

TAXATION

Government to invest in tax payment enforcement

Government has issued a media release as a reminder that it will be investing in tax regulators' capabilities to reduce the tax gap.

ATO's corporate tax transparency report released

ATO has released its corporate tax transparency report for the 2020-21 income year which analyses aggregate income tax return data for large corporations.

ABN registration: draft legislation

Treasury has issued exposure draft legislation which proposes two new grounds under which the Registrar may cancel an ABN.

CPI September quarter 2022

Australian Bureau of Statistics has released the CPI index number for the September 2022 quarter which was up from the previous quarter.

New APRA appointments announced

Treasurer has announced new appointments to the APRA Board including the next Chair, Deputy Chair, and members.

ATO 2021-22 annual report released

ATO has released its 2021-22 annual report which includes information on net tax collections and other data.

Treasury annual report 2021-22 released

Treasury has released its 2021-22 annual report which outlines its performance against policy and program outcomes.

New method for calculating work-from-home running expenses

ATO has released Draft PCG 2022/D4 which sets out a proposed new method for employees and business taxpayers to calculate work-from-home expenses.

FBT: car parking draft update

ATO has released a draft update to its FBT ruling on car parking benefits, which proposes to add new commentary and a new example.

FINANCIAL SERVICES

Financial adviser registration delayed

Government has announced that it will delay until 1 July 2023 the requirement for AFS licensees to register all financial advisers.

ASIC calls on AFS licensees to improve breach reporting compliance

ASIC has released a report setting out insights from information lodged under the reportable situations regime.

SUPERANNUATION

FRAA review of APRA's functions in super sector

Financial Regulator Assessment Authority (FRAA) has issued a consultation paper for its first review of APRA's functions in the super sector.

Senior Health Card income threshold: Bill awaits assent

Bill to increase the income test threshold for the Commonwealth Seniors Health Card awaits Royal Assent.

ASIC's capability to respond to alleged misconduct

Parliamentary Joint Committee on Corporates and Financial Services has commenced an inquiry into the capability of ASIC to undertake proportionate investigation.

ASIC cost recovery statement for 2021-22

ASIC has released its cost recovery implementation statement setting out the estimated industry sector levies for 2021-22.

REGULATOR NEWS

IGTO's newsletter released

Inspector-General of Taxation and Taxation Ombudsman (IGTO) has released edition 21 of the IGTO's newsletter including various activities conducted.

Scam Awareness Week – ASIC's top-10 ways to spot a crypto scam

'Scams Awareness Week is an annual campaign, led by the ACCC, that aims to reduce the impact of scams by helping consumers identify and avoid scams. This year, it runs from Monday 7 to Friday 11 November. ASIC is warning consumers of the key signs of a crypto scam and advising what to do if you've been scammed.

ACCC Fact sheet – How to avoid scams after the Optus data breach

'Optus data breach - the ACCC has produced a plain language fact sheet, including practical advice aimed at preventing those impacted from being scammed'.

AASB co-hosting 2022 Research Forum with RMIT on Monday 5 December 2022

Free in-person and virtual forum, registration required. Topics are: "Exploring the Horizons of Financial Reporting", "Reporting and Assurance of Material Climate Change-Related Risk Disclosures: Evidence from Australia", and "Improving the Visibility of Soil Health in Corporate Reporting".

SUSTAINABILITY

Updates from two supplementary International Sustainability Standards Board (ISSB) Meetings

The ISSB met on 1 November and 3 November to confirm the requirement of climate-related scenario analysis, announce the Integrated Reporting and Connectivity Council, and discuss options relating to the reference of other standards to improve interoperability.

This month in Environmental, Social & Governance (ESG)

Terence Jeyaretnam, Partner, Climate Change & Sustainability at EY, provides an overview of what occurred in the world of ESG during October. This update includes clean energy announcements by various state governments, the latest on greenwashing, and innovation in the circular economy by one of the world's largest fashion retailers.

TAXATION

Government to invest in tax payment enforcement

Following the ATO's 2021-22 Annual Report, the Government has issued a [release](#) as a reminder that it will be investing in tax regulators' capabilities to reduce the tax gap which was estimated at \$33.4b for 2019-20 by the ATO. The funding had been announced in the October 2022 Budget.

