



Dear Vincent,

AAT News

Welcome to the March 2020 edition of the AAT Australia's eNews & Views. In this edition you'll find out all about:

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Check our [eNews & Views](#) page for previous newsletters.

A message from the CEO

It seems appropriate to send out a special message to our AAT Community at this time of uncertainty. The COVID-19 global pandemic containment responses, especially on the back of our unprecedented fire season in Australia, has certainly created many challenges and even hardships for Australians at large. You will hear from us in coming days and weeks about events that we will run online in the place of face to face Discussion Groups to help us remain connected, informed and supportive of each other.

The way you service your clients needs may well change over the next while as the need to isolate is escalated. The good news is there is plenty of technology available to help you to do that, both free and low cost, and it will save on the commute! If you would like to discuss with me any challenges that you are facing please feel free to contact me on my mobile **0429 219 553**.

The AAT team will be working from home for the foreseeable future, but our service delivery will be business as usual and we will continue to share with you the updates on economic stimulus and other relevant information or support that may assist you and your clients through this time.

Best wishes,

Rochelle Park
Chief Executive Officer
AAT Australia

Superannuation Guarantee Amnesty

It's been a long time coming, but the super amnesty that has been talked about since 2018 has now been passed. The royal assent was received on March 6 2020 and will end on September 7 2020.

Employers with super owing to employees can undertake to fulfil the employer obligation during the amnesty period, without incurring penalties. Interest on the unpaid super will still be payable to the employee super fund.

The terms of the amnesty are applicable only to employers who voluntarily report. Employers who do not take advantage of the amnesty will face significantly higher penalties when they are subsequently found out, either by employees reporting unpaid super or because of an ATO super audit.

What Period Does the Amnesty Apply To?

The amnesty allows employers to self-correct any superannuation owing from 1 July 1992 to 31 March 2018.

For any amounts that are unpaid from 1 April 2018, employers will face the usual penalties.

What Next?

Advise employers with outstanding super obligations about the amnesty now.

Calculating the unpaid super can be a complex and time-consuming job. The unpaid period may cover the old rate of 9% (prior to July 2014), and the current rate. It may also be complicated by changes to software or payroll systems during the time of non-compliance. Don't wait until the last month of the amnesty – encourage your employers to start the process of calculating outstanding super obligations now!

The biggest challenge to completing the calculations is getting the right records from the employer. For many employers, one of the main reasons super has been unpaid is because of poor record keeping.

If a client engages you to assist with this potentially big task, you will need to give them a realistic estimate of your fee to complete this if they need your help.

Director Penalty Law Extended

Director penalty notices (DPNs) have been enforced for some years now to recover unpaid PAYG withholding and superannuation. This law means that if a company fails to meet PAYGW and superannuation obligations on time, they may become personally liable for the amount owing as well as penalties.

The new law, starting on 1 April 2020, extends the penalty regime to allow recovery of unpaid GST, WET and LCT. The new provisions increase the personal risk that directors take in committing to pay ATO obligations.

The director penalty notices have narrow time limits in which to be addressed, that is, 21 days from the date of issue. Directors who receive a DPN must make contact with the ATO within 21 days. While the new law is intended to pursue illegal phoenix activity and non-compliant employers, there may be legitimate operators with cash flow difficulties who are caught out by this law. If a DPN is received and the director objects, they will need to contact the ATO as soon as possible to discuss options for disputing the notice.

A director taking on a new position for an existing company should check the status of financial obligations of that company before accepting the position, as existing debts may still apply. Similarly, directors who have resigned may still be liable for debts incurred while they were a director; resignation of directorship does not necessarily mean avoiding penalties.

Advise Your Director Clients Now

- Talk to your company director clients and make sure they know what their legal responsibilities as a director are, as well as what they are personally liable for. Advise them of the new provisions of the director penalty regime, and also encourage them to consider any personal guarantees they have given to suppliers, to ensure they understand the full extent of their personal financial liability.
- Always encourage directors to get lodgements in to the ATO on time, even if they are unable to pay the full amount on time. If there is a payment plan in place this will reduce the likelihood of being issued with a DPN.
- When having this conversation with a client, also ask them to check their contact details with ASIC. If a notice is issued to an old address listed on ASIC, and the director does not act on the notice within 21 days, legal recovery proceedings will be initiated regardless.

If a DPN is issued, the director needs to make arrangements for paying the debt. ATO recovery options include garnishee notices, offsetting tax credits against director penalties, and legal proceedings. We suggest that if you have any concerns about the long-term viability and solvency of a client's business, talk to them and/or their tax agent.

Visit the [ATO Director penalty regime](#) webpage for more detail.

27 Fortnights or 53 Weeks - Check Tax and Super

ATO default calculations for withholding tax are based on 52 weeks or 26 fortnights. In some financial years, some employees may receive an extra pay which may affect tax and super.

