals from the community.

"Businesses operating outside the benchmarks may trigger a red flag for businesses we suspect could be engaging in the black economy," Mr Holt said.

"A frequent red flag is a business reporting minimal profit while the business owner seems to be maintaining a lifestyle far exceeding their personal income."

"If you use a registered tax professional, it's also a good idea to have a chat with them about where your business sits in comparison with our benchmarks. They might have some advice about steps you can take to improve your performance."