

TAXATION

Exempt income of prescribed international organisations

TR 2024/D2 has been released which discusses the tax exemptions that apply to prescribed international organisations and individuals who are connected with them.

Latest issue of ATO's interpretationNOW! released

The ATO has released Episode 108 of its series on statutory interpretation entitled interpretationNOW!.

Decoding Division 7A – minimum yearly repayments

The ATO have recently published updated guidance on avoiding unexpected tax consequences by knowing how much to repay on a Division 7A loan.

ATO update for BAS Agents

The ATO have provided an update for BAS Agents on 'upcoming emails to agents with NFP clients; guidance for tax practitioners to assist clients affected by fraud; tailored support for practices; updates on guidance materials on nudge messages now featured in Add a client video' and more.

FINANCIAL SERVICE

ASIC releases guidance for experienced financial advisers

ASIC has released an Information Sheet to provide guidance to financial advisers and AFS licensees about the "experienced provider pathway".

IFRS Sustainability Disclosure Standards (ISSB) Momentum Builds: Key Updates on Standards, Interoperability with ESRS and Taxonomy

The International Financial Reporting Standards (IFRS) Foundation have provided an update on the work of the International Sustainability Standards Board (ISSB) work.

REGULATOR NEWS

ASIC News

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

APRA news

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

Attorney-General's Department - AML / CTF survey

Your assistance is requested in responding to a survey commissioned by AUSTRAC through the 'Nous Group to support analysis of the expected regulatory costs and intended benefits of the proposed reforms to AML / CTF obligations. The industry survey will inform the assessment of expected costs and benefits of the reforms' and closes on **Thursday 13 June 2024**.

TAXATION

Exempt income of prescribed international organisations

[Draft Taxation Ruling TR 2024/D2](#) has been released and discusses the tax exemptions that apply to prescribed international organisations and individuals who are connected with them. It updates and replaces Draft TR 2019/D1, which had itself replaced TR 92/14 and TD 92/153 (both withdrawn in 2019).

Many international organisations are exempt from income tax pursuant to regulations made under the International Organisations (Privileges and Immunities) Act 1963. Certain individuals who are currently connected with a prescribed international organisation also enjoy tax exemptions to the extent specified in the regulations.

These include individuals who hold, or perform the duties of, a prescribed office, or who hold an office in a prescribed international organisation.

Whether an individual is currently connected with an international organisation is, in the ATO's view, determined by looking at the substance of the person's terms of engagement and the relationship between that engagement and the organisation performing its functions. Draft TR 2024/D2 also sets out the criteria for determining whether someone is an office holder and discusses the type of income that is exempt from tax.

Appendix 1 to Draft TR 2024/D2 indicates that where an international organisation has applied the concepts outlined in the Draft to determine the capacity in which an individual is connected with the international organisation (eg as an office holder), the ATO will accept, as documentary evidence that the person is connected with the organisation, a statement from the organisation of the person's connection and the capacity in which they are connected.

Proposed date of effect: retrospective.

Comments on the Draft Ruling are due by 21 June 2024.

Latest issue of ATO's interpretationNOW! released

The ATO has released [Episode 108](#) of its series on statutory interpretation entitled interpretationNOW!.

Decoding Division 7A – minimum yearly repayments

The TAO advice states that 'when making MYRs, borrowers need to:

- start repayments in the income year after the complying loan was made
- use the correct benchmark interest rate to calculate the MYR for the current year
- make their required payments on the loan by the due date – the end of the income year (usually 30 June).

Remember, the benchmark interest rate used to calculate the MYR changes annually.

The rate for the current income year ending 30 June 2024 is 8.27%.'

You can read more on Division 7A loans [here](#).

ATO update for BAS Agents

The ATO have advised that there are several updates that they would like to share with BAS Agents

- ['Upcoming emails to agents with NFP clients](#)
- [Guidance for tax practitioners to assist clients affected by fraud](#)
- [Tailored support for practices](#)
- [Updates to guidance material](#)
 - [Nudge messages now featured in Add a client video](#)
 - [Decision Impact Statement – Commissioner of Taxation v Hannover Life Re of Australasia Ltd \[2024\] FCAFC 23](#)
- [Upcoming ATO events for tax professionals](#)

Upcoming emails to agents with NFP clients

From the 2023-24 income year, non-charitable not-for-profits (NFP) with an active ABN are required to lodge an annual [NFP self-review return to self-assess income tax exemption](#) under one of eight categories.

