

## **TAXATION**

### **Breaking news!**

The Treasury Laws Amendment (Support for Small Business and Charities and Other Measures) Bill 2023, which gives effect to the \$20,000 instant asset write off and Small Business Energy Incentive from the 2023-24 Budget, passed the Parliament yesterday.

### **ATO to acquire Medicare Exemption Statement data from Services Australia**

The ATO has issued a gazette notice that it will acquire Medicare Exemption Statement data from Service Australia for the 2024-2026 financial years.

### **Cents per KM for car expenses 2024-25 and after**

The ATO has registered the Income Tax Assessment (Cents per Kilometre Deduction Rate for Car Expenses) Determination for the new rate commencing 1 July 2024.

### **Taxation Statistics 2021-22 released by ATO**

The ATO has released its Taxation Statistics for the 2021-22 financial year, presenting an overview of the income tax returns for the period.

### **Campaign warning of unregistered tax preparers underway: TPB**

The TPB has issued a release of a new advertising campaign aimed at creating awareness amongst consumers of tax services to use registered tax practitioners.

### **NSW Budget 2024-25**

The NSW Budget was handed down on Tuesday 18 June 2024. Highlights include increased foreign investor surcharges and targeted relief for bulk-billing GP practices.

### **OECD releases further guidance on Amount B of Pillar One and global minimum tax under Pillar Two**

The OECD/G20 Inclusive Framework on BEPS has released two new publications.

### **Treasury releases Sustainable Finance Roadmap**

The Treasury has released the Government's Sustainable Finance Roadmap, developed in response to consultation on the Sustainable Finance Strategy in November 2023.

## **Appointment of Inspector-General of Taxation announced**

The Government has announced the appointment of Ms Ruth Owen as the Inspector-General of Taxation for a 5-year period commencing on 15 July 2024.

## **ATO rating of third-party data tax controls**

The Government has issued a reminder that it will be rating investment entities on third-party data tax controls during assurance reviews.

## **ATO SMSF Independent Auditor's report updated**

The ATO have advised that 'for all audits completed on or after 1 July 2024 you must use the [Self-managed super fund independent auditor's report \(IAR\) \(NAT 11466, DOCX, 703KB\)](#). This includes audits you complete on or after this date regardless of what income year they apply to'.

## **PCG 2020/5: Applying the non-arm's length income provisions to 'non-arm's length expenditure' – ATO compliance approach for complying superannuation entities**

The IPA is a joint signatory with the Joint bodies calling on the ATO to provide some certainty as it remains unclear whether these measures will be legislated prior to the end of this financial year. 30 June falls on the Sunday of that sitting week. This is deeply concerning and is creating significant anxiety for the profession, trustees and affected taxpayers.

## **ATO Updates**

The ATO have issued updates on 'third-party data tax control framework; BAS revisions in Online services; removal of AUSKeys from Access Manager; 2024 Fringe benefits tax (FBT) return; and contacting the ATO for guidance on allocation of professional profits'.

## **SUPERANNUATION**

### **APRA finalises superannuation prudential framework for audit**

APRA has finalised its consultation on amendments to the superannuation prudential framework for audit.

### **APRA releases results of unlisted asset governance survey**

APRA has released a letter to RSE licensees outlining key observations from a survey of unlisted asset governance practices conducted in late 2023.

## **APRA publishes inaugural fund-level statistics**

APRA has published March 2024 statistics for the inaugural Quarterly Fund-Level Statistics for each APRA regulated superannuation fund with more than 6 members.

## **FINANCIAL SERVICES**

### **New Prudential Handbook digital platform for APRA standards and guidance**

APRA has released a new digital framework, the Prudential Handbook, which brings together all of APRA's policy standards, guidance and supporting information.

## **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.

## **OTHER TOPICS**

### **Proposed legislative amendments, government announcements and consultations**

Updates on recent consultations.