Tax Example

- An employee is paid an annual salary of \$88,400, or \$1,700 per week before tax.
- Tax is withheld according to the ATO calculation of \$425 per week.
- This year, they will receive an extra pay, resulting in the annual earnings becoming \$90,100, or \$1,732.70 per week.
- If tax is not calculated on the full amount of \$90,100, there will be a shortfall of tax withheld which may result in a tax bill for the employee.
- The ATO recommends extra tax is withheld each week or fortnight according to the [ATO statement of formulas](#).

Superannuation

Employees who make extra contributions in order to maximise the allowable \$25,000 concessional contribution may find they have contributed more than this amount with the super guarantee amount on the extra pay run. Contributions for the year should be checked before making the last super payment of the year to avoid contributing over the threshold.

What Should You Do?

Checking the number of pay runs in a financial year would generally be done in July so employees can be alerted and have time to request extra tax to be withheld.

However, now is a good time to check this if you haven't already, so that there is still time to adjust tax if required.

If you are involved in payroll for a business, you should advise the business if this situation applies to them. You or the owner should let the employees know so that they can instruct you to withheld extra tax if they choose.

Employees must advise the employer in writing if they would like extra tax withheld on their behalf to allow for the extra earnings in this situation.

Add a note to the employee file in the software and follow the software instructions for including a recurring tax adjustment, or manual adjustments as required between now and the end of June

AUSKey Retiring on 27 March 2020

AUSKey will be replaced by [myGovID](#) and [Relationship Authorisation Manager](#) (RAM) at the close of Friday 27 March 2020. AUSKey has been the existing government services identification method for some years, however, has had limited applicability in the increasingly online and mobile business world.

myGovID is a simple, mobile and secure way to access certain online government services and will eventually be the digital identity credential for all government services. It is used in conjunction with RAM to allow users to link a myGovID to an ABN and to manage authorisations for the business.

See our [article](#) from last month for more details on services you can currently access with myGovID.

Whilst many BAS agents have made the swap from AUSKey to myGovID, many business owners who lodge their own BAS and super have yet to make the transition. You may be asked to assist clients with this, as there is still confusion between myGovID and an individual's myGov account. There is also some uncertainty about the role of RAM. A business owner needs to use both myGovID and RAM.

Business Owner Process

- Business owners should first check their details on the [Australian Business Register](#) are correct.
- Set up personal myGovID digital identity.
- Set up the business and link the digital identity to the ABN.
- Decide who needs authority to act on behalf of the business and define the appropriate level of authority for each user.
- Each authorised user must also have a myGovID already set up in order to accept the authorised role.

As there are business owners who have not yet acted on notifications, do not be surprised if you get a flurry of calls from your employer clients in late March, or when they next go to lodge superannuation and find they can no longer access the business portal!

Fuel Tax Credits Rate Increase

Fuel tax credits (FTC) rates have increased in line with the consumer price index on 3 February 2020. The FTC amount claimed depends on the type of fuel, the nature of the activity and the rate at the time of purchase.

Some businesses are eligible to use the [simplified fuel tax credits method](#). If a business claims less than \$10,000 in FTC per year, it can use a single rate of FTC as at the end of the BAS reporting period. There are other simplified FTC methods available that may be better suited to the business, however the rate at end of BAS period is commonly used.

Businesses claiming more than \$10,000 per year must use the rates in effect at the time of fuel purchase, requiring separate calculations for each rate used during a BAS period.

Use the [ATO fuel tax credits rates](#) webpage for details on past and current rates, dates and access to the ATO fuel tax credits calculator tool.

Benefits Provided to Employees During an Emergency

Certain benefits provided to employees during an emergency may be exempt from fringe benefits tax (FBT). Some benefits that would ordinarily attract FBT, such as accommodation, meals, transport or other assistance such as repairs to vehicles or equipment, may be exempt if the benefits are provided during emergency situations.

The ATO has a dedicated phone line for queries about disasters: **1800 806 218**.

For full details from the ATO, visit their webpages [Dealing with disasters](#) and [Emergency assistance for your employees](#). Also check the [AAT Bushfire Crisis Recovery Information Kit](#).

ATO Open Forums

ATO Open Forums are an opportunity for you to interact with the Australian Taxation Office and Tax Practitioners Board, while earning continuing professional education points. There are forums in regional and metropolitan areas.

Hear about current issues and the latest developments. Raise questions about topics of interest or concern with ATO or TPB staff.

Upcoming Open Forums will discuss myGovID, RAM, Single Touch Payroll and TPB areas of focus.

The current schedule runs to June 2020. [Register for an Open Forum](#) in your local area.

COVID-19 Employer Information

In the last week, the COVID-19 virus situation has escalated swiftly. The local and global situation is changing daily and we are starting to see the huge impact that the virus is having on workplaces, particularly those with employees.