The investment includes:

- \$1.1 billion to increase and extend funding for the Tax Avoidance Taskforce, which focuses on multinational, large business, and high wealth tax avoidance;
- \$242.9 million to extend the Shadow Economy Program for a further 3 years;
- \$80.3 million to extend the Personal Income Taxation Compliance Program for a further 2 years; and
- \$20.8 million for the Tax Practitioners Board to increase compliance investigations on high risk practitioners.

ATO's corporate tax transparency report released

The ATO has released its [Corporate tax transparency report for the 2020-21 income year](#), the eighth such report.

This report analyses aggregated data from the 2020-21 income tax returns of some of the largest corporations operating in Australia, that is:

- Australian public and foreign-owned corporate tax entities with total income of \$100 million or more;
- Australian-owned resident private companies with total income of \$200 million or more; and
- entities that have petroleum resource rent tax (PRRT) payable.

The one statistic that always gets headlines is the number of companies that did not pay any tax. The report this year states that approximately 32% paid nil tax. Otherwise, tax payable in the corporate transparency population was again dominated by the mining, energy and water segment.

Other listed highlights are as follows.

- There are 2,468 entities in this year's population, representing a net increase of 98 entities (4.1%).
- Total income was \$2,292.5 billion, an increase of 4.9%.
- Taxable income was \$256.6 billion, an increase of 23.1%.
- Tax payable was \$68.6 billion, an increase of 19.8%.
- Foreign-owned entities accounted for 55.8% of this year's corporate transparency population and 22.9% of tax payable.
- Australian public entities accounted for 22.8% of this year's corporate transparency population and 66.2% of tax payable.
- Australian private entities accounted for 21.4% of this year's corporate transparency population and nearly 10.9% of tax payable.
- Entities with income of more than \$5 billion represented 2.7% of the corporate transparency population and accounted for 59.9% of tax payable (around \$41.1 billion).
- Entities with income of between \$250 million and \$5 billion represented the largest portion (55.9%) of the corporate transparency population, and accounted for 35% of the tax payable (around \$24 billion).
- Medium entities – those with income of less than \$250 million – represented 41.4% of the corporate transparency population and accounted for only 5.1% of the tax payable (around \$3.5 billion).
- PRRT payable increased by 5% this year to \$926 million.

ABN registration: draft legislation

Treasury has issued exposure draft [Treasury Laws Amendment \(Measures for Consultation\) Bill 2022: Strengthening the ABN System](#).

The legislation proposes two new grounds under which the Registrar may cancel an ABN. The first is where a person is required to lodge income tax returns, they have failed to lodge returns for two or more income years and those returns remain outstanding. The second is where a person fails to confirm the accuracy of their details held by the Registrar in a 12-month period together with confirmation that their ABN is still required.

The draft leg also proposes corresponding provisions for the reinstatement of ABNs cancelled under these new grounds. Where a person's registration is cancelled in the above circumstances, the Registrar must reinstate the registration if the person:

- lodges (or makes arrangements with the ATO to lodge) the relevant income tax returns that had not been lodged; and/or
- confirms the accuracy of their details held by the Registrar and that they still require an ABN.

Date of effect: Cancelling a person's ABN due to the failure to lodge two or more income tax returns applies from income years commencing on or after 1 July 2022 (ie the earliest an ABN can be cancelled under this ground will be late 2024). The Registrar may cancel a person's ABN from 1 July 2024 following the person's failure to confirm their details and their need for an ABN within a month period.

Submissions are due by 29 November 2022.

CPI September quarter 2022

The Australian Bureau of Statistics (ABS) has [released](#) the CPI index number of 128.4 for the September quarter 2022 (up from 126.1). This CPI index number is used to index certain tax, superannuation and FBT amounts. Over the year to the September 2022 quarter, the CPI is now running at 7.3%.

New APRA appointments announced

The Treasurer has [announced](#) new appointments to the APRA Board - John Lonsdale has been appointed as the next Chair (replacing the outgoing Chair, Wayne Byres). Margaret Cole will become a Deputy Chair, and Suzanne Smith and Therese McCarthy Hockey will become Members. The appointments will commence on 31 October 2022.

Mr Lonsdale [said](#) that under his leadership, APRA will remain focused on fulfilling its mandate and ensuring a strong and resilient financial system. "The challenges in front of us are significant - a rapidly shifting macro-economic environment, rapid technological development that challenge business models and regulation, cyber threats, insurance affordability pressures, climate change and improving the performance of our superannuation system to name a few", Mr Lonsdale said.

ATO 2021-22 annual report released

The ATO has released its [2021-22 Annual Report](#). Highlights include the following.

