

SUSTAINABILITY

ISSB decides to prioritise climate-related disclosures to support initial application

The International Sustainability Standards Board has determined that companies will not need to provide full reporting on sustainability-related risks and opportunities beyond climate (as stipulated in IFRS S1) until the second year. This is one of several reliefs to help organisations build familiarity and capacity.

Businesses must bring ESG targets into focus or risk viability

Businesses must focus on environmental, social and governance (ESG) concerns in 2023 as they become increasingly vital for viability, tax professionals say. Tighter regulations, stricter compliance and demands from stakeholders are combining to put ESG at the top of the agenda.

New research shows companies support stronger modern slavery laws

A coalition of human rights organisations and academics has released a new research report revealing the results of a detailed survey of nearly 90 business groups on the impact of Australia's Modern Slavery Act.

TAXATION

ATO data-matching: residential investment property loan data

The ATO will acquire residential investment property loan data from authorised financial institutions for 2021-22 through to 2025-26 income years.

Tax gap of individuals not in business: Auditor-General report

The Auditor-General has delivered a report which assessed the effectiveness of the ATO's approach for identifying and reducing the tax gap for individuals.

FHSS scheme: ATO documents updated

ATO has released updated versions of a law companion ruling and super guidance note to reflect recent amendments to the FHSS scheme.

STP reporting exemption for WPN holders

The ATO has released a draft instrument which proposes to exempt certain entities from reporting under single touch payroll for 2023-24 to 2025-26 financial years.

Buy-now, pay-later providers: GST considerations

ATO has released guidance which sets out what it sees as key GST considerations for buy-now, pay-later providers.

IESBA proposes Tax Planning and Related Services revisions to the Code

The International Ethics Standards Board for Accountants (IESBA) has released Exposure Draft *Proposed Revisions to the Code Addressing Tax Planning and Related Services* for public comment. Members are encouraged to send comments to the IPA prior to **5 May 2023** at ipaadvocacy@publicaccountants.org.au.

ATO communications on Working from home deductions

The ATO has contacted tax agents, their clients and self-prepares who they identified as working in an occupation that is most likely to be working from home and who have previously claimed a deduction under item D5, to promote the recent changes to the *Working from home deductions*.

Protect your myGovID

The ATO has published information that reinforces the need for agents to protect their myGovID and personal information, and has provided practical steps that tax professionals can take.

ATO PAYGW prefill is coming to activity statements

Employers report their pay as you go (PAYG) withholding information to the ATO each time they pay their employees using Single Touch Payroll (STP). From July, the ATO will prefill the PAYG withholding amounts in your activity statements in ATO online.

ATO – Options to resolve disputes with the ATO

There are options for agents and tax payers if they disagree with a decision of the ATO about their tax affairs. These options are free and include options such as 'in-house facilitation and independent review.

FINANCIAL SERVICES

Draft regs: financial reporting and auditing of APRA super funds

Treasury has released draft regulations which provide logistical details relating to the proposed financial reporting and auditing requirements of RSEs.

SUPERANNUATION

Your Future, Your Super review outcomes

Treasury has released the outcomes of its review into the Your Future, Your Super laws that was initiated in September 2022.

SMSF auditor breaches: ASIC update

ASIC has advised that it has acted against 11 SMSF auditors for breaches of their obligations.

REGULATOR NEWS**Inspector-General of Taxation Newsletter**

The Inspector-General of Taxation has released edition 22 of its regular newsletter including progress of its investigations.

TPB reminder to agents: privacy awareness week

Tax Practitioners Board has issued an article in support of Privacy Awareness Week which tailors objectives to tax agents and functions.

SUSTAINABILITY

ISSB decides to prioritise climate-related disclosures to support initial application

The International Sustainability Standards Board has determined that companies will not need to provide full reporting on sustainability-related risks and opportunities beyond climate (as stipulated in IFRS S1) until the second year. This is one of several reliefs to help organisations build familiarity and capacity.

The full package of supports are as follows.

For the first year they use the ISSB Standards, companies need not:

- provide disclosures about sustainability-related risks and opportunities beyond climate-related information;
- provide annual sustainability-related disclosures at the same time as the related financial statements;
- provide comparative information;
- disclose Scope 3 greenhouse gas emissions; and
- use the Greenhouse Gas Protocol to measure emissions, if they are currently using a different approach.

This focus is consistent with the Australian context, as the first mandatory reporting requirements will be in the space of climate.

The latest ISSB updates are available [here](#).

Businesses must bring ESG targets into focus or risk viability

Businesses must focus on environmental, social and governance (ESG) concerns in 2023 as they become increasingly vital for viability, tax professionals say. Tighter regulations, stricter compliance and demands from stakeholders are combining to put ESG at the top of the agenda.

