TAXATION

Treasurer to deliver economic and fiscal update on 23 July

Treasurer has advised that the government will provide an update on the economic and fiscal outlook on 23 July 2020.

ATO reminder if lodging tax returns before 31 July

ATO has reminded individual taxpayers to ensure that their income information is complete if lodging their tax returns before 31 July.

Div 7A benchmark interest rate

The benchmark interest rate for Div 7A purposes is expected to be 4.52% for the 2020-21 income year.

Car expenses: cents per km rate

ATO has set the rate of work-related car expense deductions at 72 cents per kilometre for the 2020-21 income year.

Indexation of PAYG and GST instalments suspended for 2020-21

Assistant Treasurer has announced that the government will introduce legislation to suspend the indexation of tax instalment amounts for the 2020-21 income year.

ATO tax return tips

ATO has outlined tax return tips for 2020 in recognition of the significant challenges faced by taxpayers this year from bushfires and COVID-19.

Federal subsidy and JobKeeper to end for childcare providers

The Federal Education Minister has advised that the Federal subsidy for childcare providers will cease on 12 July 2020 while JobKeeper will cease from 20 July.

Commonwealth penalty unit increased from 1 July 2020

The Commonwealth Attorney-General has registered a notice increasing the penalty unit amount to $222 from 1 July 2020.

STP exemption for closely held payees

ATO has released a draft legislative instrument proposing to extend the Single Touch Payroll exemption for small employers re closely-held payees.

Instant asset write-off extension Bill awaits Assent

The Bill to give effect to the extension of the instant asset write-off along with other tax measures has passed all stages without amendment and awaits Royal Assent.

Business registries and director ID numbers: awaits Assent

The package of Bills to create a new Commonwealth business registry regime has passed all stages without amendment and effectively await Royal Assent.

Measures (No 3) Bill 2019 passed: awaits Assent

Treasury Laws Amendment (2019 Measures No 3) Bill 2019 passed all stages without amendment and effectively awaits Royal Assent.

Measures (No 2) Bill 2020 passes Senate with amendments

Treasury Laws Amendment (2020 Measures No 2) Bill 2020 has been passed by the Senate with two amendments.

BAS services to include super guarantee: draft instrument

TPB has released a draft instrument proposing to expand the scope of BAS services to include additional services relating to the SGC that are not currently covered.

Cash flow boost payments: ATO reminder

ATO has issued a reminder that taxpayers who have received initial cash flow boosts will automatically receive additional cash flow boosts when they lodge their next BASs.

FINANCIAL SERVICES

ASIC action against financial adviser featured in Royal Commission

A Sydney-based financial adviser has been charged with dishonest conduct following an ASIC investigation.

ASIC relief for COVID-19 financial advice to cease in October

An instrument has been registered to specify that temporary relief measures for COVID-19 financial advice will cease six months after they commenced.

Financial adviser education and exam: revised timeframes

FASEA has welcomed the passage of the Bill that will extend the transitional timeframes for existing financial advisers to comply with education and training standards.

ASIC scam alert – fake investment endorsements

ASIC has warned investors to beware of fake endorsements of investment opportunities through a fake website.

Financial institution supervisory levy framework: passed by Senate

A package of supervisory levy imposition amendment Bills has been passed without amendment by the House of Reps.

SUPERANNUATION

SMSF related-party LRBAs: ATO interest rate for 2020-21

For SMSF related-party LRBAs used to acquire real property, the ATO's safe harbour interest rate is 5.10% for 2020-21.

REGULATOR NEWS

ASIC CRIS release 2020

ASIC has released its annual *Cost Recovery Implementation Statement* (CRIS) for comment. Anyone with a statutory registration with, or paying fees to, ASIC is affected. The IPA has strongly opposed this fee model and will continue to do so. Member feedback is welcomed – please see details here

Tax Inspector-General performance report tabled

The Senate Economics Legislation Committee has tabled the Performance of the Inspector-General of Taxation report including 16 recommendations.

