

TAXATION

Income tax return ready to lodge: ATO

The ATO has advised that tax returns are now pre-filled with information from most banks, employers, government agencies and private health insurers.

ATO data matching notice: Medicare Entitlement Statement

The ATO has registered a notice that it will acquire Medicare Entitlement Statement data from Services Australia for financial years 2024-2026 for compliance related activities.

Non-resident trusts: s 99B - ATO draft guidance and compliance approach (Draft TD 2024/D2 and Draft PCG 2024/D1)

The ATO has released draft guidance on s 99B of ITAA 1936 in the form of TD 2024/D2 and PCG 2024/D1.

Transitional rule for new Code of Conduct obligations announced

The Government has announced that it will introduce a transitional period for certain firms to comply with the expanded obligations

GST product classification guidance released

The ATO has issued self-review checklists for small to medium businesses and medium to large businesses on the self-review of GST classification of food and health products.

Tax time 2024 update

In the latest Tax Time 2024 update for 16 July 2024, the ATO provides an update in relation to ATO systems and digital services; Tax return processing and phone services; Marketing and communication; and Small Business'.

SUPERANNUATION

APRA registers new SPS 515 Strategic Planning and Member Outcomes

APRA has registered an instrument updating SPS 515 allowing industry additional time to implement the changes by moving the start date of the standard to 1 July 2025.

FINANCIAL SERVICES

ASIC extends relief for Foreign Financial Services Providers

ASIC has registered the ASIC Corporations (Amendment) Instrument 2024/497 to preserve the effect of the relief until 31 March 2026.

Financial advice - Request for member input!

The Institute of Public Accountants (IPA) and Financial Advice Association Australia (FAAA) are part of the Joint Associations Working Group (JAWG). The FAAA are looking to organise some focus groups of Accountants in and around the Sydney CBD area for face-to-face sessions to gather feedback on promoting the financial advice profession to consumers, prospective students and to accountants looking for high quality financial advice referral partners.

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.

TAXATION

Income tax return ready to lodge: ATO

The ATO has issued a [release](#) stating that tax returns are now pre-filled with information from most banks, employers, government agencies and private health insurers. With the pre-fill information available, taxpayers are reminded to ensure the amounts are correct and to make sure all their assessable income is included.

Taxpayers are also reminded that the "right records" are required for deductions, eg receipts are required for work-related deduction claims. Rules around how and when taxpayers can claim a deduction can also change, ie taxpayers should refer to guidance on the ATO's website for the latest information.

ATO data matching notice: Medicare Entitlement Statement

The ATO has registered a [notice](#) that it will acquire Medicare Entitlement Statement data from

Services Australia for financial years 2024 through to 2026, for compliance related activities. The data items include:

- full name, date of birth, residential address;
- entitlement status, and approved entitlement period details.

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

Non-resident trusts: s 99B - ATO draft guidance and compliance approach (Draft TD 2024/D2 and Draft PCG 2024/D1)

The ATO released its long-awaited draft guidance on s 99B of the ITAA 1936. Section 99B(1) is an integrity measure that requires a beneficiary who was resident at any time during the income year to include in their assessable income an amount of trust property that is paid to them or applied for their benefit in that income year. Section 99B(2) excludes certain amounts from the scope of s 99B(1).

[Draft Determination TD 2024/D2](#) focuses on the first 2 exclusions, the "corpus" exception and the "non-taxable" exception. Both exceptions include a "hypothetical resident taxpayer" test. The ATO says that in applying these tests (to determine whether or not an amount would be assessed in the hands of this hypothetical taxpayer), it is necessary to consider the circumstances which gave rise to the relevant amount in the trustee's hands. The "ultimate source" of the amount paid or applied to the beneficiary is also relevant.

[Draft Practical Compliance Guideline PCG 2024/D1](#) explains the ATO's proposed approach where property of a non-resident trust (or trust property accumulated while the trust was a non-resident) is paid to or applied for the benefit of a resident beneficiary. This may occur where:

- non-resident relatives, in their capacity as trustees of a non-resident trust, send funds or gifts to their resident relatives, or loan an amount (or forgive the loan);
- a trustee allows a resident beneficiary to use non-resident trust property;
- a beneficiary receives an amount from a non-resident deceased estate.

In relation to a non-resident deceased estate, the ATO will not dedicate compliance resources to consider the application of s 99B if trust property is distributed to a resident beneficiary within 24 months of the date of death, the total value received by the beneficiary does not exceed A\$2 million, and the beneficiary has the relevant documentation.