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## **TAXATION**

### **Breaking news!**

Among other matters, the Bill 'Amends the: *Income Tax (Transitional Provisions) Act 1997* to: increase the instant asset write-off threshold from \$1,000 to \$20,000 for the 2023-24 financial year; and provide small and medium businesses with access to a bonus tax deduction for the 2023-24 financial year relating to electrification and more efficient energy use.

You can obtain more information [here](#).

## ATO to acquire Medicare Exemption Statement data from Services Australia

The ATO has issued a [gazette notice](#) that it will acquire Medicare Exemption Statement ("MES") data from Services Australia for 2024 financial year through to 2026 financial year, inclusive. The program is to support various compliance measures in ensuring individuals are correctly claiming exemption from payment of the Medicare levy and Medicare levy surcharge.

The ATO expects records relating to approximately 180,000 individuals will be obtained each financial year.

## Cents per KM for car expenses 2024-25 and after

The ATO has registered the [Income Tax Assessment \(Cents per Kilometre Deduction Rate for Car Expenses\) Determination 2024](#). The Instrument sets the rate at 88 cents per KM (85 cents previously) at which work-related car expense deductions may be claimed in an income year when using the cents per kilometre method.

**Date of effect:** Income year commencing from 1 July 2024 (and subsequent income years, until such time as the instrument is repealed or varied).

## Taxation Statistics 2021-22 released by ATO

The ATO has released its [Taxation Statistics for the 2021-22 financial year](#). The report presents an overview of 18.5 million income tax returns (up from almost 18 million in the previous period), which includes 15.5 million individuals, 1.2 million companies with the rest from super funds, partnerships and trusts.

Some notable statistics:

- Tax return lodgment increased in the last 5 financial years from individuals, companies and trusts but declined from partnerships and APRA and other funds.
- Taxation liabilities by industry had the wholesale trade at the top with \$46.7 billion, followed by financial and insurance services with \$37.4 billion and mining (including PRRT) with \$36.3 billion.
- Net tax across the board, ie by individuals, companies and super funds, has been increasing steadily over the past 5 financial years (note that the ATO's definition of net tax is the amount of tax owed for the income year, before refundable credits are taken into consideration).

## Campaign warning of unregistered tax preparers underway: TPB

The TPB has issued a [release](#) stating that another online advertising campaign has begun, aimed at creating awareness amongst consumers of tax services to use the services of a registered tax practitioner. Themed *Find a tax agent you can trust*, the ad includes banner advertisements encouraging consumers (individuals and businesses) to check the TPB Register to ensure the tax practitioner they use or intend to use is registered with the TPB.

## NSW Budget 2024-25

The [NSW Budget](#) was handed down on by the Treasurer, Mr Daniel Mookhye, on Tuesday 18 June 2024. The revenue-related highlights are set out below.

**Land tax:** threshold increased and fixed for 3 years – the land tax threshold is set at \$1,075,000 and the premium rate threshold is set at \$6,571,000 in the 2024 land tax year. From the 2025 land tax year, the land tax thresholds will be fixed at their 2024 land tax year values.

**Foreign investor surcharges increased:** from the 2025 land tax year, the Government will increase the foreign owner land tax surcharge from 4% to 5%. From 1 January 2025, the Government will also increase the foreign purchaser duty surcharge from 8% to 9%.

**Payroll tax:** targeted relief for bulk-billing GP practices – the Government will exempt past, unpaid payroll tax liabilities for payments made to general practitioner (GP) contractors up to 4 September 2024. From 4 September 2024, medical centres that meet requisite bulk-billing thresholds will be eligible for a payroll tax rebate associated with payments to contractor GPs.

**Coal royalty rates:** following the decision in the 2023-24 Budget to increase coal royalty rates from 1 July 2024, royalty deduction rates for coal beneficiation will be indexed to the annual change in the Sydney CPI over the next 3 years, ie from 2024-25 to 2026-27. After 2026-27, coal beneficiation deduction rates will remain constant at their new, higher level.

**Liquor and gambling:** annual liquor licence fees have increased from May 2024 and the Government has committed \$3.2 million in 2024-25 for additional Point of Consumption Tax and gaming machine tax compliance activities.