The ATO is emailing tax agents with a list of their NFP clients who need to lodge the NFP self-review return for the 2023-24 income year.

These emails will issue before the end of May and will include information on how to view clients, how to help NFPs prepare for their first lodgment and lodge the NFP self-review return.

Guidance for tax practitioners to assist clients affected by fraud

The ATO has compiled some practical guidance for tax practitioners to assist clients that have been affected by Protego and similar frauds.

The following links provide general guidance.

- [Supporting clients that may be victims of tax fraud](#)
- [GST refund fraud attempts](#)

The ATO continues to see growth in identity crime-enabled fraud and scaled fraud attacks across multiple client types in their digital services. These attacks are agile, prolonged and persistent. The risk is amplified by global threats, organised crime, and increasing numbers of data breaches in the community.

The ATO is currently running a pilot with clients who have been compromised. The intent is to encourage them to get the strongest myGovID credential they can manage (noting some don't have a passport and therefore cannot get to the top level, which is IP3). For those who can get to IP3, the ATO encourages them to log into Online Services for Individuals and lock in their credentials. This 'online access strength' (OAS).

OAS protects the client as it means that a fraudster cannot impersonate them using a lower level myGovID in ATO online services. The other big benefit is that the ATO can then 'uncompromise' their account, which is a much better experience for them.

The ATO uses several measures to better protect clients' identity and accounts, including multi-factor authentication, online access strength and client-to-agent linking.

The best way for clients to protect themselves is to make sure they have strong security and guard their myGovID. The ATO has previously shared [information](#) with agents, who can also share these tips with their clients. Here are some of the key tips for protecting their personal information:

Check their ATO account regularly to keep an eye out for any changes to their personal details or financial information.

Access ATO online services by typing the web address directly into their internet browser instead of clicking on a link or opening an attachment in an email or SMS message.

Avoid sharing their personal information with anyone unless they have a genuine need to know it.

Never share their myGov sign in details with anyone.

The ATO will never ask them to give their personal information via email or SMS.

Agents and clients can learn about the warning signs of ATO impersonation scams by reading how to [Verify or report a scam](#).

- Use a Digital ID, such as myGovID, to access ATO online services through myGov.
- Encourage clients to increase their myGovID identity strength to the highest level they can achieve.

Tailored support for practices

If a whole practice has been affected by an exceptional or unforeseen event, they can request a [supported lodgment program](#). The ATO will work with them to tailor solutions and help them get their lodgment program back on track.

The supported lodgment program is designed to help practices of all sizes when they need additional time to lodge a large proportion of their clients' obligations.

Updates to guidance material***Nudge messages now featured in Add a client video***

Updates to ATO Online services for agents in April included improved in-system guidance (nudge messages) to help agents link to the correct account once a client nominated them as their agent.

Watch the ATO's updated [Add a client video](#) to see how these nudge messages may appear when adding a non-individual client in Online services for agents.

Decision Impact Statement – Commissioner of Taxation v Hannover Life Re of Australasia Ltd [2024] FCAFC 23

The ATO has released a [Decision Impact Statement](#) (DIS) outlining the response to the Federal Court's decision in [Commissioner of Taxation v Hannover Life Re of Australasia Ltd \[2024\] FCAFC 23](#).

The case concerned the extent to which the taxpayer, a life insurer, is entitled to GST credits for its acquisitions, when they make input taxed supplies of life insurance, as well as GST-free supplies of acquiring reinsurance.

The Court decided that the taxpayer:

- was not entitled to any GST credits for acquisitions of distribution and administrative services of issuing life insurance
- was entitled to partial GST credits as per the relevant apportionment model for overhead acquisitions, like rent and office expenses.

The DIS confirms the decision aligns with the Commissioner's existing approach and that the decision regarding overhead acquisitions was open to the Court based on the facts presented.

The DIS is open for [comment](#) until **14 June 2024**.

Upcoming ATO events for tax professionals***Upcoming Division 7A webinar***

Join the ATO for the next [Division 7A webinar](#), Continuing the focus on Division 7A: Answers to frequently asked questions, on 6 June 2024, hosted by Assistant Commissioners Kasey Macfarlane and Anthony Marvello.

The ATO will answer frequently asked Division 7A questions and what to look out for heading into tax time. If agents can't make the live event, a recording will be available on the ATO website shortly after.

Tax Professionals Tax Time 2024 webcast

The ATO's next [Tax professionals conversations](#) webcast is on Thursday 13 June from 2:00pm to 3:00pm AEST. The expert panel will discuss tax time priorities for 2024.