- Net tax collections in 2021-22 were \$515.6 billion, up \$64.2 billion over 2020-21. This was gross tax of \$648.5 billion with refunds of \$132.9 billion.
- Achieving what the Commissioner terms "total revenue effects" – which is an estimate of the additional tax revenue that comes from all the ATO's activities including audit actions, preventative and sustained compliance – of \$15.5 billion against a performance target of \$15 billion.
- The ATO received over 14.3 million individual current-year income tax returns, resulting in over 10.8 million refunds.
- The ATO collected a \$1 billion settlement with Rio Tinto.
- Assisted with the launch of the director identification number (Director ID), with nearly 640,000 Director IDs issued as at 30 June 2022.
- Stopped around \$1.7 billion (between mid-April and 30 June 2022) in suspected fraudulent refunds through Operation Protego, the ATO's investigation into "the largest GST fraud in history".

Treasury annual report 2021-22 released

The [Treasury Annual Report 2021-22](#) has been released. It outlines performance against policy and program outcomes, program and performance information contained in the Portfolio Budget Statements 2021-22, Portfolio Additional Estimates Statements 2021-22 and the Treasury Corporate Plan 2021-22.

New method for calculating work-from-home running expenses

[Draft PCG 2022/D4](#) sets out a proposed new method ("the revised fixed-rate method") for employees and business taxpayers to calculate work-from-home running expenses from 1 July 2022 (as an alternative to calculating the actual work-related portion of all running expenses). The revised fixed-rate method will replace:

- the fixed-rate method in PS LA 2001/6 (\$0.52 per work hour). Expenses such as phone, internet, computer consumables and stationery needed to be calculated separately; and
- the short-cut (COVID-19) method in PCG 2020/3 (\$0.80 per work hour for all additional running expenses).

The revised fixed-rate method uses a rate of \$0.67 for each hour worked from home during the income year to apportion expenditure on energy (electricity/gas), internet, phone, stationery and computer consumables. Separate deductions need to be claimed for the work-related decline in value of any depreciating assets used to work from home, as well as any other running expenses not listed above.

Proposed date of effect: 1 July 2022. The fixed-rate and short-cut methods will not be available from this date.

Comments on the draft are due by 30 November 2022.

FBT: car parking draft update

The ATO has released a [draft update](#) to TR 2021/2, its FBT ruling on car parking benefits. The draft proposes to add new commentary and a new example on the meaning of "primary place of employment". The proposed amendments are in response to the decision in *FCT v Virgin Australia Regional Airlines Pty Ltd* [2021] FCAFC 209, where the Full Federal Court held that an airline provided car parking fringe benefits to its employees (flight and cabin crew) when it contracted with airport and commercial car park operators for the provision of car parking spaces at various airports.

Comments on the draft are due by 2 December 2022.

FINANCIAL SERVICES

Financial adviser registration delayed

The Government has [announced](#) that it will delay until 1 July 2023 the requirement for AFS licensees to register all financial advisers.

As recommended by the Banking Royal Commission, all financial advisers who provide personal advice to retail clients were required to be registered by 1 January 2023. The registration process was proposed to occur in two stages: (i) a one-off registration process administered by ASIC using the Financial Advisers

Register (FAR); and (ii) as part of the Australian Business Registry Service once the FAR transitions to the ATO.

Following consultation with industry, ASIC has identified ways to improve the registration process with benefits for AFS licensees who are obliged to register their financial advisers. The Assistant Treasurer, Stephen Jones, said delaying the requirement for financial advisers to be registered until 1 July 2023 will allow these improvements to be implemented.

ASIC calls on AFS licensees to improve breach reporting compliance

ASIC has released a report ([REP 740](#)) setting out insights from information lodged under the reportable situations regime. Over 8000 reports were made to ASIC by financial services and credit licensees for the period October 2021 to 30 June 2022. The total customer financial loss in the reports was \$368.5m.

ASIC said licensees are taking too long to identify and investigate some breaches. ASIC also called on licensees to improve their practices for remediating impacted customers. As part of its 2022-23 priorities, ASIC said it will be undertaking a number of activities to strengthen compliance with the regime.

SUPERANNUATION

FRAA review of APRA's functions in super sector

The Financial Regulator Assessment Authority (FRAA) has issued a [consultation paper](#) for its first review of APRA's supervision and resolution functions in the superannuation sector. The scope of the review excludes matters that are under consideration in other reviews, such as the review of the Your Future, Your Super (YFYS) laws. Likewise, the FRAA will not assess or report on single cases. The consultation paper sets out key questions to assess APRA's effectiveness and capability.

