

Dear Member,

AAT News

Welcome to the October 2020 edition of the AAT Australia's eNews & Views. In this edition you'll find out all about:

- Updates to tax tables announced in Federal Budget 2020
- Federal Budget 2020
- JobKeeper decline in turnover, authorisation and employee notifications
- JobKeeper wage extension to 31 October
- JobKeeper and eligible business participant records
- PAYG instalment variations
- ATO cash flow boost measure is finished
- Software companies supporting mental health of bookkeepers and business owners
- CPD opportunities
- and more!

Check our [eNews & Views](#) page for previous newsletters.

Update to Tax Tables October 2020

The ATO has released new tax tables for 2020-2021 as announced in the Federal Budget 2020.

Software companies are also working on updating tax calculations in payroll software as soon as possible.

Employers need to use the new tax tables for payments made on or after 13 October 2020.

There is no need to make payroll adjustments for tax withheld from 1 July to 12 October. The tax liability will be calculated correctly when employees lodge their tax return and will receive refunds if applicable.

Employers have until 16 November to implement the tax table changes to payroll.

Updated tax tables

- Weekly, fortnightly and monthly payments
- Daily and casual workers
- Back payments, commissions, bonuses and similar payments
- Unused leave payments on termination
- Employment termination payments
- Note there are some tax tables that have not changed, including study and training support loans

- For the full list of updated tax tables, including superannuation income and industry specific tables, check the [ATO Tax tables](#) webpage.

[ATO tax withheld calculators](#)

Federal Budget 2020-2021

Check the Institute of Public Accountants Technical Advantage email sent 7 October for the 2020 Federal Budget commentary and a link to a [comprehensive overview from Thomson Reuters](#).

JobKeeper Extension – Decline in Turnover Test, Authorisation Form and Employee Notifications

The decline in turnover test is now up and running in the ATO BAS agent online services.

Where the business has lodged the September 2019 BAS, these figures will be shown in the **Relevant comparison period 2019**.

Once the September 2020 BAS has been lodged, these figures will also be populated at **September quarter 2020 turnover**.

Check the Figures

You have the option to enter another amount if any of the options are relevant (for example, business submits an annual BAS or is using an alternative test), for both September 2019 and September 2020 quarters.

Check that the ATO prefill amounts match your records of BAS lodged. Check current reporting for the September 2019 quarter in your software to check that nothing has changed since lodging that BAS.

What if September 2019 BAS does not reflect correct turnover?

It is possible that a September BAS was lodged, and then adjustments were made (within the allowable limits) on a subsequent BAS. In this case, the amount prefilled in the ATO online form may not match your current reporting.

If the amount is small enough not to affect the decline in turnover test, don't worry, simply go with the ATO prefilled figures.

However, if the amount is big enough that it affects the decline in turnover calculation, enter the correct amount and select the option 'Total sales (G1) doesn't reflect JobKeeper GST turnover test', then select 'Other'. The business will likely be contacted for further information in this situation and will need to verify the figure reported instead of the prefilled amount.

Alternatively, consider lodging a revised BAS for that period, and also revise the BAS in which you had picked up the adjustment, before lodging the JobKeeper Extension. This way the correct figures for each quarter will be prefilled in the ATO online services.

Alternative Turnover Test

If you select this option, the available test methods are shown. Select the relevant box. No

further evidence is required at this stage but remember that records must be kept to substantiate why the alternative test is needed, as well as verification of the figures you are lodging.

Note – the ATO has just brought in additional alternative tests to allow for businesses that had ceased trading for a period during the comparison period because of unusual circumstances and the online form has been updated to include this.

Declaration Authorisation

You need to get a signature before lodging the JobKeeper Extension in the ATO online services.

We recommend you keep a declaration of the JobKeeper Extension and all related information. Keep copies of all workpapers and financial reports used in your assessment of the actual turnover calculations, including details of any alternative turnover tests required.

You may like to provide your workpapers or financial reports to the business owner to verify the figures being reported.

Visit the [AAT JobKeeper Process](#) page for further information and a link to the **Authority to Lodge JobKeeper Extension**.

Remember you must also keep the declaration receipt provided by the ATO once you have lodged.

Notify Employees of Changes

As soon as the business has verified whether it is eligible for JobKeeper Extension, the employer must notify employees of the changes that apply for the October to December period.