Agents are encouraged to [register](#) to receive a calendar invite with a link to join the webcast. Outlook calendars will adjust to the agent's local time for 2:00pm AEST. If agents don't wish to register in advance they will still be able to join on the day by clicking the link on the webpage'.

FINANCIAL SERVICES**ASIC releases guidance for experienced financial advisers**

ASIC has released [Information Sheet 281](#) FAQs: Relevant providers - Accessing the experienced provider pathway (INFO 281) to provide guidance to financial advisers and Australian financial services ("AFS") licensees about the "experienced provider pathway".

Existing providers who seek to rely on the pathway need to make a declaration and provide it to their licensee before 1 January 2026 so they can continue to provide personal advice from that date. From 1 July 2024, AFS licensees will be required to notify ASIC of the receipt of such declarations, using [ASIC Connect](#). This includes declarations received between 21 September 2023 and 30 June 2024.

IFRS Sustainability Disclosure Standards (ISSB) Momentum Builds: Key Updates on Standards, Interoperability with ESRS and Taxonomy

'Momentum behind the work of the International Sustainability Standards Board (ISSB) continues to build. [Around 20 jurisdictions](#) are currently considering plans to adopt or otherwise use ISSB Standards in their regulatory frameworks.

Given the landscape continues to evolve rapidly, I wanted to share three key updates from the past month as we continue to work to advance the global baseline of sustainability-related financial disclosures for capital markets:

1. Our future priorities

In response to market feedback, our primary focus over the next two years will be on supporting the implementation of IFRS S1 and IFRS S2, including through [educational materials](#) and our [capacity building](#) work.

We will also be working to enhance the SASB Standards and commencing [two new research projects](#) about risks and opportunities related to nature and to human capital.

While we will not be commencing a project on integration in reporting at this time, both the ISSB and IASB continue to support the use of the Integrated Reporting Framework as a resource that drives high-quality corporate reporting and a cohesive information package for investors.

2. Navigating between ESRS and ISSB Standards

The IFRS Foundation remains committed to helping companies meet the information needs of capital markets through a streamlined and cost-effective approach.

The IFRS Foundation and EFRAG have [published interoperability guidance](#) to reduce complexity, fragmentation and duplication for companies by setting out how a company can apply both ISSB Standards and ESRS. The guidance includes detailed analysis of the alignment in climate-related disclosures.

As many companies around the world are mandated to disclose sustainability-related information through ISSB Standards and ESRS, this guidance supports the efficient disclosure of sustainability-related information that means companies will be better able to collect and govern decision-useful data once, avoiding duplication of efforts.

Companies needing to meet the requirements of both ESRS and ISSB Standards will still need to use both sets of standards. However, the guidance makes it easier to navigate doing so.

3. ISSB Taxonomy published

We have [published the ISSB Taxonomy](#), fulfilling our promise to enable investors and other capital providers to analyse sustainability-related financial disclosures efficiently.

Use of the ISSB Taxonomy by companies will enable investors to search, extract and compare sustainability-related financial disclosures as the ISSB advances its global baseline of standards.

Should you have any questions about these developments, please do let me know.

Finally, I'd like to draw your attention to the recently published IFRS Foundation 2023 [annual report](#), reinforcing the Foundation's guiding principle that better information leads to better decisions and highlighting key accomplishments in 2023 and priorities for 2024.

Your continued commitment and engagement to advance the global baseline is critical, as jurisdictions look to adopt or otherwise use the ISSB Standards following IOSCO's call on regulators last year to take action to deliver global comparability in sustainability disclosures for capital markets. We encourage your active participation in jurisdictional consultations that are relevant to your organisation. You can find a list of ongoing and completed jurisdictional consultations [via our website](#).

REGULATOR NEWS

ASIC News

ASIC has released the following updates in its Newsroom section:

- [24 May 2024 – MEDIA RELEASE – ASIC wins Federal Court case against Cigno Australia and BSF Solutions](#) – In the Federal Court of Australia, Jackman J ruled that Cigno Australia Pty Ltd and BSF Solutions Pty Ltd had engaged in credit activity without an Australian Credit licence and charged consumers prohibited fees. A director from each company was also involved in the activity and other contraventions of the

National Consumer Credit Protection Act 2009 (Cth). The companies had provided short-term loans worth over \$34 million (and charged customers more than double that in fees) between 2020 and 2022. The judgment is available [here](#).

