



THE UPDATED FEDERAL BUDGET 2022–23

The Treasurer, the Hon Dr Jim Chalmers MP, handed down his (and the Albanese Government's) first Budget on 25 October 2022.

There were few tax measures in the Budget. What measures there were mostly affect multinationals. You can read about the tax measures further below.

Final Budget Outcome for 2021–22

The underlying cash balance (deficit) for 2021–22 was \$32.0 billion (1.4% of GDP). The Final Budget Outcome for 2021–22 represents a reduction in the underlying cash balance of \$47.9 billion compared with that estimated in the Federal Budget 2022–23 released on 29 March 2022. This was a result of higher receipts of \$27.7 billion and lower payments of \$20.1 billion.

Gross debt was \$895.3 billion (39.0% of GDP) at the end of 2021–22, \$10.7 billion lower than estimated in the Federal Budget 2022–23 in March. Net debt was \$515.6 billion (22.5% of GDP), \$115.8 billion lower than estimated.

What's the Government's plan?

In the Government's own words, the Budget is intended to:

- 'provide responsible cost-of-living relief that delivers an economic dividend' — this includes making child care more affordable for more than 1.2 million families, cutting the cost of medicines for around 3.6 million Australians, expanding the Paid Parental Leave scheme to reach 26 weeks in 2026, delivering more affordable housing, and getting wages moving again (by 'making it easier for employees and businesses to come together and reach agreement on wages and conditions');
- 'build a stronger, more resilient and more modern economy' by lifting 'the speed limit on the economy by better utilising Australians' talents, building their skills, broadening Australia's economic base and creating the industries of the future'; and
- 'begin the hard task of budget repair to pay for what is important' — as a first step, the Budget makes significant savings from 'redirecting spending to priorities, unwinding wasteful spending to support budget repair, better aligning infrastructure investment with market capacity, and improving the fairness and integrity of the tax system'.

The Government expects to save \$22 billion in spending reductions and reprioritising expenditure, \$3.7 billion from improving the integrity of the tax system and \$952.8 million through action to enforce the payment of tax by multinationals.

Helping small business

The Government will provide \$15.1 million over two calendar years from 1 January 2023 to 31 December 2024 to extend the Small Business Debt Helpline and the NewAccess for Small Business Owners programs to support the financial and mental wellbeing of small business owners.

This measure will redirect partial funding from the Australian Small Business and Family Enterprise Ombudsman component of the measure in the Federal Budget 2022–23 in March titled Small Business Support Package, and savings identified as part of the Spending Audit.

Increased penalties

The Government will increase penalties for breaches of competition and consumer law to deter conduct that stifles competition and increases costs to consumers. Maximum penalties for corporations will increase from \$10 million to \$50 million per breach, and from 10% of annual turnover to 30% of turnover (whichever is greater) during the period the breach took place.

Pensioners

Pensioners will receive a one-off credit of \$4,000 to their work bonus income bank, to support those who want to work or work more hours, without losing their pension. In addition, the Government will increase the income threshold for the Commonwealth Seniors Health

Card from \$61,284 to \$90,000 for singles and from \$98,054 to \$144,000 (combined) for couples.

The Government will not proceed with the Pension Supplement changes announced in the Mid-Year Economic and Fiscal Outlook (**MYEFO**) 2016–17 in relation to permanent departures overseas and temporary absences.

Want to read more?

More information can be found in the Budget papers at budget.gov.au.

Personal tax rates – no changes

There were no changes in the Budget to personal income tax rates. This means that the Government:

- has committed (for the time being) with the Stage 3 income tax cuts that are already legislated to come into effect from the 2024–25 income year (from 1 July 2024); and
- did not extend the Low and Middle Income tax offset (**LMITO**) (which ended on 30 June 2022) to the 2022–23 income year – this means that taxpayers earning up to \$126,000 will pay more tax this year than for 2021–22 (an additional \$1,500 if taxable income is between \$48,000 and \$90,000).



FROM THE ATO

Director ID – time is running out

Time is running out for directors of companies in Australia to apply for their director identification number (director ID), with the 30 November deadline only weeks away.

A director ID is required for the director or alternate director of:

- a company, registered Australian body, or registered foreign company under the *Corporations Act 2001*;
- an Aboriginal and Torres Strait Islander corporation registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006 (CATSI Act)*.

To check if a director ID is required, you can search *ABN Lookup* with the ABN or business name. If an ASIC Registration — ACN or ARBN or ARSN or ARFN — is showing against the record, the director of the company will need to apply for a director ID.

Directors under the CATSI Act have a different timeframe in which to apply.