The Fair Work Ombudsman has updated their information on [Coronavirus and Australian workplace laws](#) to provide advice to employers on managing the situation. The advice is

general in nature and reminds employers that the usual provisions of the Fair Work Act apply.

It is important to note that the Fair Work Act does not have specific provisions or rules for a situation like this that has such a vast impact on business and employers.

Employers and employees need to come to their own arrangements. Employers must communicate with employees what their policies will be in this situation, making sure that they are lawful within the Fair Work Act provisions.

The Fair Work website provides guidance for the following:

- Health and safety in the workplace.
- Directing employees to stay away from their usual workplace.
- If an employee or family member is diagnosed with coronavirus.
- Quarantine and self-isolation,
- If an employee wants to work from home as a precaution.
- If an employer wants employees to stay home as a precaution.
- Working from home.
- Casual employees and independent contractors.
- Redundancy and reduction of hours.
- Employee travel.

Working from Home

Some employees are already used to working from home some of the time. However, for many employees, this situation will be the first time they are required to work remotely. Not all employees have a home setup that allows for easy work from home. Employers will need to discuss the practical aspects of workspace, internet, phone and team communications. Office equipment may need to be transported from the office to the employee's home.

New apps such as Slack and Zoom allowing for easy communications and video conferencing may need to be implemented. Maintaining regular connection and interaction between employees and management is essential at this time.

One of the biggest challenges for employers having to change the work setup for employees without notice or preparation will be how to measure productivity and how to ensure that employees are actually working as usual while at home. There may be a temporary decrease in productivity while business and employees adjust to the new way of working, however employers will need to implement practices that allow them to assess the productivity once the initial change in work structure has settled.

Managers will need to maintain connection with employees and provide plenty of direction, and for many they will need guidance on setting boundaries and continuing to treat the work professionally. This could be a big issue for people who also have children and teenagers at home while schools are closed. Managers will also need to encourage workers to reach out and maintain connection as feeling isolated while working from home may be a new issue and uncharted territory for many workers.

Bookkeeper Recommendations

Advise your employer clients of the Fair Work advice and essential websites listed below, so that they can inform employees.

Encourage them to write up a policy and plan for the business management of Covid-19. This should include guidance on working from home, personal hygiene, workplace safety, flexible working, user access to relevant tools and technology, leave policies, online security and safety, team communications, as well as any procedures or policies relevant to the specific business and industry.

Essential Websites and Information

There is a great deal of information being published, and we encourage you to stay updated with the official websites. Please make sure your employer clients have the following information:

- [Australian Government Coronavirus Health Alert](#) – daily updates of the current status, essential information and advice.
- [Fair Work Ombudsman Coronavirus and Australian workplace laws](#) – workplace entitlements and obligations.
- Fair Work Ombudsman hotline – 13 13 94 and select the option for Coronavirus.
- Your state's Chamber of Commerce – check if they have released an Employer Guide – [see Victoria Chamber of Commerce Covid-19 Employer Guide](#) for example.

Economic Assistance for Business in Response to the Coronavirus

We have seen markets crashing and event cancellations at a large scale nationwide, alongside travel bans and tourist cancellations related to the Covid-19 worldwide pandemic. The Australian Government have announced cash flow assistance for small business, including:

1. A 50% tax free payment for PAYGW reported on the BAS over 6 months for amounts up to \$25k with a minimum of \$2k.
2. Support for apprentices and trainees with a wage subsidy of 50% of the trainee or apprentices wage for nine months.
3. Instant asset write-off extension.
4. One-off tax-free payments to welfare recipients and pensioners.
5. Targeted support for business in regions and communities most significantly affected.

To check out eligibility criteria for these initiatives and more information, visit the [Treasury announcement](#).

The ATO has also created a webpage specifically for updates regarding [COVID-19](#), including a dedicated hotline for businesses impacted by the pandemic: **1800 806 218**.

We will keep you updated with developments to these announcements which are not yet law, although some measures are being implemented immediately.

AAT Australia Events

To see upcoming AAT Australia events, [click here](#).

What is on in the industry?

The Bookie & The Beano Podcast

Join Intuit Quickbooks resident bookie, Diane Lucas, and favourite beano, Kane Munro, for the latest episode of their podcast, which deals with many aspects of the relationship between accountants and bookkeepers. Check out the latest episode [here](#), Episode 39: When Accountants and Bookkeepers do the wrong thing

Join our Facebook Discussion Group

Feedback from members indicates that community is very important to accounting technicians. In response, the AAT Team has established a Facebook group especially for AAT members to join in an online community and discuss your successes and your not-so-successes, ask questions, give support to your colleagues and enjoy networking with your peers. We will be posting articles, information pieces, event details plus more. Click through here to join in today:

[AAT Facebook Group](#)

Feedback

AAT welcomes your feedback. Please share your thoughts and ideas, let us know what your concerns are as well as the support and CPD that you need, so that we can deliver the best possible outcome for all of our AAT community. [Contact us](#)



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