As the December quarter is tested separately, employers will need to repeat this notification process again for that quarter, so we recommend providing the information relevant to the October to December extension period only so as not to confuse employees with information that is not yet known for a future period. [Provide the ATO Extension of the JobKeeper Payment Fact Sheet](#) to employees.

- If the business qualifies for JobKeeper Extension, employees should be notified of this and the payment tier that will apply to them. Provide payroll reports to show the hours worked in the reference period and explain the 80 hour threshold for the two tiers of payment. Provide information about normal pay and any JobKeeper top-up that may be required.
- If the business is not yet certain about whether they qualify for JobKeeper Extension, and they intend to pay employees only for hours worked or not at all, employees must be notified that they will be paid any shortfall amount required once the business is certain about eligibility. Employees should be advised in this situation of what will happen if the business is not eligible if the business is eligible, they should be notified that the shortfall payment must be made by the employer by 31 October.
- If the business does not meet the decline in turnover test and is no longer eligible for JobKeeper, employees must be notified that the employer will no longer receive the subsidy. Employees should be advised of their situation, for example, they will be paid for hours worked, or return to normal hours, or if the individual situation needs to be discussed or negotiated.
- If the business does not meet the decline in turnover test but does meet the criteria for being a legacy employer, notify employees of this and how the business intends to implement the Fair Work Act JobKeeper provisions if relevant.

For all resources and templates: [AAT JobKeeper Process](#)

[ATO Extension of the JobKeeper Payment Fact Sheet](#)

JobKeeper Wage Condition Extension

The ATO is allowing late payment of wages for fortnights ending 11 October and 25 October to give employers flexibility with paying wages.

Many businesses will not be certain of whether they qualify for JobKeeper Extension just yet, so if they pay less than the wage condition threshold (or not at all) they have until 31 October to make up any shortfall once eligibility and tier are verified.

Some businesses still have September 2019 BAS outstanding – these will need to be lodged before the business can assess eligibility for ongoing JobKeeper from October to December.

[ATO JobKeeper Payment](#)

JobKeeper and Eligible Business Participants

JobKeeper Extension for eligible business participants is based on being “actively engaged” in their business.

For most employees it is a simple matter of running payroll reports during the reference period to verify the number of hours worked.

For sole traders and other business participants, all the time devoted to running the business is taken into account.

Administration, staff supervision, marketing, sales and time spent receiving professional advice are all legitimate tasks a business owner may spend time on.

Keep Records of Reference Period

We recommend that you ask your eligible business participants receiving JobKeeper for a ‘reasonable estimate’ of hours and duties worked during the reference period you are using to verify eligibility for JobKeeper Extension. Keep this on file as verification in case the ATO questions you in future regarding the payment tier and continued JobKeeper eligibility.

[ATO JobKeeper payment actively engaged](#)

PAYG Instalment Variations for 2021 Financial Year

The ATO has said it will continue the lenient approach to PAYGI variations for the coming financial year. Penalties and interest for excessive variations will be waived for the 2021 financial year, however interest still applies to outstanding balances of PAYGI.

Tip – where the ATO defines either an instalment amount (option 1) or an instalment rate (option 2), consider changing your software settings and using the income % rate, in consultation with the business owner. The ATO allows taxpayers to swap to option 2 in the first

quarter of a financial year if they were previously using option 1.

This way you are compliant with ATO instalment calculations without having to request a variation from a tax agent. It also calculates a more realistic amount for this tax year, where the default instalment amount may be higher than is warranted for this year's business turnover.

If you want to vary either the default amount or rate of instalment, then you must seek direction from the business tax agent before entering a variation on a BAS. They may require forecasted figures for the remainder of 2021 financial year.

Note that the Budget 2020-21 has impacts on PAYG instalments for companies. Your clients' tax agent should review the relevant offsets available and advise you if they wish you to vary the PAYG instalments because of budget impacts.

[ATO PAYG instalments](#)

The End of the ATO Cash Flow Boost Measures

The final instalment of the PAYGW cash flow boost will be credited to eligible business owners' accounts when they lodge their September BAS.

We suggest you notify your clients when you complete the September BAS that the credits have finished and let them know you are available to discuss cash flow planning in advance of the December BAS due date.

There are many measures still in place to assist business owners who may be struggling once the COVID-19 support measures cease. Business owners can vary PAYG instalments, defer payment of activity statements and tax returns, enter into payment plans and change GST reporting cycle.

Remember to let them know that the one thing that cannot be postponed without penalty is the lodging and paying of superannuation guarantee for employees.