TPB bans tax agent for tax avoidance scheme

Tax Practitioners Board has terminated the registration of a former Sydney partner of a big four accounting firm for alleged association with a client's tax avoidance scheme.

TAXATION

Treasurer to deliver economic and fiscal update on 23 July

The Treasurer has advised that the Government will provide an update on the economic and fiscal outlook on 23 July 2020. The update was originally planned for June, following the release of the March quarter National Accounts. It is designed specifically to take into account the economic consequences of both COVID-19 and the Government's support measures. The deferral has been announced so that the update can take into account the review that Treasury is currently undertaking of the JobKeeper program. This is not expected to be concluded until the end of June.

ATO reminder if lodging tax returns before 31 July

The ATO has reminded individual taxpayers to ensure that their income information is complete if lodging their tax return before 31 July. ATO Assistant Commissioner, Karen Foat, said individuals can avoid a tax time "speedbump" by ensuring their income details are complete and finalised before lodging their tax return. Ms Foat said one of the main delays at tax time is people lodging before they have all of the information about their income. "We often see people too eager to get a tax refund making obvious mistakes, which can either delay processing the tax return or result in a bill later on," Ms Foat said.

While details from income statements are reported electronically by employers directly to the ATO, and automatically included by the ATO in an individual's return via myTax, Ms Foat noted that employers have until 31 July to finalise income statements. Therefore, individuals (and their tax agents) who are lodging early need to ensure that all of the income information is complete and accurate. This will avoid delays or a debt later on, Ms Foat said.

Div 7A benchmark interest rate

The benchmark interest rate for Div 7A purposes is expected to be 4.52% for the 2020-21 income year (down from 5.37% for 2019-20). This is the "Indicator Lending Rates - Bank variable housing loans interest rate" (being the rate recently published by the Reserve Bank for May immediately prior to the start of the relevant financial year). The ATO no longer issues annual Taxation Determinations for the benchmark interest rate. However, it will confirm the benchmark interest rate for 2020-21 at some stage on its Website (search ref: QC 17928).

Car expenses: cents per km rate

The ATO has registered Income Tax Assessment Act 1997 - Cents per Kilometre Deduction Rate for Car Expenses 2020 which sets the rate of work-related car expense deductions at 72 cents per kilometre (previously 68 c/km). This determination applies to eligible taxpayers who elect to use the cents per kilometre method when calculating income tax deductions for their work-related car expenses.

Date of effect: 1 July 2020, and remains applicable to subsequent income years until such time as it is varied.

Indexation of PAYG and GST instalments suspended for 2020-21

The Assistant Treasurer has announced that the Government will introduce legislation to suspend the indexation of tax instalment amounts for the 2020-21 financial year in response to COVID-19.

This change will affect instalments for an estimated 2.2 million taxpayers paying PAYG income tax instalments, and around 81,000 taxpayers paying GST instalments, in 2020-21. In addition to suspending indexation, taxpayers can still vary their instalment amounts if they believe they will pay too much tax for the year.

Taxpayers who pay instalments based on their current income are not subject to indexation (because their instalments already adjust to changes in income). While these taxpayers are not affected by the suspension of indexation, they have the same right to vary their instalments.

ATO tax return tips

The ATO has outlined tax return tips for 2020 in recognition of the significant challenges faced by taxpayers this year from bush fires and the COVID-19 pandemic. Assistant Commissioner Karen Foat said the ATO has a range of approaches to support taxpayers through tax time 2020, especially where new circumstances mean people are receiving a different type of income or able to claim new deductions. The ATO's Tax Time Essentials at https://www.ato.gov.au/taxessentials provides a one-stop-shop for the things that are a little different this year and how they impact tax returns.

