

SUSTAINABILITY

ISSB Corporate Reporting Webinar Series

Keen to stay on top of the latest sustainability reporting developments? The IFRS Foundation has held a three-part webinar series over the last three weeks that is available to view on demand for free. These webinars are digestible and include a range of voices to ensure all perspectives are captured.

Responsible Investment Benchmark Report

The Responsible Investment Association Australasia (RIAA) recently published its benchmark report for 2022, which was researched in collaboration with EY. This report is headlined by the determination that Australia's responsible investment market is valued at \$1.54 trillion, which is equivalent to 43% of the total market.

IPA Sustainability Discussion Group

The February session of the Sustainability Discussion will include a deep dive into Treasury's plans to introduce mandatory climate-related financial disclosures. Hear the IPA's position and engage in the discussion to see how you can get involved in this space.

TAXATION

Former tax partner banned by TPB

The TPB has reported that a former tax partner at PricewaterhouseCoopers has been deregistered as a tax agent and banned for two years.

Warning about ATO impersonation on social media

The government has issued a warning to taxpayers to be wary of scammers impersonating ATO officers on social media platforms.

CPI December quarter 2022

The ABS has released the CPI index number for the December 2022 quarter which was up from the September quarter.

IGTO reporting pack released

The Inspector-General of Taxation and Taxation Ombudsman (IGTO) has released its Corporate Plan reporting pack for Q1 of FY 2023.

TPB(PN) 5/2022 Proof of identity requirements for client verification

The Tax Practitioners Board (TPB) has released (31 January 2023) a Practice Note (PN) to provide practical guidance and assistance to registered tax practitioners in relation to verifying client identities.

ATO Fact sheet ‘When can you legally access your super’

The ATO has released a [fact sheet](#) ‘When you can legally access your super’. It is illegal to access your super for any reason other than when it is allowed by the superannuation law.

FINANCIAL SERVICES

Financial advisers who can provide tax (financial) advice: ASIC register

ASIC has issued a reminder that its Financial Advisers Register (FAR) now publicly displays whether relevant providers can provide tax (financial) advice services.

APRA’s priorities for 2023

APRA has released its policy and supervision priorities for 2023 including embarking on cyber resilience.

SUPERANNUATION

Pension transfer balance cap increase

The release of the CPI index number for December 2022 has confirmed that the super general transfer balance cap will increase by \$200,000 for 2023-24.

Super fund NALE rules: discussion paper

The government has released a consultation paper on options to amend the non-arm's length expense provisions for super funds.

ASIC cancels registration of 374 SMSF auditors

ASIC has cancelled the registration of 374 auditors of SMSFs for failing to lodge their annual statements.

APRA's super priorities for 2023: speech

In a recent speech, APRA Deputy Chair, Margaret Cole, outlined APRA's priorities for 2023.

APRA imposes licence conditions on super trustee

APRA has imposed additional conditions on the registrable superannuation entity licence of a trustee.

APRA's annual super bulletin 2021-22

APRA has released its annual super bulletin showing total super assets and average SMSF account balances.

REGULATOR NEWS

APRA appointments and structure changes announced

APRA has announced changes to its structure and the responsibilities of its Executive team.

TPB Confirming Professional Association Registrations

The Tax Practitioners Board will be launching a communications campaign in late February in order to bring its data up to date.

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- Episode 1: Better information for better decisions - Introduction to investor-focused sustainability disclosure.
- Episode 2: Any size or stage - Getting started on climate disclosure.
- Episode 3: Connectivity and controls – The path to investor-grade disclosure.

Access the recordings [here](#).

Responsible Investment Benchmark Report

The Responsible Investment Association Australasia (RIAA) recently published its benchmark report for 2022, which was researched in collaboration with EY. This report is headlined by the determination that Australia's responsible investment market reached \$1.54 trillion in 2021, which is equivalent to 43% of the total market. This is an increase from \$1.28 trillion in the previous year. Other key findings include:

- Responsible investment products continue to outperform the overall market.
- Investment managers continue to increase the amount of assets that are managed with responsible investment approaches.

View the full report or executive summary [here](#).

IPA Sustainability Discussion Group

The February session of the Sustainability Discussion will include a deep dive into Treasury's plans to introduce mandatory climate-related financial disclosures. Hear the IPA's position and engage in the discussion to see how you can get involved in this space.

Information about the Discussion Group and how to join is available [here](#).

TAXATION

Former tax partner banned by TPB

The Tax Practitioners Board (TPB) has [reported](#) that a former tax partner at PricewaterhouseCoopers (PwC) has been deregistered as a tax agent and banned for two years for integrity breaches in relation to confidential law reform consultations.

