

TAXATION

Stage 3 tax cuts: Govt announces changes

The Prime Minister has announced changes to the Stage 3 tax cuts due to come into effect on 1 July 2024.

Charity eligibility for "advancing social or public welfare"

A new registration decision summary has been published by the Australian Charities and Not-for-profits Commission ("ACNC").

Dishonest agent banned: TPB compliance case study released

The TPB has issued a compliance case study where the Board Conduct Committee ("BCC") determined tax agent no longer met the registration requirement.

ATO have advised that 'Your clients may be contacted by our external debt collection agency'

The ATO have advised that 'external debt collection agency recoveriescorp will be actioning tax debt cases that have been referred to them. These clients haven't responded to our previous contact attempts or their pre-referral warning letter and are not engaging with us to pay their debt.'

Tax Agent Services Act (Code of Professional Conduct) Determinations 2023

The Institute of Public Accountants was part of a joint submission in which the Joint Bodies acknowledged the Government's efforts in designing the draft Instrument to ensure that the tax profession is held to the highest ethical standard, standards which the vast majority of the profession strives to achieve. The Joint Bodies also supported all measures that intend to maintain or improve the integrity of our taxation and superannuation system and those who operate within it.

ATO new website *Go Live*

The ATO have advised that the refreshed ato.gov.au website went formally live on 30 January 2024 with access to the legacy (old) website being removed

Climate-related financial disclosure: exposure draft legislation

Treasury have advised that 'the Exposure Draft legislation seeks to amend parts of the Australian Securities and Investment Commission Act 2001 and the Corporations Act 2001 (Cth) to introduce mandatory requirements for large businesses and financial institutions to disclose their climate-related risks and opportunities'

FINANCIAL SERVICES

Financial adviser exam legislative changes implemented

ASIC has issued a media release on implementing the Government's amendments to the approved principles for the administration of the financial adviser exam.

Extension for relevant financial advisers to register with ASIC

ASIC has issued a media release announcing the extension, by two weeks of the registration period for certain financial advisers to 16 February 2024

REGULATOR NEWS

ASIC News

Updates from ASIC in the past week including media releases, news, articles and speeches.

TAXATION

Stage 3 tax cuts: Govt announces changes

The Prime Minister has announced [changes to the Stage 3 tax cuts](#) due to come into effect on 1 July 2024. The changes are obviously subject to the passage of amending legislation in Parliament.

The changes are designed to give a bigger tax cut to low- and middle-income earners than that currently in legislation. High income earners will still get a tax cut, albeit a lesser one. The Prime Minister also flagged in his [press release](#) that the Government will increase the Medicare levy low-income thresholds for 2023-24.

The [Treasury briefing document](#) states that "the redesign will not impact the inflation outlook".

Announced changes: one additional marginal rate, one additional threshold

To achieve the above, changes will:

- reduce the 19% tax rate to 16%;
- reduce the 32.5% tax rate to 30%;
- increase the threshold above which the 37% tax rate applies from \$120,000 to \$135,000; and
- increase the threshold above which the 45% tax rate applies from \$180,000 to \$190,000.

The table below compares the current rates (ie 2023-24), the legislated rates and the proposed rates for 2024-25.

Summary: Tax rates and income thresholds

Rate	Current 2023-24	Stage 3 2024-25 (legislated)	Stage 3 2024-25 (proposed)
Nil	\$0 - \$18,200	\$0 - \$18,200	\$0 - \$18,200
16%	N/A	N/A	\$18,201 - \$45,000
19%	\$18,201 - \$45,000	\$18,201 - \$45,000	N/A
30%	N/A	\$45,001 - \$200,000	\$45,001 - \$135,000
32.5%	\$45,001 - \$120,000	N/A	N/A
37%	\$120,001 - \$180,000	N/A	\$135,001 - \$190,000
45%	\$180,001 +	\$200,001 +	\$190,001 +

Rates and thresholds for 2024-25 (proposed)

Under the Government's proposed changes to Stage 3, the 2024-25 tax rates and income thresholds for residents will be as follows.

