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Practice Update

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

WINTER 2021

Changes to STP reporting concessions from 1 July 2021

Small employers (19 or fewer employees) are currently exempt from reporting 'closely held' payees through Single Touch Payroll ('STP'). Also, a quarterly STP reporting option applies to micro employers (four or fewer employees). These concessions will end on 30 June 2021.

The STP reporting changes that apply for these employers from 1 July 2021 are outlined below.

Closely held payees (small employers)
From 1 July 2021, small employers must report payments made to closely held payees through STP using any of the options below. Other employees must continue to be reported by each pay day.

A 'closely held payee' is an individual who is directly related to the entity from which they receive payments. For example, this could include family members of a family business, directors or shareholders of a company and beneficiaries of a trust.

Payments to such payees can be reported via STP (from 1 July 2021) using any of the following options:

1. **Report actual payments on or before the date of payment.**
2. **Report actual payments quarterly** on or before the due date for the employer's quarterly activity statements.
3. **Report a reasonable estimate quarterly** on or before the due date for the employer's quarterly activity statements. Note that consequences may apply for employers that under-estimate amounts reported for closely held payees.

Small employers with only closely held payees have up until the due date of the payee's tax return to make a finalisation declaration. Employers will need to speak with these payees about when their individual income tax return is due.

Micro employers
From 1 July 2021, the quarterly reporting concession will only be considered for eligible micro employers experiencing 'exceptional circumstances'.

Common examples of when the ATO would generally consider it to be fair and reasonable to grant a deferral due to exceptional or unforeseen circumstances include natural disasters, other disasters or events, serious illness or death.

Additionally, 'exceptional circumstances' for access to the STP quarterly reporting concession from 1 July 2021 may include where a micro employer has:

- seasonal or intermittent workers; or
- no or unreliable internet connection.

The ATO says it will consider any other unique circumstances on a case-by-case basis.

It should be noted that registered agents must apply for this concession and lodge STP reports, quarterly, on behalf of their eligible micro employer clients.

The STP reports are due the same day as the employer's quarterly activity statements.

If an employer prefers to report monthly, the STP reports must be lodged on or before the 21st day of the following month.

Finalisation declarations will need to be submitted by 14 July each year.

Editor: Please contact our office if you require more information or assistance with these STP reporting options.

Reminder of superannuation caps indexation for 2022

From 1 July 2021, the superannuation contributions caps have been indexed for the 2022 income year.

The new **concessional contributions cap** for the 2022 financial year is now **$27,500** (increased from $25,000).

The new **non-concessional (i.e., non-deductible) contributions cap** for the 2022 financial year is now **$110,000** or (where the 'bring forward' rules are applicable) **$330,000** over three years (increased from $100,000 or $300,000 respectively).

The **CGT cap amount** for the 2022 financial year is now **$1,615,000** (increased from $1,565,000).

Editor: The increase in the concessional contributions cap in particular will require those salary sacrificing additional superannuation to consider if they wish to increase their packaging arrangements so as to maximise the $2,500 increase in the cap.

Ref: ATO website, Key superannuation rates and thresholds: contributions caps, updated 6 July 2021

Cryptocurrency under the microscope this tax time

The ATO is concerned that many taxpayers believe their cryptocurrency gains are tax-free, or only taxable when the holdings are cashed back into Australian dollars.

ATO data analysis shows a dramatic increase in trading since the beginning of 2020, and has estimated that there are over 600,000 taxpayers that have invested in crypto-assets in recent years.

This year, the ATO will be writing to around 100,000 taxpayers with cryptocurrency assets explaining their tax obligations and urging them to review their previously lodged returns. The ATO also expects to prompt almost 300,000 taxpayers as they lodge their 2021 tax return to report their cryptocurrency capital gains or losses.

Gains from cryptocurrency are similar to gains from other investments, such as shares. CGT also applies to the disposal of non-fungible tokens ('NFTs').

The ATO matches data from cryptocurrency designated service providers to individuals' tax returns, helping it to ensure investors are paying the right amount of tax.

"The best tip to nail your cryptocurrency gains and losses is to keep accurate records including dates of transactions, the value in Australian dollars at the time of the transactions, what the transactions were for, and who the other party was, even if it's just their wallet address," Assistant Commissioner Tim Loh said.

Businesses or sole traders that are paid cryptocurrency for goods or services will have these payments taxed as income based on the value of the cryptocurrency in Australian dollars.

Holding a cryptocurrency for at least 12 months as an investment may mean the holder is entitled to a CGT discount if they have made a capital gain.

Temporary reduction in pension minimum drawdown rates extended

The Government has announced an extension of the temporary reduction in superannuation minimum drawdown rates for a further year to 30 June 2022.

As part of the response to the coronavirus pandemic (and the negative effect on the account balance of superannuation pensions), the Government reduced the superannuation minimum drawdown rates by 50% for the 2019/20 and 2020/21 income years.

This 50% reduction will now be extended to the 2021/22 income year.