CPA Australia's Asia-Pacific Small Business Survey found more than 44% of small businesses that responded have failed to devote any time or resources to ESG. While recent findings from PwC suggest more than 60% of individuals base purchase decisions on sustainability criteria, with many also willing to pay more.

BDO's advisory partner Aletta Boshoff said the increasing regulations such as the incoming International Sustainability Standards Board (ISSB) framework would force businesses to focus on scope three emissions, which meant small firms would be pressured by those in their supply chain to tidy up their carbon footprint.

Read the full article from the Accounting Times [here](#).

New research shows companies support stronger modern slavery laws

A coalition of human rights organisations and academics has released a new research report revealing the results of a detailed survey of nearly 90 business groups on the impact of Australia's Modern Slavery Act.

- 70% support the establishment of an Anti-Slavery commissioner.
- 67% would find it easier to comply with the Modern Slavery Act if it were harmonised with international standards such as the UN Guiding Principles on Business and Human Rights.
- 61% would likely improve modern slavery responses if required to undertake human rights due diligence.
- 54% would likely improve modern slavery responses if financial penalties were introduced.

The full report is available [here](#).

TAXATION

ATO data-matching: residential investment property loan data

The Commissioner has gazetted the [Notice of a residential investment property loan \(RIPL\) data-matching program 3 April 2023](#).

It enables the ATO to acquire residential investment property loan ("RIPL") data from authorised financial institutions for 2021-22 through to 2025-26. The data items include client identification details (names, addresses, phone numbers, dates of birth, etc) and transaction details (transaction date, transaction amount etc).

The ATO expects to obtain records relating to approximately 1.7 million individuals for each financial year.

Tax gap of individuals not in business: Auditor-General report

The Auditor-General has delivered a report entitled [Identifying and Reducing the Tax Gap for Individuals Not in Business](#) to Parliament.

The ATO estimated that the overall tax gap for the Australian tax and superannuation system was \$33.4 billion in 2019-20. The individuals not in business tax gap was the second largest category in dollar terms (behind the "small business tax gap") – involving some 11.5 million people.

The objective of the audit was to assess the effectiveness of the ATO's approach for identifying and reducing the tax gap in this category.

While work-related expense claims are the biggest contributor to the tax gap, the report noted that the ATO considers that nine out of 10 taxpayers with rental property income are claiming incorrect deductions in income tax returns.

The report concluded that the ATO is "largely effective" at identifying, measuring and reducing the tax gap for individuals not in business. It made three recommendations, which the ATO has agreed to. The recommendations relate to:

- transparency of ATO's tax gap methodology;
- transparency and confidence in reliability assessments; and
- the use of targets and benchmarks to better understand the performance of compliance strategies.

FHSS scheme: ATO documents updated

The ATO has released updated versions of [Law Companion Ruling LCR 2018/5](#) and [Super Guidance Note SPR GN 2018/1](#) to reflect recent amendments to the first home super saver (FHSS) scheme. In particular, the maximum amount of voluntary super contributions that can be released under the scheme across all income years has been increased from \$30,000 to \$50,000. This applies in relation to FHSS determinations requested on or after 1 July 2022.

These documents have also been updated to include extra commentary on freehold interests. An individual who has held a freehold interest in Australian real property cannot access the FHSS scheme unless the ATO determines that the individual has suffered a financial hardship. The ATO says that the expression "freehold interest" (which is not defined in the legislation) covers equitable interests in real property, which may be acquired prior to settlement or completion of a contract.

The amendments generally apply from 1 July 2022.

STP reporting exemption for WPN holders

The ATO has released a draft instrument which proposes to exempt certain entities from reporting under Single Touch Payroll ("STP") for the 2023-24 to 2025-26 financial years ([LI 2023/D9](#)). It will apply to employers that do not have an Australian business number ("ABN") but instead have a withholding payer number ("WPN").

The instrument will replace the current instrument which expires on 30 June 2023. It contains no changes to the way the law currently operates. Comments are due by 14 April 2023.

Buy-now, pay-later providers: GST considerations

The ATO has released a "guidance" which sets out what it sees as the key GST considerations for buy-now, pay-later providers. It focusses on assisting providers to determine their entitlement to input tax credits on related costs. The [GST considerations for buy-now, pay-later providers](#) (with no specific identifier) is intended to provide "practical guidance" and explain how the ATO assesses GST risk in this area.

This guidance considers what it describes as typical buy-now, pay-later arrangements. Depending on the facts, a buy-now, pay-later provider may generally make:

- input taxed supplies of credit when a customer initiates the provider's provision of payment to the merchant in exchange for the customer's obligation to repay the provider at a later date;
- taxable supplies of services to merchants in enabling them to accept payment using the provider's facilities, with the provider then becoming liable to make payment to the merchant (and the customer's obligation to pay the merchant

being discharged). These supplies are made in exchange for merchant fees, charged on a purchase transaction-by-transaction basis.