Another low-risk arrangement is where a non-resident trust provides trust property to a resident beneficiary and the borrowing, hire or use of the trust property is subject to an agreement made on commercial terms, provided the beneficiary makes a physical payment to the trustee equal to the interest, hire or use per the commercial terms and the relevant documentation is retained.

PROPOSED DATE OF EFFECT: retrospective

COMMENTS on the drafts are due by 28 August 2024.

Transitional rule for new Code of Conduct obligations announced

Following the expanded obligations in the Code of Professional Conduct ("Code") introduced in the Tax Agent Services (Code of Professional Conduct) Determination 2024, the Government has [announced](#) that it will introduce a transitional period for certain firms to comply.

The proposed transitional rule, to be inserted into a Determination, will provide firms with 100 employees or less until 1 July 2025 and larger firms with 101 employees or more until 1 January 2025 to bring themselves into compliance with the new obligations, so long as they continue to take genuine steps towards compliance during this period.

The new obligations which commenced on 1 August 2024 were in relation to:

- upholding and promoting the ethical standards of the tax profession;
- false or misleading statements;
- conflicts of interest in dealings with government;
- maintaining confidentiality in dealings with government;
- keeping of proper client records;
- ensuring tax agent services provided on your behalf are provided competently;
- quality management systems; and
- keeping your clients informed of all relevant matters - the transitional rules to this obligation applied to matters that arose on or after 1 July 2022. For matters which arose between 1 July 2022 and 1 August 2024, disclosure to clients must be made within 90 days of 1 August 2024.

As an aside, during the [Tax Practitioner Governance and Standards Forum and Consultative Forum](#) held on 24 July 2024, the TPB outlined its expectations that guidance on the additional obligations will be released for public consultation from early August and finalised by early November.

GST product classification guidance released

The ATO has issued guidance on self-review of GST classification of food and health products. The checklists provide practical, step-by-step guidance to self-review the GST classification of supplies and assess the robustness of business systems, processes and controls that directly impact GST classification decisions.

- [Self-review checklist for small to medium business: GST classification of food and health products](#) - suggested for food retailers with turnover of \$2 million or less.
- [Self-review guide for medium to large business: GST classification of food and health products](#) - suggested for food retailers with turnover of more than \$2 million.

While not mandatory, the ATO highlights that businesses that apply the compliance approach in good faith will see the Commissioner act in accordance with the ATO's advice and guidance protection framework.

Tax time 2024 update

ATO systems and digital services

‘Overall, our system health is tracking well, and the waiting room for Online services for individuals haven't been required in the past week.

Tax return processing and phone services

The high demand in our call environment has steadied, with call volumes on the registered agent phone line down by 7% from last year.

Approximately 2 million returns have been lodged since 1 July 2024, which is around 1% increase compared with the same time last year.

- Self-preparers – 1.5 million, around 8% increase compared with the same time last year.
- Agent prepared – 500,000, around 3% decrease compared with the same time last year.

Marketing and communication

Current ATO communications focus is on the support options available when individuals are ready to lodge their tax return. This includes the tax help and tax clinics services, the assistance available in using a registered tax agent, as well as support for first nations, and culturally and linguistically diverse taxpayers.

Small business

Our 2024 Tax Time toolkit for small business is now available and includes links to useful information, tools, calculators, learning resources and other support and services, as well as updated factsheets. For more information see [Tax Time toolkit for small business](#)

You can read more [here](#)

SUPERANNUATION

APRA registers new SPS 515 Strategic Planning and Member Outcomes

APRA has registered [Superannuation \(prudential standard\) determination No 5 of 2024](#) ("the instrument"), which updates Prudential Standard SPS 515 Strategic Planning and Member Outcomes. The new version of SPS 515:

- allows industry an extra six months to implement the changes by moving the start date of the standard to 1 July 2025;
- clarifies the reference to "non-financial expenditure" in light of the best financial interests duty; and
- clarifies that the retirement income strategy must be reviewed every three years.

EFFECTIVE DATE: 1 JULY 2025.

The current version of SPS 515 can be found in the [APRA Prudential Handbook](#).