Submissions are due by 15 December 2022.

Senior Health Card income threshold: Bill awaits assent

The [Social Services and Other Legislation Amendment \(Lifting the Income Limit for the Commonwealth Seniors Health Card\) Bill 2022](#) awaits Royal Assent after the Senate agreed not to insist on its amendments that were disagreed to by the House of Reps. The Bill will increase the income test threshold for the Commonwealth Seniors Health Card (CSHC) to \$90,000 for singles and \$144,000 for couples.

The Bill was previously passed by the Senate with [amendments](#) (seven Government and 10 Opposition). The House of Reps agreed to Senate amendments one and eight to thirteen which set the start date from seven days after assent to the Bill and provide for indexation annually on 20 September thereafter. However, the Reps disagreed with the other Senate amendments. The Senate has now agreed not to insist on those amendments and the Bill awaits assent.

ASIC's capability to respond to alleged misconduct

The Parliamentary Joint Committee on Corporations and Financial Services has commenced an inquiry into the capacity and capability of ASIC to undertake proportionate investigation and enforcement action arising from reports of alleged misconduct. The Terms of Reference are available on the [Committee's website](#). The Committee expects to table a report in both Houses by June 2024.

ASIC cost recovery statement for 2021-22

ASIC has released its [Cost Recovery Implementation Statement](#) setting out the estimated industry sector levies for 2021-22 under the industry funding model. ASIC said it expects to recover \$332.3m of regulatory costs via cost recovery levies and statutory levies.

Final industry levies will be based on ASIC's actual regulatory costs and data submitted by entities. Final levies will be published in December 2022 and invoiced between January and March 2023.

REGULATOR NEWS

IGTO's newsletter released

The Inspector-General of Taxation and Taxation Ombudsman (IGTO), Karen Payne, has released [edition 21](#) of the IGTO's newsletter - "IGoT News". This edition highlights the following activities of IGTO in the first quarter of FY2023.

- Interim report on ATO Administration of Objections.
- The IGTO's Annual Report for FY22 which was tabled in Parliament on 27 October 2022 - highlights include (i) 90% of 1,314 complaints received in FY22 were closed within the same period; (ii) payments to the taxpayer being the top complaint in FY22; and (iii) the IGTO's Report into the Effectiveness of ATO Communications of Taxpayers' Rights to Complain, Review and Appeal made six recommendations comprising 11 parts to the ATO. The ATO agreed in full to 10 out of 11 parts and agreed in principle with the remaining part.
- The IGTO's Corporate Plan 2023-26.
- Review investigations update: (i) Administration and Management of Objections (Phase Two) - the IGTO is starting work on Phase Two which considers the range of stakeholder concerns about the ATO's administration of objections and where there are opportunities for improvement, make recommendations to the ATO or to Government accordingly; (ii) The Exercise of the General Powers of Administration (GPA) - currently conducting further research to complete the outlines of the potential scope of the Commissioner's GPA and considering the most appropriate structure for the Report to usefully inform readers about the scope and impact of the GPA; and (iii) The Exercise of the Commissioner's Remedial Powers (CRP) - the IGTO team has completed its case sampling to assure conformance with the ATO's process pathway and continues to progress a draft of its Report (targeted for early 2023).
- Tax disputes update.
- Quarterly reporting pack Q4 FY22.
- IGTO's involvement in presentations, conferences, etc.

Scam Awareness Week – ASIC's top-10 ways to spot a crypto scam

Crypto scams fall into three broad categories, including:

- scams where you think you're investing in a genuine asset but it's a fake crypto exchange, website or app;

- fake crypto tokens (used to steal your crypto assets), and jobs trading crypto that look legitimate at first glance (but are really money laundering using crypto); or
- scams that use crypto-assets to make a payment.

According to ASIC's investigators, the top–10 signs of a likely crypto scam are:

1. You receive an offer out of the blue
2. You see a celebrity advertisement that is actually a fake
3. A romantic partner you only know on-line asks for money in crypto
4. You get pressured into transferring crypto from your current exchange to another website
5. You're asked to pay for a financial service with crypto
6. The app you're using or directed to isn't listed on the Google Play Store or Apple Store
7. You need to pay more to access your money
8. You are 'guaranteed' returns, or free money
9. Strange tokens appear in your digital wallet
10. The provider withholds investment earnings 'for tax purposes'

To understand more about crypto scams, see ASIC's Moneysmart website. For the latest scams information, visit scamwatch.gov.au

To find out more, see the ACCC's [Scams Awareness Week](#) information.