Tax rates and income thresholds for 2024-25 (proposed)

Taxable income (\$)	Tax payable (\$)
0 - 18,200	Nil
18,201 - 45,000	Nil + 16% of excess over 18,200
45,001 - 135,000	4,288 + 30% of excess over 45,000
135,001 - 190,000	31,288 + 37% of excess over 135,000
190,001+	51,638 + 45% of excess over 190,000

Charity eligibility for "advancing social or public welfare"

A new registration decision summary has been [published](#) by the Australian Charities and Not-for-profits Commission ("ACNC") which outlines key factors in determining an organisation's eligibility to be registered as a charity, with the subtype of "advancing social or public welfare". The summary states a charity with a purpose of relieving what are known as "necessitous circumstances" will be entitled to registration with that subtype.

The new registration decision summary is the second resource to be developed as part of the [Secrecy Reforms Project](#), which will see the ACNC put out more information about its regulatory and compliance activities to improve transparency and to educate the charity sector.

Dishonest agent banned: TPB compliance case study released

The TPB has issued a [compliance case study](#) where the Board Conduct Committee ("BCC") determined tax agent no longer met the registration requirement that they were a fit and proper person and terminated the tax agent's registration. The tax agent was found to have breached the Code of Professional Conduct by:

- lodging 43 income tax returns without their clients' knowledge or authorisation, which the agent knew contained false information for the purpose of obtaining tax refunds they were not entitled to;
- obtaining a financial advantage by deception; and

- dealing in the proceeds of a crime worth \$10,000 or more.

The tax agent was also prohibited from reapplying for registration for a period of four years.

ATO have advised that ‘Your clients may be contacted by our external debt collection agency’

The ATO have stated that ‘You may receive pre-referral warning letters or follow up contact for your clients if you have preference to receive their communications.

There is support available if your clients are experiencing financial difficulties. You or your clients should contact the ATO as early as possible.

Key points to note:

- Pre-referral warning letters issue to taxpayers who have an overdue debt and haven’t responded to our previous contact attempts and requests to pay. Taxpayers will have 14 days to respond to the letter. If no action is taken, they will be referred to recoveriescorp.
- Once your clients are referred to recoveriescorp, you or your clients will be contacted by them directly about the overdue debt. This may be via various contact methods including email, SMS, phone call and letters.
- If you or your clients are contacted by recoveriescorp, you can verify the contact by calling them directly on 1300 352 593 for tax agents or 1300 323 495 for taxpayers. These phone numbers are also listed on our website, alongside further information on verifying and reporting suspected tax related scams.
- If your client is referred to recoveriescorp, their debt will remain payable to the ATO. If recoveriescorp set up a payment plan, it will be managed by them until the debt is paid off in full.
- There are no additional penalties for debts referred to recoveriescorp.

About recoveriescorp

- recoveriescorp is not engaged on a commission basis and there are no incentives offered for debt collection outcomes.
- They won’t undertake any firmer actions like garnishees, issuing of Director Penalty Notices, disclosure of business tax debts, legal actions, or insolvency.
- Their staff have limited access to ATO systems. They will only be able to update contact details and have read access for client account information. This access will ensure a better client experience as the external collection agency will have up to date information, including debt balances.
- They are held to strict quality assurance, governance checks and privacy controls to protect taxpayers. The staff are subject to pre-engagement integrity checks in alignment with internal onboarding requirements. They will treat taxpayers with the same courtesy and professionalism as our employees.

We remain committed to understanding each taxpayer’s circumstances and working with them to provide options to help manage their obligations.’

Tax Agent Services Act (Code of Professional Conduct) Determinations 2023

The submission stated that ‘the Joint Bodies are of the view that it is important to ensure that any amendments effectively address identified shortcomings in the existing regulatory

environment. Amendments to the Code also need to be effective at improving and strengthening the integrity of the taxation and superannuation system.

To achieve this, changes to the Code need to conform with the same, effective principlebased drafting approach as the existing Code and ensure the policy intent is clearly conveyed through detailed explanation in the draft ES. This will better allow tax practitioners to understand and ensure they meet their obligations, while providing the Tax Practitioners Board (TPB) with a clear, robust and unambiguous framework from which it can develop practical guidance. Our submission intends to assist the Government achieve this through suggested amendments to the draft Instrument and draft ES.