FINANCIAL SERVICES

ASIC extends relief for Foreign Financial Services Providers

The [ASIC Corporations \(Amendment\) Instrument 2024/497](#) (Amendment Instrument) has been registered to amend the following instruments to preserve the effect of the relief until 31 March 2026:

- ASIC Corporations (Repeal and Transitional) Instrument 2016/396;
- ASIC Corporations (CSSF-Regulated Financial Services Providers) Instrument 2016/1109;
- ASIC Corporations (Foreign Financial Services Providers - Limited Connection) Instrument 2017/182; and
- ASIC Corporations (Foreign Financial Services Providers - Funds Management Financial Services) Instrument 2020/199 (the Principal Instruments).

This will ensure that those entities currently relying on ASIC's sufficient equivalence relief or limited connection relief can continue to rely on that relief for a further 12 months.

Financial advice - Request for member input!

To gather valuable insights from Accountants, the FAAA is planning to organise some focus groups to gather valuable feedback and perspectives on:

1. Promoting the financial advice profession to consumers,
2. Promoting the financial advice profession to prospective students, and
3. Promoting the value of the CERTIFIED FINANCIAL PLANNER® (CFP) designation to accountants who may be looking for high quality financial advice referral partners for their clients.

Ideally, the FAAA is looking for accountants who are holders of a designation, who are not part of an integrated planning and wealth firm, and are based in or close to the Sydney CBD (as they would ideally like these sessions to be face-to-face).

If you are interested in participating in these focus groups kindly send us an email (ipaadvocacy@publicaccountants.org.au) authorising the IPA to share your contact details with the FAAA.

REGULATOR NEWS

ASIC News

ASIC has released the following updates in its Newsroom section:

- [2 August 2024 – MEDIA RELEASE – ASIC's first greenwashing case results in landmark \\$11.3 million penalty for Mercer](#) – The Federal Court has imposed the first penalty on a company for making misleading statements about the sustainability and

other characteristics of some of its superannuation products. Mercer admitted that the statements wrongly represented investment options as excluding carbon-intensive fossil fuels, alcohol and gambling. The [judgment](#) of Horan J is available.

- [31 July 2024 – MEDIA RELEASE – ASIC suspends AFS licence of Id Funds Management Limited](#) – ASIC has suspended the Australian financial services licence of Id Funds Management Ltd until 28 February 2025. Id had held the licence since 2017 but had not met audit and reporting requirements for two consecutive financial years. ASIC may consider lifting the suspension early if it complies with its lodgment obligations.
- [31 July 2024 – NEWS ITEM – ASIC further extends transitional relief for foreign financial services providers](#) – ASIC has extended the relief for foreign financial services providers from the need to hold an Australian financial services licence when serving Australian wholesale clients. Relief has been extended to 31 March 2026. The Government has introduced legislation for a new licensing exemption framework, due to commence on 1 April 2025, subject to passage by Parliament. The Superannuation (Better Targeted Superannuation Concessions) Imposition Bill 2023 is currently before the House of Representatives.
- [31 July 2024 – MEDIA RELEASE – ASIC disqualifies Sydney director Dominique Grubisa from managing corporations for 18 months](#) – With effect from 24 May 2024, ASIC has disqualified Sydney-based director Dominique Grubisa from managing corporations for 18 months following her involvement in the failure of two companies. ASIC found that Ms Grubisa did not meet the standards expected of a company director and, as well as engaging in insolvent trading, failed to exercise her powers and discharge her duties as a director of DGI Accounting Pty and DGI Debt Management Pty Ltd with the care and diligence required. The two companies owed over \$300,000 to creditors, mostly to the Australian Taxation Office.
- [31 July 2024 – MEDIA RELEASE – ASIC bans United Global Capital \(in Administration\) director for 10 years and cancels licence](#) – Joel James Hewish has been banned from participating in the financial services industry for 10 years and the licence of his company United Global Capital Pty Ltd has been cancelled. UGC had held the licence since 2017 but was placed into voluntary administration on 5 July 2024. ASIC found that UGC authorised representatives invest their superannuation funds into speculative investments related to Mr Hewish.
- [30 July 2024 – NEWS ITEM – ASIC proposes to extend relief for employee redundancy funds](#) – The ASIC instrument which grants relief to employee redundancy funds from licensing and managed investment provisions in the *Corporations Act 2001* (Cth) is due to expire on 1 October 2024. ASIC seeks feedback from interested parties about its proposal to remake the instrument and extend the operation of the relief for five more years. Submissions may be made until 23 August 2024.
- [30 July 2024 – MEDIA RELEASE – Dr Roger Munro unsuccessful in criminal appeal](#) – The Queensland Court of Appeal has dismissed an appeal by Dr Roger Munro against his conviction on three fraud charges in 2021. ASIC had alleged that Dr Munro applied almost \$300,000 in investor funds to personal expenses, payments to other investors and to a trading account held in his wife's name. The [judgment](#) of Mullins P, Bond JA and Martin SJA is available.
- [30 July 2024 – MEDIA RELEASE – NSW director charged with dishonestly causing a financial disadvantage to his company](#) – Mark Stevens of Kurraba Point, NSW has been charged with dishonestly causing a financial disadvantage by deception under the *Crimes Act 1900* (NSW). ASIC alleges that, during 2016, he caused \$110,000 to be redirected away from his company, MWCLMW Pty Ltd (in liq), to Australasian Justice Services Pty Ltd (in liq). ASIC commenced its investigation following a report from the