- [23 May 2024 – SPEECH – ASIC’s priorities in a changing regulatory environment](#) – ASIC Commissioner Alan Kirkland presented to the Australian Finance Industry Association Risk Summit 2024 in Melbourne on 22 May 2024. He said that, at a time of financial pressures and rapid technological change, ASIC is responding to international trends to assist consumers by addressing core concerns. He acknowledged financial hardship in the community and referred to ASIC’s report on hardship support by large Australian lenders.
- [23 May 2024 – MEDIA RELEASE – ASIC restricts Energy World Corporation Ltd from issuing a reduced-content prospectus](#) – Section 713 of the *Corporations Act 2001* (Cth) allows companies in certain circumstances to issue prospectuses with reduced content. However, ASIC has ruled against Energy World’s application for at least a year because of the qualified nature of its auditor’s reports since 2018 and failure to comply with accounting standards. Energy World will be required to issue a full prospectus to raise funds from retail investors.
- [23 May 2024 – MEDIA RELEASE – ASIC issues DDO stop orders against Trademax Australia](#) – ASIC has issued two interim stop orders preventing Trademax Australia Ltd from opening trading accounts or dealing in contracts for difference or margin foreign exchange contracts to retail investors. ASIC was concerned that Trademax’s questionnaire to potential retail investors was not fit for the purpose of complying with its obligations to be consistent with target market determinations. The design and distribution obligations in Pt 7.8A of the *Corporations Act 2001* (Cth) require issuers and distributors of financial products to take reasonable steps to ensure that retail products are distributed in accordance with target market determinations.
- [22 May 2024 – NEWS ITEM – National Anti-Scam Centre releases its first Investment Scam Fusion Cell Report](#) – The NASC, led by ASIC with the Australian Competition and Consumer Commission between August 2023 and February 2024, has issued its first batch of findings. The aims of the initiative were to identify investment scam campaigns and their enablers, to block the use of enablers, and to better coordinate scam prevention and disruption. A direct referral process was set up to take down scam promotions, resulting in over 1,000 instances of advertisements for investment scams being removed by digital platforms.
- [22 May 2024 – MEDIA RELEASE – ASIC bans former financial adviser for three years](#) – ASIC has banned former financial adviser Gawad Nabi from providing financial services for three years. He had been an authorised representative, responsible manager and/or director of Life Plan FP Pty Ltd between 2019 and 2022. ASIC found that he failed to meet the standards expected of a financial services provider, does not understand the duties and obligations imposed by the Corporations Act and cannot be relied upon to discharge the duties and obligations of a provider of financial service.
- [22 May 2024 – SPEECH – Opening remarks at the ASIC UTS AI Regulators Symposium](#) – ASIC Chair Joe Longo presented to this event on 21 May 2024, emphasising that governments and regulators have a role in determining the design and implementation of AI technology. A strong regulatory framework is essential for mitigating risk, but this is not a barrier to productivity gains from innovation.
- [22 May 2024 – NEWS ITEM – ASIC releases guidance on the experienced provider pathway for financial advisers](#) – ASIC Information Sheet 281 *FAQS: Relevant providers – Accessing the experienced provider pathway* guides financial advisers and licensees on the experienced provider pathway introduced as a result of amendments brought by the *Treasury Laws Amendment (2023 Measures No 3) Act 2023* (Cth). Financial advisers with sufficient experience in the industry do not have to undertake further

education and training, subject to certain conditions.