## OECD releases further guidance on Amount B of Pillar One and global minimum tax under Pillar Two

The OECD/G20 Inclusive Framework on BEPS ("Inclusive Framework") has [released](#) two new publications.

The first addresses the Amount B of Pillar One. The report sets out a simplified and streamlined approach to the application of the arm's length principle to baseline marketing and distribution activities, with a particular focus on the needs of low-capacity countries. This is in response to the call of low-capacity countries that report between 30-70% of their transfer pricing disputes relate to baseline marketing and distribution activities. The report introduces two options for implementation for jurisdictions that opt into the simplified and streamlined approach from January 2025.

The second Guidance consists of three tranches seeking to clarify and simplify the application of the global minimum tax and an overview of the streamlined process for recognising qualified status for the legislation of jurisdictions implementing the Global Anti-Base Erosion (GloBE) Rules.

## Treasury releases Sustainable Finance Roadmap

Treasury has released the Government's [Sustainable Finance Roadmap](#), setting out the vision

for the implementation of key sustainable finance reforms and related measures. The Roadmap includes a one-page summary of the key reform timeline over the next 4-5 years as well as some high-level plans impacting superannuation entities.

The Roadmap was developed in response to consultation on the [Sustainable Finance Strategy](#) in November 2023.

## Appointment of Inspector-General of Taxation announced

The Government has [announced](#) the appointment of Ms Ruth Owen as the Inspector-General of Taxation for a 5-year period commencing on 15 July 2024.

With more than 30 years in various senior leadership positions across the public sector in Australia and the UK, Ms Owen was previously a Director General and Tax Commissioner of His Majesty's Revenue and Customs in the UK, Head of Profession in the UK Civil Service and Deputy Secretary of the NSW Department of Education. She is currently Deputy Secretary of the NSW Premier's Department, leading the Strategic Implementation Group.

## ATO rating of third-party data tax controls

The ATO has released a [reminder](#) that from 1 July it will be rating investment entities on third-party data tax controls during assurance reviews. Investment entities include:

- trustees of large superannuation funds;
- trustees of managed investment trusts ("MIT"s);
- trustees of attribution managed investment trusts ("AMIT"s);
- trustees of unit trusts involved in the managed funds and/or investment industry; and
- boards of insurance companies.

This does not apply to SMSFs or small APRA funds (with less than seven members).

Until 1 July 2024, a transition or implementation phase was in place to allow entities time to develop processes and procedures and implement tax controls for governance over third-party data. The ATO expects all investment entities to have put controls in place that follow the principles in the [Governance over third-party data supplementary guide](#) ("the Guide") by 1 July.

## ATO SMSF Independent Auditor's report updated

The ATO website states that 'When using the form to complete audits for reporting periods ending on or before 30 June 2024 you must take care to comply with the auditing standards and legislation that applied to that earlier period.

The IAR was changed for the reporting period starting 1 July 2024 to modify the following:

- **Part B** – the option to apply Auditing Standard ASQC 1 has been removed due to being superseded on 15 December 2022 by Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services. Systems of quality management in compliance with this ASQM must be designed and implemented by 15 December 2022.



None of the sections or regulations listed at Appendix 1 of the report requiring compliance assurance have been changed.’ Read more [here](#).

## **PCG 2020/5: Applying the non-arm’s length income provisions to ‘non-arm’s length expenditure’ – ATO compliance approach for complying superannuation entities**

The Joint bodies have written to the ATO stating that ‘despite the Bill’s introduction to the Parliament on 13 September 2023 it is still yet to be passed as law. We refer to the recent disagreement, and two insistence motions to unrelated amendments to the Bill. This has seen the Bill go back and forth between both Houses. The Bill has again been returned to the Senate, which is not due to sit again until 24-27 June, with both Houses sitting that week.