ASIC's Moneysmart website also has useful guidance for investors on how to avoid [crypto scams](#).

For crisis support contact Lifeline on 13 11 14.

For emotional support contact Beyond Blue on 1300 22 46 36'.

Source: ASIC media release 8-11-2022

ACCC Fact sheet – How to avoid scams after the Optus data breach

'Following the recent Optus data breach, the ACCC Scamwatch team has produced a plain language fact sheet and infographic aimed at preventing those impacted from being scammed.

Included is practical information to avoid being scammed as well as contact details for the organisations that can help support those impacted.

The fact sheet and infographic are located on the ACCC Scamwatch Optus Data breach page along with other relevant information can be found [here](#).

Medibank

ACCC Scamwatch are also monitoring the situation in relation to Medibank and have included a government factsheet on their website along with other information: that can be found [here](#).

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Free in-person and virtual forum, registration required. Topics are: "Exploring the Horizons of Financial Reporting", "Reporting and Assurance of Material Climate Change-Related Risk Disclosures: Evidence from Australia", and "Improving the Visibility of Soil Health in Corporate Reporting".

For more information, please [click here](#).

SUSTAINABILITY

Updates from two supplementary International Sustainability Standards Board (ISSB) Meetings

The ISSB met on 1 November and 3 November to confirm the requirement of climate-related scenario analysis, announce the Integrated Reporting and Connectivity Council, and discuss options relating to the reference of other standards to improve interoperability.

- **ISSB confirms requirement to use climate-related scenario analysis:**

The ISSB will build on the existing guidance of the Task force on Climate-related Financial Disclosures (TCFD). At minimum, entities would need to undertake the qualitative form of scenario analysis. The ISSB has also committed to providing guidance on the climate scenarios that an entity should use, which will be dependent on industry and country exposure. Read more [here](#).

- **IFRS Foundation announces membership of the Integrated Reporting and Connectivity Council (IRCC):**

The IRCC is a new advisory group exploring opportunities for integration between the reporting requirements of the IASB and ISSB. The group will also explore opportunities for the ISSB to leverage the Integrated Reporting Framework through their projects. Read more [here](#).

- **ISSB progresses discussions on reference to other standards to support increased interoperability:**

The ISSB confirmed the suitability of references to the SASB Standards and CDSB materials, which is to be expected given both organisations have been consolidated within the IFRS Foundation. The meeting included a discussion about allowing ESRS (developed by EFRAG) and the GRI Standards to be referenced in the absence of a suitable ISSB standard. There was a general openness to this idea, if these references to standards created for a broader stakeholders do not cause the ISSB to lose sight of primary users, who are the focus of ISSB standards. No formal vote occurred, suggesting that discussions will continue at future meetings. Read more [here](#).

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Terence Jeyaretnam, Partner, Climate Change & Sustainability at EY, provides an overview of what occurred in the world of ESG during October. This update includes clean energy announcements by various state governments, the latest on greenwashing, and innovation in the circular economy by one of the world's largest fashion retailers.

- **State-based announcements:**

Victoria:

- 95% renewable by 2035, 65% by 2030.
- 70-80% reduction of emissions on 2005 levels by 2035.

Queensland:

- \$4.5 billion Queensland Renewable Energy and Hydrogen Jobs Fund.
- Strategic investments through a \$35 million Hydrogen Industry Development Fund.

- **Greenwashing:**

Locally, in Australia, ASIC has issued four infringement notices for alleged greenwashing to Tlou Energy. One of these claims was that electricity produced by Tlou would be carbon neutral.

- **Zara launches ‘pre-owned’ platform for garment repairs and donations across the UK:**

Zara Pre-Owned will offer consumers ways to fix or donate garments (that will go to Red Cross). It will offer a repair system for all garments, which will allow customers to bring items in for services like button replacements and zipper and seam repairs.

Zara has also committed to carbon neutrality by 2040. Similarly, luxury fashion label Bottega Veneta is introducing a lifetime warranty on its complete range of bags. Committed to quality luxury, Bottega Veneta customers will be able to send their bags to the label for complimentary repairs and refreshes over its lifetime.

The full ESG recap for October is available [here](#).