All CATSI Act directors can apply for a director ID now and must apply by 30 November 2023. New directors must apply for their director ID prior to appointment from 1 November 2022.

To apply

The fastest way to apply for a director ID is online, using the myGovID app to log in to the Australian Business Registry Services (ABRS) [website](#). It's free to apply and directors must apply themselves to verify their identity. A myGovID with at least a Standard identity strength is required.

In addition to your myGovID, you will need:

- a tax file number (**TFN**);
- the residential address as held by the ATO; and
- information from 2 documents to verify your identity.

Documents that can be used include:

- bank account details;
- an ATO notice of assessment;
- APRA fund account details;
- a dividend statement;
- a Centrelink payment summary; and
- a PAYG payment summary (this is different from an income statement or PAYG instalment activity statement).



Using a motor vehicle for business?

Here are 4 things to keep in mind when claiming motor vehicle expenses — such as fuel, oil, servicing and registration — for your business.

If you operate your business as a sole trader or partnership (where at least one partner is an individual), the method you must use to calculate your deduction depends on the type of vehicle. For cars, you must use either the cents per kilometre or logbook method. For all other vehicles, you must use the actual costs method, where you claim the actual costs of expenses you incurred based on receipts.

If you use the logbook or actual costs method, remember you can only claim the business-use portion of your motor vehicle expenses.

If you operate your business through a company or trust, you must use the actual costs method to work out the deductions you are entitled to, regardless of the type of motor vehicle you use.

If you use the logbook or actual costs method, you can claim depreciation or decline in value only for the business-use portion of the motor vehicle. The maximum you can claim as a deduction for the depreciation of your car is \$64,741 for the 2022–23 income year or the cost of the vehicle (whichever is less). You may be eligible to claim depreciation under the temporary full expensing rules.

How's your record keeping?

The ATO has reminded businesses about the importance of keeping correct records. For one thing, good record-keeping makes things easier at tax time.

When it comes to record-keeping, there are 5 rules. You need to:

- keep all records related to starting, running, changing, and selling or closing your business that are relevant to your tax and superannuation affairs;
- store records safely to prevent damage and protect information from being changed (you must not change relevant information in records);
- keep most records for 5 years (for example, you need to keep records of losses for up to 5 years after you've fully claimed the loss);
- be able to show the ATO your records if they ask for them; and
- ensure your records are in English or easily converted to English.

Tip! Talk to 145 financial about what records to keep and how to keep them.

Using business stock for private purposes?

If you are a sole trader or a partner in a partnership and take goods from your business for your private use, make sure you accurately record this in your stock on hand.

Accessing your trading stock for private use is fine from a tax perspective, but you need to account for the stock correctly:

- each time you use it (as you would if you sold it); and
- at the end of each income year.

If you do not adjust the actual cost of goods sold to reflect the goods you used for private consumption, you could be incorrectly claiming expenses you're not entitled to.

A good plan is to set up regular reconciliation processes to help you keep track of each time you take stock for private use. Keep a record which shows:

- the date;
- a description of what was taken;
- the reason stock was taken; and
- the cost or market value of the item (excluding GST).

At the end of the income year, any goods taken for your own use should not be accounted for as stock on hand.

Certain businesses can use the amounts that the ATO will accept as estimates of the value of goods taken from trading stock for private use. The ATO recently published the accepted estimates for 2022–23. They are reproduced below.

Type of business	Amount (excluding GST) for adult/child over 16	Amount (excluding GST) for child aged 4-16
Bakery	\$1,360	\$680
Butcher	\$990	\$495
Restaurant/café (licensed)	\$4,830	\$1,950
Restaurant/café (unlicensed)	\$3,900	\$1,950
Caterer	\$4,120	\$2,060
Delicatessen	\$3,900	\$1,950
Fruiterer/greengrocer	\$1,010	\$505
Takeaway food shop	\$4,030	\$2,015
Mixed business (includes milk bar, general store and convenience store)	\$4,870	\$2,435

Entertaining your employees?

With summer and Christmas just around the corner, you may be planning a party or similar event (e.g. a bowls day) for your employees.

The ATO has reminded employers to make sure they consider the fringe benefits tax (**FBT**) implications of the party or other event.

These will depend on:

- the amount you spend on each employee;
- when and where the event is held;
- the value and type of gifts you provide; and
- who attends – is it just employees, or are partners, clients or suppliers also invited?

Don't forget to keep all records relating to the entertainment-related fringe benefits you provide, including how you worked out the taxable value of benefits.