The ATO states that the apportionment methodology used "must reflect the objective intended use of acquisitions". The methodology used must have regard to whether some of the acquisitions only relate to making input taxed supplies, or conversely only relate to making taxable supplies. It provides a table of common acquisitions and nexus to the supplies made by buy-now, pay-later providers. There are a number of worked examples.

IESBA proposes Tax Planning and Related Services revisions to the Code

The International Ethics Standards Board for Accountants (IESBA) has released Exposure Draft [*Proposed Revisions to the Code Addressing Tax Planning and Related Services*](#) for public comment.

The proposed revisions respond to public interest concerns about tax avoidance and the role played by consultants, including professional tax advisers. Among other matters, the proposed ethical framework:

- Explains the types of threats to compliance with the fundamental ethics principles of the Code that might be created when professional accountants are involved in tax planning.
- Sets a clear principle that professional accountants recommend or otherwise advise on a tax planning arrangement only if they have determined that there is a credible basis in laws and regulations for it.
- Requires consideration of the reputational, commercial and wider economic consequences that could arise from the way stakeholders might view the tax planning arrangement before determining whether to proceed with the recommendation or advice.
- Provides practical guidance to assist professional accountants in navigating situations of uncertainty when carrying out tax planning.
- Deals with other practical matters, including disagreement with the client or management or those charged with governance, and documentation.

Members are encouraged to send comments to us prior to **5 May 2023** at ipaadvocacy@publicaccountants.org.au.

ATO communications on Working from home deductions

The ATO has requested tax agents to discuss with their clients the two methods that are available for claiming the *Working from home deduction* and to then provide suggestions on which is most suitable to the client. More information on the two methods can be found here:

- [Working from home expenses](#); and
- [Deductions for home-based business expenses](#).

Protect your myGovID

The ATO says that practical steps that tax professionals can take include for example, turn on the app notifications and you can now [view](#) a summary of each time your myGovID has been set up on a device, the date your myGovID was set up on each device and the last time it was used to log in to a government online service.

The ATO says that to help ensure you are not the next victim, and to protect your identity from being used fraudulently, follow our top 10 tips below.

- Use a personal email address when setting up your myGovID.
- Protect your personal email account.
- Keep your smart devices secure.
- Turn on notifications for myGovID.
- Check myGovID setups regularly.
- Protect your identity documents.
- Increase the security of your myGovID.
- Don't share your myGovID.
- Report suspected inappropriate access.
- Stay on top of your cyber hygiene.

Agents can learn more about each of these [top 10 tips from the ATO website](#).

ATO PAYGW prefill is coming to activity statements

ATO PAYG withholding prefill will be available for small and medium employers from the:

- July activity statement for monthly PAYG withholders
- September activity statement for quarterly PAYG withholders.

We'll use the amounts you report in STP to prefill labels W1 and W2:

- Label W1: Total salary, wages and other payments
- Label W2: Amount withheld from payments shown at W1.

You'll only need to change prefilled amounts if they don't match your records. Most (but not all) PAYG withholding will be reported through STP. Complete any remaining labels on your activity statement before you lodge and pay (where applicable) as you do now.

Digital service providers will choose which products they make prefill available in and when.

From July, we will pilot reminding employers to lodge their activity statements in the 2023–24 financial year. We'll randomly select 3,000 employers from those who have:

- an outstanding activity statement, and
- reported PAYG withholding in STP for the period.

If you have a tax professional acting on your behalf, we'll let them know you've been selected.

Find out more about how we'll use STP data to simplify your [activity statement reporting](#) this year.

ATO – Options to resolve disputes with the ATO

Where issues arise, we seek to work collaboratively with taxpayers to avoid the issues escalating into disputes wherever possible.

We have several options for resolving disputes:

- In-house facilitation
- Independent review service
- Alternative Dispute Resolution
- Early assessment and resolution (for all cases lodged with the Administrative Appeals Tribunal)
- Dispute Assist
- Settlement and litigation

In-house facilitation is a process where an independent ATO facilitator guides a discussion with you and the ATO. In-house facilitation is a mediation process where an independent and impartial ATO facilitator meets with you and the ATO case officers to: identify the issues in dispute, develop options, consider alternatives, and try to reach a resolution. The service is ideal for less complex disputes and can be used at any stage from the audit, up to and including the litigation stage where appropriate. Individuals or small businesses with a tax or superannuation dispute can use our in-house facilitation service.

Small business independent review is a service that focuses on the early resolution of disputes about audit decisions. Small businesses with a turnover less than \$10 million may be eligible to participate in the independent review service. The following disputes qualify for independent review: income tax, GST, excise, luxury car tax (LCT), wine equalisation tax (WET), fuel tax credits (FTC). The following disputes are excluded from the independent review service: superannuation, fringe benefits tax, fraud and evasion findings and interest.