The ATO expects to see a substantial increase in people claiming deductions for working from home (WFH) or for protective items required for work (eg gloves, face masks, sanitiser or anti-bacterial spray). Ms Foat said the ATO has already announced a temporary "short-cut method" for WFH expense as a result of COVID-19 that applies from 1 March 2020 to 30 June 2020: see Practical Compliance Guideline PCG 2020/3. Taxpayers who have received JobKeeper payments from their employer, don't need to do anything different - the payments will be included as salary and wages and/or allowances, in their regular income statement. Sole traders who have received the JobKeeper payment on behalf of their business will also need to include the payments as assessable income for the business.

For taxpayers who have received JobSeeker, the ATO said it will load this information into their tax return at the Government Payments and Allowances question once it is ready. If lodging a return before this information is included in the return, the individual will need to include it manually. Similarly, taxpayers need to include income such as income protection, sickness or accident insurance payments, redundancy payments and accrued leave payments. Any amounts withdrawn from superannuation (up to $10,000 for 2019-20) under the COVID-19 condition of release are tax-free and do not need to be declared in the person's tax return, Ms Foat said.

Federal subsidy and JobKeeper to end for childcare providers

The Federal Education Minister has advised that the Federal subsidy for child care providers will cease on 12 July 2020, while Jobkeeper will cease from 20 July for employees of a CCS approved service and for sole traders operating a child care service.

The Early Childhood Education and Care Relief Package was introduced on 6 April. Under that plan, the Government agreed to pay 50% of the sector's fee revenue up to the existing hourly rate cap based on a point in time before parents started withdrawing their children in large numbers, but only so long as services remain open and did not charge families for care.

The Education Minister advised that the Government will resume the Child Care Subsidy (CCS) to support families to access childcare from 13 July. In addition to the CCS, the Government will pay childcare services a "Transition Payment" of 25% of their fee revenue during the relief package reference period (17 February to 1 March) from 13 July until 27 September.

Commonwealth penalty unit increased from 1 July 2020

The Commonwealth Attorney-General has registered a notice increasing the penalty unit amount to $222 from 1 July 2020 (up from $210) for the purposes of the Crimes Act 1914 (Cth). The new penalty unit of $222 only applies to Commonwealth offences committed on or after 1 July 2020.

Certain penalties imposed for breaches of income tax, superannuation and corporations law are expressed in terms of a "penalty unit" as defined in s 4AA of the Crimes Act 1914. Starting from 1 July 2020 (and each third 1 July), the amount of the penalty unit for Commonwealth criminal offences is adjusted every 3 years in line with CPI (based on the 31 March quarter).

STP exemption for closely held payees

The ATO has released a draft legislative instrument - Draft Taxation Administration - Single Touch Payroll - 2019-20 and 2020-21 year Closely Held Payees Exemption 2020 (STP 2020/D3) proposing to extend the Single Touch Payroll (STP) exemption for small employers in relation to closely-held payees from 1 July 2020 to 1 July 2021 in response to COVID-19. The measure was previously announced by the ATO on 22 April 2020.

Draft STP 2020/D3 will apply to an entity that: (a) was not at any time before 1 April 2019 a "substantial employer"; (b) pays an amount described in s 389-5(1) of Sch 1 to the TAA to a closely-held payee; (c) is required to be registered for PAYG withholding purposes under Subdiv 16-BA of Sch 1 to the TAA; and (d) is not a large withholder. A closely-held payee is an individual who is a non-arm's length employee. That is, they are directly related to the entity from which they receive payments, such as family members of a family business, directors or shareholders of a company or beneficiaries of a trust.

An entity to which this instrument applies that would otherwise have an obligation to report information to the ATO under Div 389 of Sch 1 to the TAA in respect of an amount paid to a closely held payee will be exempt from that obligation for the 2019-20 and 2020-21 financial years. If a small employer has any other employees (also known as arm's length employees), the ATO says they must be reported through STP on or before each payday, unless the employer is eligible for a micro employer (one to four employees) reporting concession.

Date of effect: Once finalised, the instrument will commence on 1 July 2019, applicable to the 2019-20 and 2020-21 financial years.