Superannuation for holiday work

From 1 July 2022, you need to pay superannuation guarantee (SG) for employees at the rate of 10.5%, regardless of how much you pay them. This is because the former \$450-per-month income threshold for SG eligibility has been removed.

Take Jane for instance. She is a 22-year-old employee working a short-term job at a restaurant over the holiday season. She works 23 hours in a month, earning \$430 before tax.

In the past, holiday employees such as Jane would not be paid superannuation as they earned below the \$450 income threshold. Now, Jane will be eligible for superannuation paid on her ordinary time earnings at the rate of 10.5%.

This change doesn't affect other eligibility requirements for SG. Workers who are aged under 18 years still need to work more than 30 hours in a week to be eligible.

For example, Anish is a 17-year-old employee working a job at a hotel over the holiday season. Anish works 32 hours in a week at the hotel and earns \$800 before tax. He also works 5 hours at his local café, earning \$150.

As Anish worked more than 30 hours in one week at the hotel, his employer will need to pay superannuation on the \$800 he earned.

As Anish works less than 30 hours a week at the café, he is not entitled to superannuation from this employer. Likewise, Anish is not entitled to superannuation for any weeks he works less than 30 hours at the hotel.

Check your payroll and accounting systems are up to date so you are correctly calculating your employees' SG payments.

Get new workers onboard faster

Did you know your employees can complete a tax file number (**TFN**) declaration through ATO online services? This is an easy way for them to provide you and the ATO with the required information. If your new employee has a myGov account linked to the ATO, once they are logged in they can:

- access ATO online services;
- go to the 'Employment' menu;
- select 'New employment' and complete the form.

Your employees will need your ABN to complete the form. When they submit it, their TFN declaration details are sent straight to the ATO, so you don't have to. The form will then enable them to print and give you the summary of their tax details. You'll need the summary so you can input the data into your system.

If your payroll software can link to the online commencement forms, it will automatically receive your new employees' information from the ATO, saving you time spent entering the information manually. Check with your software provider to find out if they offer this service.

The New employment form can also be used to collect a range of information. Employees can use it to authorise variations to the amount you withhold from their pay for tax or the Medicare levy, or to advise you of their choice of superannuation fund. They can also use it to update their tax circumstances with you, for example, if:

- their residency status has changed;
- they no longer have a government study and training loan; or
- they are claiming the tax-free threshold from another employer.

You can continue to use your current processes when preferred, including providing a paper TFN declaration where the employee can't create a myGov account or doesn't have access to the internet.



Stapled superannuation funds for employers

A stapled superannuation fund is an existing superannuation account linked, or 'stapled', to an individual employee so it follows them as they change jobs.

Stapled funds avoid the need to open a new superannuation account every time an employee starts a new job, thus reducing account fees. Note that if choice of superannuation fund obligations are not met, additional penalties may apply.

You need to request stapled superannuation fund details for your business' new employees when:

- you need to make superannuation guarantee (SG) payments for that employee;
- they are eligible to choose a superannuation fund but don't, including contractors for whom you pay mainly for their labour but who are employees for SG purposes.

You may need to request stapled superannuation fund details for some employees who aren't eligible to choose their own superannuation fund. This includes employees who are:

- temporary residents; or
- covered by an enterprise agreement or workplace determination made before 1 January 2021.

For employees who started working for your business on or after 1 November 2021 and have not provided a valid choice of superannuation fund, you should make contributions into:

- the employee's stapled superannuation fund; or
- the employer nominated account (if the ATO advises you that they do not have a stapled superannuation fund).

If an employee later nominates their choice of superannuation fund, you have 2 months to start paying contributions into that fund.

Steps to requesting stapled superannuation fund details

Before you can request stapled superannuation fund details, you need to have offered all eligible employees a choice of superannuation fund.

You or your authorised representatives can request stapled superannuation fund details using ATO online services. Check and update the access levels of your authorised representatives in ATO online services. (Your tax adviser may also be able to make a request on your behalf.)

You must also establish an employment relationship. You can request your employee's stapled superannuation fund details after you submit a TFN declaration or Single Touch Payroll (**STP**) pay event, which identifies that you have an employment relationship or link to your employee.

Choice shortfall penalty

You may have to pay the choice shortfall penalty, which is the additional SG charge (SGC), if you contributed to your default fund without making a stapled superannuation fund request.

To avoid the choice shortfall penalty, make sure you:

- request the stapled superannuation fund details for your employee as soon as possible if they have not provided you with their choice of fund;
- pay the employee's full SG contribution to the stapled superannuation fund we return to you in the request; and
- pay the contribution to the stapled superannuation fund by the quarterly due date.

Tip! 145 financial may be able to help your business meet its superannuation obligations.