The former tax partner was part of a Treasury confidential consultation on new rules aimed at stopping multinationals shifting profits from Australia to tax and secrecy havens. According to the TPB, the former partner "made unauthorised disclosures of this confidential law reform information to partners and staff of PwC". In addition, the TPB determined that PwC had failed to properly manage conflicts of interest when this confidential law reform information was shared with partners and staff in their tax practice. The TPB ordered PwC to have processes and training in place to ensure conflicts of interest are adequately managed.

Warning about ATO impersonation on social media

The Assistant Treasurer has issued a [warning](#) to taxpayers to be wary of scammers impersonating ATO officers on Twitter, Facebook and other social media platforms.

It states that the scammers scan public conversations on social media, where taxpayers ask questions or make complaints about the ATO. The scammers then use a fake ATO profile to contact the taxpayer directly with an offer to help resolve a complaint or follow up on a comment. Once trust is established, the scammers then ask the taxpayer to click on a link or provide personal details.

The ATO is working with social media platforms and other government agencies to address this.

CPI December quarter 2022

The Australian Bureau of Statistics (ABS) has [released](#) the CPI index number of 130.8 for the December quarter 2022 (up from 128.4 for the September quarter). This CPI index number is used to index certain tax, superannuation and FBT amounts.

The CPI rose 1.9% for the December 2022 quarter. The CPI is now running at 7.8% annually. The most significant price rises for the quarter were for domestic holiday travel and accommodation (+13.3%), electricity (+8.6%), international holiday travel and accommodation (+7.6%) and new dwelling purchase by owner occupiers (+1.7%).

IGTO reporting pack released

The Inspector-General of Taxation and Taxation Ombudsman (IGTO) has released its [Corporate Plan reporting pack for Q1 of FY2023](#). The report provides a Q1 update on the following:

- total complaints received and the Top five complaints received;
- IGTO's KPI results; and
- IGTO's Key Performance Areas.

TPB(PN) 5/2022 Proof of identity requirements for client verification

Tax practitioners servicing a client's employees may need to take extra care.

There are additional POI requirements that exist where an instructing client is the employer of taxpayers, and the tax practitioner provides tax agent services to the client's employees (following instructions from the employer client).

Paragraph 35 of TPB (PN) 5/2022 Employer client representing taxpayer employees

'In circumstances where the client instructing the registered tax practitioner is the employer of taxpayers, and the tax practitioner provides tax agent services for the taxpaying employees of the employer client, the tax practitioner must receive confirmation in writing from the employer client that:

- the employer client has undertaken adequate POI checks in respect of the employees; and
- that the employer has the authority to represent the employees to the registered tax practitioner.

These POI enquiries must be either equal to or greater than the requirements of this Practice Note.

The tax practitioner must put in place a process where any discrepancies or red flags in relation to the taxpayer employees are identified and appropriately escalated before any lodgements are made.

In having these processes in place, the tax practitioner should bear in mind that it needs to be satisfied that the processes and systems it has in place ensure that POI checks are being undertaken appropriately by the employer client.

If the practitioner makes a statement to the Commissioner where they are reckless as to the truth or accuracy of the statement, they may be contravening s50-20'.

ATO Fact sheet 'When can you legally access your super'

'Generally, you can only access your super when you:

- reach preservation age and retire
- turn 65 even if you're still working.

To access your super legally, you must satisfy a [condition of release](#).

There are very limited circumstances where you can legally [access your super early](#). Eligibility requirements often relate to specific expenses.

It is illegal to access your super for any reason other than when it is allowed by the superannuation law.

Remember, there are only a few reasons to access your super and [accessing it early may be illegal](#)'.

The ATO have released this [fact sheet](#).

FINANCIAL SERVICES

Financial advisers who can provide tax (financial) advice: ASIC register

ASIC has issued a [reminder](#) that its Financial Advisers Register (FAR) now publicly displays whether relevant providers can provide tax (financial) advice services. This information is displayed under the appointment details for each relevant provider (ie

a person who is authorised to provide personal advice to retail clients about relevant financial products).

ASIC says it is the responsibility of AFS licensees to ensure that the information recorded on the FAR about their relevant providers is correct. If ASIC has not been notified about whether a relevant provider can provide tax (financial) advice services, the FAR will not display whether the relevant provider can provide tax (financial) advice services.

APRA's priorities for 2023

APRA has released its [policy and supervision priorities for 2023](#). For superannuation, APRA said it will continue to hold trustees to account to improve member outcomes by rectifying substandard practices; reducing unacceptable underperformance through the annual performance test and transparency on performance via heatmaps; and examining trustees' implementation of the retirement income covenant.

APRA is also embarking on a major exercise to improve cyber resilience whereby it will pursue any identified breaches of Prudential Standard CPS 234 and review the oversight of boards. APRA also expects entities to be abreast of initiatives on climate-related financial risks.

SUPERANNUATION

Pension transfer balance cap increase

The release of the [CPI index number](#) for December 2022 has confirmed that the superannuation "general transfer balance cap" will increase by \$200,000 to \$1.9m for 2023-24 (up from \$1.7m for 2022-23).