Key points were made under the following headings:

- Keeping the Code of Conduct concise, clear and capable of practical application
- Effective regulatory regimes
- Clear, broad, flexible, and actionable principles are required
- Coherence of the Code is impaired
- Government's regulatory reform agenda
- Amendments to the draft Instrument
- Duplication of obligations
- Notifications to clients

ATO new website *Go Live*

Further the ATO have said that 'Throughout the Public Beta period that commenced in early November 2023, the website has been refined based on user feedback. We will continue to focus on improving the website over time by regularly seeking user feedback.'

Climate-related financial disclosure: exposure draft legislation

Further, Treasury have said that 'views on the Exposure Draft legislation and accompanying explanatory materials need to be made by **9 February 2024**. Late submissions cannot be considered.

Submissions should focus on whether the Exposure Draft legislation and explanatory materials appropriately reflect and give effect to the policy intent outlined in the Policy Statement. For further details, please refer to the [Policy Statement](#) and the [Policy Impact Analysis](#).

Previous discovery and design consultations were held in December 2022 and June 2023, respectively.'

For further information please click [here](#)

FINANCIAL SERVICES

Financial adviser exam legislative changes implemented

ASIC has issued a [media release](#) stating that it is implementing the Government's

amendments to the approved principles for the administration of the financial adviser exam that were registered on 18 January 2024. This means the next exam which will be held on 26 March 2024 will reflect the following changes:

the removal of short answer questions from the exam and increase the number of multiple-choice questions; and

the removal of the requirement limiting exam participation to new financial advisers who have completed an approved degree and existing providers.

ASIC has also updated guidance on its website for financial advisers and AFS licensees, in line with the [Corporations \(Relevant Providers -- Education and Training Standards\) Amendment \(2024 Measures No. 1\) Determination 2024](#).

Extension for relevant financial advisers to register with ASIC

Key points from the media release published on 18 January 2024 are:

ASIC records show that a significant number of financial advisers (known as relevant providers) are still not registered, despite a requirement to be registered commencing on 1 February 2024.

ASIC has extended the due date for registration by two weeks and confirms 16 February 2024 as the final date for the commencement of the registration requirement.

AFS licensees that have not already registered their Relevant Providers are urged to do so as a priority via [ASIC Connect](#).

Advisers who provide personal advice to retail clients without being registered after 16 February, together with their authorising AFS licensee(s), will be in breach of the law and face potential regulatory action.

For more information on how to register, visit [Registering a relevant provider](#).

Click [here](#) for a copy of the entire media release

REGULATOR NEWS

ASIC news

ASIC has released the following updates in its Newsroom section:

- [19 January 2024 - NEWS ITEM ASIC proposes to remake managed investment scheme legislative instruments](#) - ASIC proposes to remake a number of class orders relating to managed investment schemes due to sunset on 1 April 2024. Interested stakeholders are invited to provide feedback on the proposal.
- [18 January 2024 - NEWS ITEM ASIC urges AFS licensees to register their financial advisers and provides a short extension to facilitate compliance](#) - ASIC records show

that a significant number of financial advisers (known as relevant providers) are still not registered, despite a requirement to be registered commencing on 1 February 2024. ASIC has extended the due date for registration by two weeks and confirms 16 February 2024 as the final date for the commencement of the registration requirement. AFS licensees that have not already registered their Relevant Providers are urged to do so as a priority via ASIC Connect. Advisers who provide personal advice to retail clients without being registered after 16 February, together with their authorising AFS licensee(s), will be in breach of the law and face potential regulatory action.

- [17 January 2024 - MEDIA RELEASE 24-004MR Liquidator disciplinary committee imposes conditions on registration of Steven Naidenov](#) - On 21 December 2023, a liquidator disciplinary committee (the Committee) decided that conditions should be imposed on Steven Naidenov, a registered liquidator. In summary, the conditions require that Mr Naidenov arrange for a peer review of six external administrations, at his own cost, over the next two years for which he is an appointed external administrator. The six external administrations will be selected by ASIC. The Committee also decided that ASIC should direct Mr Naidenov not to accept any further appointments as a liquidator from the date on which a direction is given until 30 April 2024.