Significant uncertainty surrounds the passage of this Bill, and it remains unclear whether these measures will be legislated prior to the end of this financial year. 30 June falls on the Sunday of that sitting week. This is deeply concerning and is creating significant anxiety for the profession, trustees and affected taxpayers. To provide certainty for the interim period, the Joint Bodies urgently seek an extension of the administrative approach contained in PCG 2020/5 to the financial year ending 30 June 2024.’

## **ATO Updates**

The ATO have provided the following updates:

### **‘Third-party data tax control framework**

Assurance reviews starting from 1 July will rate entities within the investment industry on their [third-party data tax control frameworks](#).

Entities are obligated to manage tax risk through a strong tax governance framework and additional controls may be required where an entity relies heavily on data from third party service providers. To help them, the ATO released the [Governance over third-party data supplementary guide](#). This guide sets out the approach to tax controls for third-party data, applying to:

- Large superannuation funds
- Managed investment trusts (MITs) and attribution managed investment trusts (AMITs)
- Corporate collective investment vehicles (CCIVs)
- Insurance companies

The guide assists entities to design and implement better practice third-party data tax controls that are fit-for-purpose to manage and mitigate the risk of inaccuracies in meeting their income tax reporting obligations.

The transitional period to implement controls and address the principles in the guide is now coming to an end.

The ATO expect all investment industry entities to:

- have implemented controls to address the principles outlined in the guide
- ensure that their third-party data governance frameworks are designed effectively and operating as intended.

## **BAS revisions in Online services**

On 16 June the ATO updated Online services to prevent the revision of some business activity statements (BAS). This may include those under compliance activity or where there has been excessive revision of a BAS.

Agents will receive a notification in Online services for agents if they attempt to revise a client's BAS when unable to. See how to revise a BAS in Online services for agents on ATO's [website](#).

## **Removal of AUSKeys from Access Manager**

From 17 June AUSKey credentials have been removed from Access Manager. As a result, the associated AUSKey mailboxes no longer appear in the mailbox list under Practice Mail in Online Services for agents.

## **2024 Fringe benefits tax (FBT) return**

Agents are reminded to [lodge](#) their clients' fringe benefits tax (FBT) returns via the practitioner lodgment service (PLS) and pay any FBT owed by 25 June 2024.

## **Updates to guidance material**

Practitioners are encouraged to [subscribe](#) to *Tax professionals newsletters* for the latest [Tax professionals newsroom](#) articles and other key updates from the ATO.

## **Contacting the ATO for guidance on allocation of professional firm profits**

The mailbox agents or their clients have been using to contact the ATO in relation to guidance on allocation of professional firm profits ([PCG 2021/4](#)) will close in June 2024.

From 1 July agents and clients will need to engage with the ATO by completing an [early engagement advice request](#).

## **UN MSME day 2024**

As trusted advisers to SMEs we can 'support micro-, small and medium-sized businesses to advance the 2030 Agenda and contribute to achieving the [SDGs](#), including poverty eradication and decent work for all.

As the sector closest to local communities, MSMEs are essential for creating local jobs, empowering women, youth, persons with disabilities and other groups in vulnerable situations. Commemorating MSME Day is a recognition that this vital sector is at the heart of our societies



has tremendous potential to unlock critical pathways to accelerate SDG progress across the globe.' You can read more [here](#).

'The International Federation of Accountants (IFAC) has identified [four key challenges and opportunities](#) for the accountancy profession that were [shared with the United Nations](#) toward the end of 2023:

- Integrated Mindset – Raising the profile of sustainability in businesses and its consideration in decision making and corporate governance.
- Global Baseline for Reporting – Using the ISSB's standards as a harmonized baseline, which can be built upon to include any local reporting considerations.
- Ethics, Assurance, and Independence – High quality assurance through IAASB's ISSA 5000 standard supported by ethics and independence requirements through sustainability-specific Code requirements.
- Capacity Building – Raising awareness, encouraging education, and producing research to advance sustainable thinking and practices.'