If an individual starts to have their first retirement phase income stream on or after 1 July 2023 their lifetime personal transfer balance cap will be set at \$1.9m. However, if an individual started to have a transfer balance account before 1 July 2021, they will have a personal transfer balance cap between \$1.6m and

\$1.7m (which may be subject to proportional indexation on 1 July 2023 if they haven't fully utilised their personal cap).

The "total superannuation balance" threshold for making non-concessional contributions (which is tied to the general transfer balance cap) will also increase to \$1.9m for 2023-24 (up from \$1.7m for 2022-23).

The "defined benefit income cap" will increase to \$118,750 for 2023-24 (ie \$1.9m divided by 16).

Super fund NALE rules: discussion paper

The Government has released a [consultation paper](#) on options to amend the non-arm's length expense (NALE) provisions for superannuation funds to ensure they operate as intended.

The paper sets out potential policy changes to the non-arm's length income (NALI) and NALE provisions in s 295-550 of the ITAA 1997, where they relate to general expenses which have a sufficient nexus to **all** income derived by the fund. While the Government believes the NALI rules are operating "broadly as intended", it accepts that severe outcomes can result for some super funds in relation to general expenses.

For self-managed super funds (SMSFs) and small APRA funds, the paper proposes a factor-based approach whereby the maximum amount of fund income taxable as NALI at the highest marginal rate (45%) would be five times the level of the general expenditure breach. This would be calculated as the difference between the amount that would have been charged as an arm's length expense and the amount that was actually charged to the fund. Where the product of five times the breach is greater than all fund income, all fund income will be taxed at the highest marginal rate. Large APRA-regulated funds are proposed to be exempted from the NALI provisions for general expenses.

Date of effect: The changes are proposed to apply from 1 July 2023, following the expiry of the ATO's transitional compliance approach for general expenses (PCG 2020/5) for the period 2018-19 to 2022-23.

Comments are due by 21 February 2023.

ASIC cancels registration of 374 SMSF auditors

ASIC has [cancelled](#) the registration of 374 auditors of self-managed super funds (SMSFs) for failing to lodge their annual statements. ASIC said it communicated to over 1,400 SMSF auditors that they had outstanding annual statements. While most of these auditors subsequently lodged their statements, ASIC cancelled the registration of those auditors who failed to comply. Based on data obtained from the ATO, the cancelled SMSF auditors had not performed a significant number of SMSF audits in the past two to three years.

APRA's super priorities for 2023: speech

In a recent [speech](#), APRA Deputy Chair, Margaret Cole, said APRA's priorities for 2023 will continue to strengthen the prudential framework and "provide trustees with guidance, guard rails and supervision to drive better member outcomes".

Ms Cole said a priority for APRA in 2023 will be retirement incomes. APRA and ASIC are currently undertaking a thematic review to examine how a sample of trustees have implemented the retirement income covenant within their business strategies and operations. APRA is also working with the ATO, ASIC and an industry working group on the increased fraud risks faced by super funds from stolen personal data.

APRA imposes licence conditions on super trustee

APRA has imposed additional conditions on the registrable superannuation entity (RSE) licence of Diversa Trustees Limited. APRA said the new RSE licence conditions are designed to address prudential concerns in relation to:

- the adequacy of resources to manage risks and meet regulatory and compliance obligations;
- heightened inherent business risks driven by the complex structure and operations; and
- concerns regarding the ability of the licensee to deliver quality member outcomes, including in relation to high fees and poor investment performance.

APRA's annual super bulletin 2021-22

APRA has released its [Annual Superannuation Bulletin for 2021-22](#) showing total super assets of \$3.345 trillion (of which \$881bn was held in MySuper products). A

total of \$869bn was held in 869,000 self-managed super funds (SMSFs) with 1.123m members as at 30 June 2022. The average SMSF account balance was \$746,000 (while MySuper had an average of \$58,742).

REGULATOR NEWS

APRA appointments and structure changes announced

APRA has [announced](#) changes to its structure and the responsibilities of its Executive team, including new appointments to complement the existing Member and Executive Director (ED) group. The changes include two new ED-level roles in the areas of ED Technology and Data and Chief of Staff, while new appointments have been made to the existing roles of ED Superannuation and ED Policy & Advice. The changes are effective from 1 March 2023.

TPB Confirming Professional Association Registrations

The Tax Practitioners Board will be launching a communications campaign in late February in order to bring its data up to date. This is in respect of those registered tax practitioners who rely on their voting membership status of recognised professional associations for their registration with the TPB.

The TPB will be emailing these registered tax practitioners to ask them to update their voting member details in tranches, with approximately 300 registered tax practitioners receiving the email each week. The aim of this campaign is to:

- ensure the accuracy of information on the TPB's public register;
- ensure tax practitioners are meeting their ongoing registration requirements;
- and
- enhance data validity.