MWCLMW liquidator.

- [30 July 2024 – MEDIA RELEASE – Melbourne accountant Stephen Allen convicted for falsifying signatures on audit documents](#) – Stephen Robert Allen, Director of KNH Holdings Pty Ltd (trading as Alkemade & Associates), operated an accounting business but was not a registered auditor and the company was not an authorised audit company. An ASIC investigation found that he had forged auditors' signatures on over 80 documents in financial accounts of 12 clients between 2015 and 2020. He was charged under the *Crimes Act 1958* (Vic) and s 1308 of the *Corporations Act 2001* (Cth), sentenced to a community service order and fined a total of \$22,500.
- [30 July 2024 – NEWS ITEM – ASIC report finds credit card debt still a pain for many Australians](#) – A new ASIC report identifies practical ways that lenders can assist customers to deal with credit card debt. *Credit card lending in Australia: Staying in control* (REP 788) surveyed 20 million credit card accounts over six years. Lenders had already implemented some of the suggested measures, including offering alternative account options, and providing reminders and education.
- [30 July 2024 – NEWS ITEM – ASIC consults on rules to promote competitive outcomes in cash equity clearing and settlement services](#) – ASIC proposes to introduce rules to implement the Council of Financial Regulators Regulatory Expectations released in 2017 and include technical requirements to manage conflicts of interest and barriers to competition. The aim of the proposed rules are to ensure that the cash and equity clearing and settlement services provided by ASX continue to meet users' needs. Interested parties may make submissions until 10 September 2024.
- [26 July 2024 – MEDIA RELEASE – ASIC bans NSW adviser from providing financial services for five years and cancels the AFS licence held by his business](#) – Christopher Edward Luff has been barred from providing financial services for five years and the Australian Financial Services Licence of Build Your Wealth Pty Ltd has been cancelled. ASIC found that his clients invested in a superannuation trust which was an authorised representative of his company. ASIC's review found that Mr Luff did not act in his clients' best interests and the advice he gave them was not appropriate. As a result, ASIC had serious concerns about his capacity to manage conflicts of interest.

APRA news

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

- [2 August 2024 – MEDIA RELEASES – APRA lifts N.M. Super's additional licence conditions](#) – APRA has withdrawn additional licence conditions imposed via an enforceable undertaking on N.M. Super in 2021 to address concerns about its governance and risk management framework. The concerns arose originally as a result of APRA's ongoing supervision and during the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. APRA is satisfied that N.M. has completed its work to remedy APRA's concerns, including remediation of affected fund members, but will continue to work with the trustee of the fund to ensure that its governance and risk standards remain appropriate.
- [31 July 2024 – NEWS ITEM - APRA releases its National Claims and Policies Database statistics for December 2023](#) – APRA has released its National Claims and Policies Database (NCPD) statistics for the year ending 31 December 2023. It contains data on every open, reopened or finalised claim and policy underwritten since 2003 by Australian APRA-regulated general insurers.
- [31 July 2024 – NEWS ITEM - APRA releases new Monthly Authorised Deposit-taking](#)

[Institution Statistics for June 2024](#)

- [29 July 2024 – MEDIA RELEASES – APRA keeps macroprudential policy settings steady](#) – APRA's latest quarterly assessment of domestic and international economic conditions has found that the current settings can continue, given the recent levels of lending for new housing. These are enough to offset the risks of uncertain interest rates and economic growth, high household debt and inflation still above the Reserve Bank's target range. However, the level of overall risk for the financial system remains elevated.