Comments are due by 9 July 2020.

Instant asset write-off extension Bill awaits Assent

The Treasury Laws Amendment (2020 Measures No 3) Bill 2020 has passed all stages without amendment and now awaits Royal Assent. The Bill, as introduced, will give effect to the Government's extension of the instant asset write-off for six months to allow eligible businesses with aggregated turnover for the income year of less than $500m to immediately deduct the cost of a depreciating asset. The asset must cost less than the $150,000 threshold and be first used or installed ready for use for a taxable purpose by 31 December 2020.

The Bill also reduces to Nil the GDP adjustment factor for 2020-21 for the purposes of working out PAYG instalments for certain taxpayer. The operation of the cash flow boost regime for employers will be clarified in relation to alienated personal services income. Additions will also be made to the list of deductible gift recipients (DGRs).

Business registries and director ID numbers: awaits Assent

The Government's package of Bills to create a new Commonwealth business registry regime have passed all stages without amendment and effectively await Royal Assent. The package of five Bills, including the Commonwealth Registers Bill 2019 and the Treasury Laws Amendment (Registries Modernisation and Other Measures) Bill 2019, amend the Corporations Act 2001 to introduce a director identification number (DIN) requirement. The DIN is intended to assist regulators and external administrators to investigate a director's involvement in what may be repeated unlawful activity including illegal phoenix activity.

All directors will be required to confirm their identity and the DIN will be a permanent unique identifier for each person who consents to being a director, even if they cease to be a director. The person will keep that unique identifier permanently, even if they cease to be a director. A person appointed as a director of a body corporate will be required to apply to the registrar for a DIN. There will be civil and criminal penalties for directors that fail to apply within the applicable timeframe. There will also be civil and criminal penalties which apply to conduct that would otherwise undermine the new DIN requirement. For example, there will be criminal penalties for deliberately providing false identity information to the registrar, intentionally providing a false DIN to a Government body or relevant body corporate, or intentionally applying for multiple DINs.

Date of effect: The DIN will commence two years after Royal Assent (or on such earlier date as may be proclaimed by the Governor-General).

Measures (No 3) Bill 2019 passed: awaits Assent

The Treasury Laws Amendment (2019 Measures No 3) Bill 2019 passed all stages without amendment and effectively awaits Royal Assent. This followed the Senate agreeing not to insist on the two amendments previously passed by the Senate, after the House of Reps insisted on disagreeing to those amendments. The amendments, made by the Centre Alliance, were unrelated to the original Bill and involved financial reporting obligations for large proprietary companies.

The Bill, as originally introduced, amends the ITAA 1936 to ensure the tax concessions available to minors in relation to income from a testamentary trust only apply in respect of income generated from assets of the deceased estate that are transferred to the testamentary trust. The Bill will also defer the start date for the new training requirements for financial advisers, and amend the FBT definition of a "taxi" so that the FBT exemption for taxi travel extends to ride-sourcing services (such as Uber). In addition, the Bill contains minor and technical amendments across a range of Treasury laws including taxation, superannuation, market-linked pensions and corporations in Sch 3 to the Bill.

Measures (No 2) Bill 2020 passes Senate with amendments

The Treasury Laws Amendment (2020 Measures No 2) Bill 2020 has been passed by the Senate with two amendments, having been passed by the House of Reps without amendment. The Bill now goes back to the House of Reps for consideration of those two Senate amendments made by the Centre Alliance involving financial reporting obligations for large proprietary companies. These are the same amendments that the Centre Alliance had previously made to the unrelated Treasury Laws Amendment (2019 Measures No 3) Bill 2019 but ultimately agreed not to insist on them so as not to delay that Bill. Instead the amendments have now been attached to the Treasury Laws Amendment (2020 Measures No 2) Bill 2020.