SUCCESSFUL PROSECUTIONS

Brothers busted for fake document scheme

Two brothers (YB and AB) who ran an accounting firm (Halifax Business Consulting) have received criminal convictions for a scheme to falsify Commonwealth documents, including business activity statements (BAS) and

notices of assessment (NOA), in order to obtain bank loans for their business and a number of clients.

The ATO uncovered the scheme after auditing another matter and launching a subsequent investigation that saw search warrants executed at Halifax's office and an employee's home.

The ATO found evidence that the brothers had paid employees and others to create false BAS and NOAs that inflated sales or earnings, which would then be passed off as genuine to banks and other lenders. In several cases, they had commissioned the firm's graphic designer (Mr V) to alter documents at their request.

The brothers would make handwritten amendments to the documents – sometimes doubling their clients' actual earnings – before sending them on to Mr V to digitally manipulate. Mr V

went to great lengths to make the documents look legitimate. In one email, he reminded his boss (YB) to provide only one of the doctored documents by facsimile or hard copy, to avoid someone noticing he had edited the original document's security stamp.

Mr V was convicted for the part he played in the offending. He was sentenced to a 12-month Community Correction Order requiring him to complete 200 hours of unpaid community work.

YB was convicted and sentenced to 10 months imprisonment while his brother (AB) was convicted and sentenced to 6 months imprisonment. Both were released immediately on a \$1,000 recognisance release order requiring them to be of good behaviour for 18-months.

Restaurateur served with jail term

A McLaren Vale restaurateur (Mr R) has been sentenced to 5 years and 3 months imprisonment after being found guilty of fraudulently obtaining \$613,262 in GST refunds and attempting to obtain a further \$210,333 that was stopped by the ATO.

Between September 2016 and November 2017, Mr R submitted 19 false business activity statements (**BAS**), which considerably overstated the total sales and acquisitions of the restaurant and gift shop business that he operated with his wife.

Several documents provided by Mr R throughout the audit contained inconsistencies, including a sales summary from a point-of-sale (**POS**) system that was created in Microsoft Word, and a POS report claiming to cover the dates of 1 June to 31 June, despite there being only 30 days in June.

During the ATO's audit, Mr R also supplied a forged medical document advising his wife was receiving treatment for cancer. The ATO later checked with the doctor listed on the document, who confirmed she didn't write the letter and wasn't treating anyone by that name.

In sentencing, Her Honour Judge Kudelka described Mr R's offending as 'persistent and deliberate', and that his false claims about his wife's health were 'despicable'. Mr R was sentenced to 5 years, 3 months and 2 days imprisonment, with a non-parole period of 3 years. He has also been ordered to pay \$599,122 in reparations.

5 years jail for serial GST fraudster

A Queensland woman (Ms B) has been sentenced to 5 years imprisonment, with a non-parole period of 20 months, for attempting to fraudulently obtain more than \$650,000 in GST refunds, as well as other offences.

Ms B used ABNs that weren't linked to active businesses to submit a series of false claims for GST input tax credits.

While some of Ms B's earlier claims were paid, ATO audits found she could supply no evidence to prove she was running a business. As a result, the ATO disallowed her claims and cancelled her GST registration.

Despite this Ms B repeatedly reactivated her GST registration and continued to make a series of fictitious claims. On each occasion, ATO checks confirmed she could not provide any supporting documentation that she was actually running a business, and each time her claim was disallowed.

In total, Ms B obtained a financial benefit of over \$150,000 and attempted to claim a further \$500,000.



Key tax dates

Date	Obligation
21 Nov 2022	October monthly BAS due date
28 Nov 2022	Lodge SG statement and pay September quarterly SGC (if required)
1 Dec 2022	Full self-assessment companies — pay 2021–22 income tax
21 Dec 2022	Lodge and pay November monthly BAS
21 Jan 2023*	Lodge and pay December monthly BAS
28 Jan 2023*	Superannuation guarantee payment due date for December quarter
31 Jan 2023	Closely held trust — lodge December quarterly TFN report
21 Feb 2023	Lodge and pay January monthly BAS
28 Feb 2023	<ul style="list-style-type: none"> • Lodge and pay December quarterly BAS • Pay second quarterly PAYG instalment for 2022–23 • Lodge annual GST return (if no tax return due) • Lodge SG statement and pay December quarterly SGC (if required) • Lodge and pay SMSF annual return for new SMSFs (unless otherwise advised)

Note! Talk to 145 financial to confirm the correct due dates for your own tax obligations. For example, you may have more time to lodge and pay if impacted by COVID-19 or a natural disaster.

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