- [21 May 2024 – MEDIA RELEASE – LPI Australia restates 2022 accounts following concerns raised by ASIC](#) – After a review by ASIC as part of its proactive surveillance, LPI (Australia) Holdings Pty Ltd has lodged its financial report for the year ended 31 December 2023, with restated comparative figures for 2022. ASIC had been concerned that LPI had failed to comply with AASB requirements and as a result did not include all relevant information about the entity's true financial position.
- [21 May 2024 – MEDIA RELEASE – ASIC cancels Everest Asset Management's AFS licence](#) – ASIC has cancelled the Australian Financial Services Licence of Everest Asset Management Pty Ltd because it failed to prepare and lodge financial statements and auditor opinions and is likely to contravene its obligations as a licensee in the future. Section 912A of the *Corporations Act 2001* (Cth) sets out licensees' general obligations including financial requirements. The decision follows the Federal Court judgment winding up Prospero Markets Pty Ltd because it would be just and equitable to do so.
- [21 May 2024 – SPEECH – Select Committee on Adopting Artificial Intelligence, 21 May 2024](#) – ASIC Chair Joe Longo presented to the inquiry into opportunities and impacts for Australia stemming from AI technology. ASIC considers that AI has the potential to bring benefits to business and consumers, but also the potential for great harm through its malicious use. ASIC is engaging with industry, other government agencies and overseas organisations to keep in touch with change, identify risks and improve best practice.
- [20 May 2024 – MEDIA RELEASE – ASIC disqualifies QLD director for maximum five years](#) – Section 206F of the *Corporations Act 2001* (Cth) enables ASIC to disqualify a person from managing corporations. Laurence Christopher Pereira has been disqualified for the maximum five years for serious shortcomings in his performance against the standards of conduct required of company directors in Australia, including allowing companies to trade while insolvent and improperly using his position as director to gain advantages for himself and others. Between 2001 and 2023, he was officer or director of four companies that went into liquidation, leaving over \$4 million owing to creditors including over \$1 million for unpaid wages, superannuation and employee entitlements.
- [20 May 2024 – MEDIA RELEASE – ASIC report: Australians need better hardship support from their lenders](#) – During a period of high financial stress, an ASIC report has found that home loan customers are not getting the support they should from lenders. Information about hardship support was often difficult to find and access, and the assessment process was an additional source of stress and frustration for borrowers. The report surveyed the customers of 10 large home loan lenders in late 2023. ASIC calls on lenders to act on the findings of the report and provide better support for borrowers.

APRA news

APRA has released the following updates in its News and publications section:

- [22 May 2024 – MEDIA RELEASES – APRA releases quarterly private health insurance statistics for March 2024](#) – APRA's quarterly private health insurance publication for the March 2024 quarter has been released, covering statistics on membership, coverage, benefits paid, medical gap, prostheses and medical services only.
- [22 May 2024 – SPEECH – Member Therese McCarthy Hockey's remarks to AFIA Risk Summit 2024](#) – In her presentation, entitled "Taking flight: navigating the new

challenges posed by generative artificial intelligence” Ms McCarthy said that APRA-regulated entities should ensure that strong board oversight, risk management frameworks and robust technology platforms are essential for companies aiming to make the most of the productivity benefits afforded by AI. APRA itself has begun to improve its targeting of regulation practices using machine learning tools. It has Prudential Standards in place to address some of the cyber security issues faced by entities it regulates.

Attorney-General's Department - AML / CTF survey

Survey overview and instructions

‘Key information about the survey process:

- Businesses that are not currently regulated under the AML/CTF regime may complete either the full version of the survey or the streamlined version. Please only complete ONE survey per entity, and only complete either the full survey OR the streamlined survey
- If your organisation operates as a group of entities, please answer your chosen survey from the perspective of the specific entity in which you work. That means that if your organisation contains multiple entities that are expected to provide designated service then we invite all entities within that group to complete the survey once and answer questions separately.
- The types of information you will be asked to provide are summarised in the section below.
- The surveys have been structured around each of the proposed AML/CTF obligations.
- The surveys will close at 5:00pm on 13 June 2024.

Completing the survey

Full survey

The full survey is anticipated to take approximately two to three hours to complete, assuming the relevant information is at hand, and you are familiar with the reforms outlined in the recent consultation papers.

The survey will present a range of multiple choice, numerical and text response questions asking you to provide estimates of the potential resourcing effort and costs to comply with AML/CTF regulation under the proposed reforms.

Streamlined survey

The streamlined survey is anticipated to take approximately 20 minutes to complete, assuming you are familiar with the reforms outlined in the recent consultation papers.

For each of the AML/CTF regulatory obligations that your organisation may be subject to under the proposed reforms, you will be presented with several multiple-choice questions asking about:

- The existing processes and procedures your business may be able to utilise to comply with the AML/CTF obligations.
- The level of uplift you expect your business will require to comply with the AML/CTF obligations.
- Whether you intend to outsource any of your AML/CTF obligations to third parties.

Survey access

Please access the survey which you wish to complete using the links provided below. If you intend to complete the survey in multiple stages, please ensure that you use the same device and browser. This will allow any progress to be saved and resumed later.

Full survey: [SURVEY LINK HERE](#)

Streamlined survey: [SURVEY LINK HERE](#)

Responses provided to Nous Group and the Department will be treated confidentially and will be used only for the purposes of regulatory impact analysis.

Queries

If you have any queries regarding the impact analysis survey process, please contact Nous Group at amlctf@nousgroup.com.

If you have any queries regarding the policy reform consultation process, please contact the department at economiccrime@ag.gov.au.