## **SUPERANNUATION**

### **APRA finalises superannuation prudential framework for audit**

APRA has finalised its consultation on minor and consequential amendments to the superannuation prudential framework for audit. In the [letter](#) released 18 June, APRA sets out its response to feedback from the consultation and issues final versions of the relevant prudential standards and guidance.

The letter, submissions to the consultation, and final and marked-up versions of the prudential standards and guidance can be found at: [Audit consequential amendments - superannuation](#).

- The updates relate to the following standards and guidance and apply from 30 June 2024:
- Prudential Standard SPS 310 Audit and Related Matters (SPS 310) - Minor and consequential amendments
- Prudential Practice Guide SPG 310 Audit and Related Matters (SPG 310) - Retired
- Prudential Standard SPS 510 Governance (SPS 510) - Consequential amendments
- Prudential Standard SPS 520 Fit and Proper (SPS 520) - Consequential amendments
- Prudential Practice Guide SPG 520 Fit and Proper (SPG 520) - Consequential amendments.

### **APRA releases results of unlisted asset governance survey**

APRA has [released](#) a letter to RSE licensees outlining key observations from a survey of unlisted asset governance practices conducted in late 2023. Responses were received from 45 registrable superannuation entity licensees ("RSELs"), accounting for close to 100% of regulated entities' exposures to unlisted assets. APRA encourages RSELs to consider the findings from this survey with a view to improving their own unlisted asset valuation practices.

## APRA publishes inaugural fund-level statistics

APRA has published the following March 2024 statistics:

- the inaugural [Quarterly Fund-Level Statistics](#) - contains detailed member demographic information and total fund investments by asset sector types for each APRA regulated superannuation funds with more than 6 members;
- [Quarterly Superannuation Industry Publication](#) - contains data on superannuation products, investment options and member demographics; and
- [Quarterly Superannuation Product Statistics \(QSPS\)](#) - lists all APRA-regulated super fund products, investment menus, and investment options as well as fees and costs, investment performance, investment strategy and asset allocation.

## FINANCIAL SERVICES

### New Prudential Handbook digital platform for APRA standards and guidance

APRA has [released](#) a new digital framework in the form of the "[Prudential Handbook](#)". The Handbook can be found via a link on the top menu bar of APRA's website, and brings together all of APRA's policy standards, guidance and supporting information into one place.

The Handbook will run in parallel with the APRA website (which currently hosts links to standards and guidance) for the next few months to facilitate a smooth transition.

The Handbook brings together:

- all APRA prudential standards;
- all APRA prudential practice guides;
- associated letters to industry;
- information papers; and
- FAQs.

Reporting standards will currently remain on APRA's website.

APRA expects to release the final version of the Handbook at the end of July and will continue to enhance the Handbook based on user feedback and needs so it remains fit-for-purpose.

## REGULATOR NEWS

### ASIC News

ASIC has released the following updates in its Newsroom section:

- [20 June 2024 – MEDIA RELEASE – PKF admits to contraventions concerning independent expert report engagements](#) – ASIC has accepted an enforceable

undertaking from PKF Melbourne Corporate Pty Ltd which admitted that it had not provided financial services efficiently, honestly and fairly and had not managed conflicts of interest as it is required to do under s 912A of the *Corporations Act 2001* (Cth). The relevant conduct related to PKF's independent expert engagements in corporate transactions.