Small business independent review gives you an additional option to achieve an early and fair resolution of your dispute, where you disagree with the audit position on most income tax and indirect tax obligations. It complements your existing options for independent review available through the objections process.

Dispute Assist is a free service that helps individuals and small businesses with the dispute process. We recognise some taxpayers involved in an objection or dispute process may need additional support, including those: who are unrepresented, or can't afford or don't have access to a paid professional and those with significant or exceptional personal circumstances.'

Agents and tax payers can access [more information](#) on the ATO website.

FINANCIAL SERVICES

Draft regs: financial reporting and auditing of APRA super funds

Treasury has released [draft regulations](#) which provide logistical details relating to the proposed financial reporting and auditing requirements of registrable superannuation entities ("RSEs").

Schedule 6 of the Treasury Laws Amendment (2022 Measures No 4) Bill 2022 proposes to extend and adapt the financial reporting and auditing requirements in the Corporations Act 2001 to apply to RSEs. The purpose is to impose financial reporting and auditing obligations on RSEs that are consistent with the requirements that apply to public companies and registered schemes. The exposure draft regulations prescribe requirements for the preparation, lodgement, disclosure and publication of information and documents by RSEs.

Comments are due by 5 May 2023.

SUPERANNUATION

Your Future, Your Super review outcomes

Treasury has released the outcomes of its review into the Your Future, Your Super laws that was initiated in September 2022, in the form a paper entitled [Your Future, Your Super Review – Summary of Issues](#).

The Assistant Treasurer [stated](#) that the feedback from stakeholders was primarily focused on the annual superannuation performance test, which is intended to hold trustees to account to maximise returns to members. Responding to this feedback forms the first part of the Government's response to the review.

Proposed changes to the performance test – which the Government terms "updates" – are contained in [exposure draft regulations](#) which were released by Treasury at the same time as the paper. Key updates include the following:

- prospectively increasing the testing period from 8 to 10 years to encourage longer-term investment decisions;
- calibrating key benchmarks to ensure that funds are not unintentionally discouraged from investing in certain assets;
- adjustments to the notification letter that trustees of failed products send to members;
- minor changes to improve accuracy and reduce administrative burden for APRA; and
- ensuring the test is fit-for-purpose when it is extended to trustee-directed products this year.

The consultation period for the draft regs closes on 2 May 2023.

The other issue of major concern in the paper involved stapling, which requires employers to check whether an employee has an existing ("stapled") super fund with the ATO before making super contributions. The concern by employers is the increased administrative burden this has created. The Government will wait to assess the impact of the implementation of a new ATO IT service (which is to be introduced "shortly"), but in the meantime "will continue to explore options that could support an improved experience and outcome from stapling".

SMSF auditor breaches: ASIC update

The Australian Securities and Investments Commission [has advised](#) that it has acted against 11 SMSF auditors for breaches of their obligations. This included breaches of auditing and assurance standards, independence requirements, registration conditions, or because the individual was not a fit and proper person to remain registered.

Specifically, over the period 1 October 2022 to 31 March 2023, ASIC:

- disqualified seven SMSF auditors;
- imposed additional conditions on three SMSF auditors; and
- cancelled one SMSF auditor.

Ten of these SMSF auditors were referred to ASIC by the ATO. One SMSF auditor did not comply with conditions imposed by ASIC on their SMSF auditor registration.

This follows the cancellation of 374 SMSF auditors in January 2023.

REGULATOR NEWS

Inspector-General of Taxation Newsletter

The Inspector-General of Taxation has released [Edition 22](#) of its regular Newsletter IGot News!.

Its review investigation into the [Commissioner's general powers of administration](#) is "well-progressed and nearing finalisation", as is the investigation into the exercise of the [Commissioner's Remedial Power](#). In addition, Phase two of the investigation into the [ATO's Administration and Management of Objections](#) has commenced.

The Inspector-General has received 823 complaints at the end of Quarter two of 2022-23 – which represents an increase of 27% (648) compared to Quarter two in the previous year. It is stated that the increase in demand for services is consistent with the ATO recommencing or increasing certain activities, including debt collection.

TPB reminder to agents: privacy awareness week

The Tax Practitioners Board has issued an article in support of Privacy Awareness Week, entitled [Back to Basics](#). Privacy Awareness Week ("PAW") is an annual event led by the [Office of the Australian Information Commissioner](#) ("OAIC") to raise awareness of privacy issues and the importance of protecting personal information and runs from 1 – 7 May 2023.

The article tailors the objectives of PAW to tax agents and functions as a reminder of the importance of the role that tax agents play in protecting their clients' privacy.