Software Companies Supporting Bookkeepers and Business Owners

Xero x Beyond Blue Mental Wellbeing Course

Xero advisors have access to a free course via Xero Central. [Mental wellbeing: support yourself and small businesses](#) shows advisors how to help your clients and yourself with mental wellbeing.

MYOB and Smiling Mind

Smiling Mind phone app developed a small business program in partnership with MYOB to provide resources to support small business owners to manage stress, develop better relationships and build resilience. Check out the [Smiling Mind Small Business Program](#).

In the News

- **ATO reference list for proposed start date of Budget 2020-21 measures.**
Budget measures are listed here with proposed start dates. For more detail see [ATO Latest news on tax law and policy](#).
- **JobKeeper email scam.**
The latest scam email impersonates the ATO asking business owners to disclose personal information contained in a driver's license and Medicare card as part of a review of the JobKeeper payment. Check the webpage for the latest [ATO scam alerts](#).
- **ATO extends the shortcut method for claiming home office expenses.**
The shortcut method of 80 cents per hour for claiming working from home expenses for employees working remotely because of COVID-19 has been extended until 31 December 2020. See [ATO Home office expenses](#) for details.
- **TPB bans tax agent for making false Cash Flow Boost claim.**
The TPB has terminated the registration and banned the agent for two years after they attempted to fraudulently claim the CFB for a client who was not eligible. Visit [TPB News](#) for more details.
- **Queensland joins Victoria in making wage theft a crime.**
Deliberate underpayment of wages, superannuation or entitlements, or knowingly classifying a worker as a contractor instead of an employee can now be prosecuted as fraud or theft under QLD law. Visit the QLD Government Office of Industrial Relations [Wage theft information for workers](#) webpage for more details.

AAT Australia Member Events

October - Tech Talk: ATO Cash Flow Coaching Kit

When: Thursday October 29, 2020

Time: 12:30pm to 1:30pm AEDT, 11:30am to 12:30pm QLD, 12:00pm to 1:00pm SA, 11:00am to 12:00pm NT, 9:30am to 10:30am WA

Where: Online live event (recorded)

Cost: Free for AAT members

[Book now](#)

Online Discussion Groups

For those who are not already part of a regular group, join an online discussion group to chat about current news and industry topics.

These informal discussion groups also provide a forum for bookkeepers to put questions to fellows in the industry, share information and stay supported and connected with colleagues.

When: Wednesday 4 November, 2020 with Eric Ohlson

Time: 4:00pm to 5:00pm AEDT, 3:00pm to 4:00pm QLD, 3:30pm to 4:30pm SA, 2:30pm to 3:30pm NT, 1:00pm to 2:00pm WA

Where: Online live event (not recorded)

Cost: Free for AAT members

[Book now](#)

AAT Australia Bookkeepers Support Group

Join the [AAT Australia Facebook](#) group for sharing information and getting help from colleagues. Talking with colleagues can really help us work things out, whether it's a curly bookkeeping question or whether it's needing a sounding board for help with a difficult situation; you don't have to operate in total isolation.

ATO Tax Professionals Conversations Webcasts

Thursday 12 November 2:00pm AEDT

No need to register – select the [webcast page link](#) at the start time to join.

ATO Open Forums

Upcoming ATO Open Forums are now being offered online.

Check the [ATO Open forums](#) webpage for October sessions focussing on supporting you and your clients through COVID-19.

ATO Tax inVoice Podcast

Keep updated about the latest tax and super information. The latest instalment is [Episode 26: Cybersecurity for business and intermediaries - Part 1](#), discussing how businesses and intermediaries can protect themselves from cybersecurity incidents.

ATO TV

Handy [ATO TV videos](#) on a range of topics that may be useful for you or your clients. Includes short videos on topics such as managing authorisations in RAM, and longer videos on more complex topics such as WET or GST at settlement.

TPB Webinars

Upcoming Tax Practitioners Board free webinars for registered agents.

- Thursday 29 October 11:00am AEDT – Know your client - verify the identity, suitability and potential risks of a client.
- Thursday 29 October 2:00pm AEDT – Policy news – guidance to assist tax practitioners to meet their obligations.

Visit the [TPB webinars webpage](#) to register for the webinars.

Visit the [TPB YouTube](#) channel for recordings of all previous webinars.

Feedback

AAT welcomes your feedback. Please share your thoughts and ideas, let us know what your concerns are as well as the support and CPD that you need, so that we can deliver the best possible outcome for all of our AAT community. [Contact us](#)



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