- [20 June 2024 – MEDIA RELEASE – MDP issues infringement notice to Ascot Securities for serious failures](#) – The Markets Disciplinary Panel is a peer review body to make decisions about breaches of market integrity rules. In November 2023, the Panel issued an infringement notice on Ascot Securities Pty Ltd because it had grounds to believe that Ascot had contravened s 798H of the *Corporations Act 2001* (Cth) and broke market integrity rules. Ascot elected not to comply with the infringement notice and instead applied to ASIC to cancel its Australian Financial Services Licence.
- [19 June 2024 – MEDIA RELEASE – Federal Court freezes assets of Shield Master Fund](#) – In the Federal Court, O'Callaghan J granted an application by ASIC to freeze the assets of Shield Master Fund, a registered fund manager, while ASIC's inquiries continue. Keystone Asset Manager Ltd, its responsible entity, is restrained from removing property from Australia, dealing with property, incurring new liabilities, or withdrawing, transferring, disposing or dealing with money held in accounts of banks or other financial institutions. A former director of Keystone is also barred from leaving Australia.
- [19 June 2024 – SPEECH – Financial advice in a changing world](#) – ASIC Commissioner Alan Kirkland presented to the Professional Planner Licensee Summit on 18 June 2024 in the Blue Mountains, covering ASIC's priorities and work on financial advice. ASIC supports the government's goal of improving access to quality financial advice, particularly in the context of an ageing population. After legislative reforms are passed, it will consider providing guidance to assist advisers in meeting their obligations.
- [18 June 2024 – MEDIA RELEASE – ASIC appeals Court's decision to relieve Block Earner from liability to pay a penalty](#) – ASIC has lodged an appeal against the decision of Jackman J in the Federal Court to relieve Web3 Ventures Pty Ltd from having to pay a penalty for providing financial services and operating a managed investment scheme while unlicensed. The relief was granted because the Court found that, because Web3 had sought legal advice about its Block Earner product, it had acted honestly rather than carelessly. The Full Federal Court will hear the appeal on a date to be confirmed.
- [14 June 2024 – MEDIA RELEASE – ASIC cancels AFS licence of Sug Ou Jeung](#) – With effect from 3 June 2024, ASIC has cancelled the Australian financial services licence of Sydney-based financial services provider Sug Ou Jeung who had held the licence since 2017. The licence had not been used since that time. ASIC may cancel a licence if it is not used to provide a financial service within six months of it being granted.
- [14 June 2024 – NEWS ITEM – ASIC grants class no-action position to second party opinion providers](#) – ASIC has indicated that it does not propose to act in response to parties that do not hold an Australian financial services licence and provide second party opinions related to offers to wholesale clients that involve the provision of financial advice. ASIC'S position is contingent on providers having sufficient conflict management arrangements in place, and that offers are made available only to wholesale clients, accompanied by disclosure and are independent of the commissioning parties.

## APRA News

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

- [20 June 2024 – NEWS ITEM - APRA publishes the March 2024 edition of the Quarterly Superannuation Product Statistics, Superannuation Industry Publication and the inaugural Fund-level Statistics](#)
- [19 June 2024 – NEWS ITEM – APRA releases letter on SPS 530 Valuation Governance Framework Self-Assessment Survey](#) – APRA has advised regulated superannuation entities of key insights from the SPS 530 Valuation Governance Framework Self-Assessment Survey. The survey took place in late 2023 and revealed that there was room for improvement in the use of revaluation triggers for ongoing and interim valuations, the frequency of valuations, and the extent of board scrutiny of unlisted asset valuations.
- [19 June 2024 – NEWS ITEM – APRA releases the new digital Prudential Handbook](#) – APRA has contacted all the entities it regulates to announce the publication of its new Prudential Handbook. The Handbook consolidates all its prudential standards, guidance documents and supporting information in a single location, making the whole suite easily searchable and navigable in a digital platform.
- [18 June 2024 – NEWS ITEM – APRA finalises superannuation prudential framework amendments for audit](#) – APRA has responded to feedback that it received as part of its consultation on minor and consequential amendments to the superannuation framework for audit. The final prudential standards and guidance are available as well as submissions received by APRA and amendments to its draft guidance and standards.

## OTHER TOPICS

### **Proposed legislative amendments, government announcements and consultations**

The Government has released the following response to consultation:

- [19 June 2024 – CONSULTATION - Sustainable Finance Roadmap](#) – The Treasury has released its response to its consultation on the Sustainable Finance Strategy which it conducted in November 2023. The key tenets of a net zero economy have been identified as improving transparency on climate and sustainability, building the capability of the financial system, and leadership and engagement by the government. The roadmap includes a timeline for key reforms including disclosure obligations starting from 1 January 2025. ASIC will issue guidance to accompany the amendments.