The Measures (No 2) Bill 2020, originally introduced on 13 May 2020, proposes to clarify the operation of the hybrid mismatch rules for trusts and partnerships and other areas such as the dual inclusion income rule. Other amendments cover the Single Touch Payroll (STP) rules to include child support information, new deductible gift recipients (DGRs) and DGR status for community sheds. The tax secrecy provisions in the TAA will also be amended to allow protected information relating to the JobKeeper scheme to be disclosed to the Fair Work Commission.

BAS services to include super guarantee: draft instrument

The Tax Practitioners Board (TPB) has released a draft instrument and explanatory statement proposing to expand the scope of BAS services to include additional services relating to the superannuation guarantee charge (SGC) that are not currently covered by the existing provisions. The changes will apply to registered BAS agents.

The TPB states that, although BAS agents may already provide some services relating to the SGC (such as advising on and preparing an SGC statement), the proposed changes seek to provide "further clarity" around the scope of SGC services that BAS agents are lawfully able to provide. In other words, it will not adversely affect the ability of BAS agents to provide BAS services, but rather extend the scope of services that can be provided by expanding the definition of a BAS service.

Submissions are due by 13 July 2020.

Cash flow boost payments: ATO reminder

The ATO has issued a reminder that taxpayers who have received initial cash flow boosts as part of the government's COVID-19 economic stimulus measures will automatically receive additional cash flow boosts when they lodge activity statements for each monthly or quarterly period from June to September 2020. The additional amount will be equal to the total amount of initial cash flow boosts received which split evenly between lodged activity statements. If taxpayers report:

- quarterly, they will receive 50% of their total initial cash flow boost for each activity statement;
- monthly, they will receive 25% of their total initial cash flow boost for each activity statement.

If a taxpayer's activity statements are revised after lodgement, it may affect the amount of cash flow boost they were due to receive. Taxpayers can check their statement of account for details on how their account may have been adjusted. If there has not been payments to employees subject to withholding, the ATO is also reminding taxpayers to report '0' for PAYG withholding when lodging activity statements to ensure they receive the additional cash flow boost and not cancel PAYG withholding registration until they have received the additional cash flow boosts.

FINANCIAL SERVICES

ASIC action against financial adviser featured in Royal Commission

A Sydney-based financial adviser has been charged with dishonest conduct following an ASIC investigation into his conduct that was revealed in a case study by the Banking Royal Commission.

ASIC said the former adviser has been charged with three counts of dishonest conduct under s 1041G of the Corporations Act 2001, and two counts of giving a disclosure document knowing it to be defective. ASIC alleged that the financial advisor engaged in dishonest conduct when he made false representations that he had a Master of Commerce in PowerPoint presentations he gave to prospective clients and on his firm's website and brochures. ASIC also alleged that the adviser breached s 952D(2)(a)(ii) of the Corporations Act by giving at least two clients a Financial Services Guide (FSG), containing the false representation that he held a Master of Commerce (Financial Planning).

The charges were mentioned at the Downing Centre Local Court on 9 June 2020. A plea was not entered and the matter will next come before the court on 4 August 2020. The adviser retired from the financial planning industry in June 2018 and was banned by ASIC for three years in July 2019.

ASIC relief for COVID-19 financial advice to cease in October

ASIC Corporations (Amendment) Instrument 2020/565, has been registered which amends the ASIC Corporations (COVID-19 - Advice-related Relief) Instrument 2020/355 to specify that the temporary relief measures for COVID-19 financial advice will cease six months after they commenced. Specifically, ASIC's temporary relief instrument is repealed six months after it commenced on 15 April 2020 (ie the relief will cease on 15 October 2020).

The original ASIC Instrument 2020/355 implemented three temporary relief measures to facilitate retail clients receiving timely and affordable financial product advice in relation to the COVID-19 pandemic. It provided a temporary AFS licensing exemption to allow registered tax agents to provide certain financial product advice to their existing clients about the early release of their super under the Coronavirus condition of release without the obligation to provide a statement of advice (SoA) when certain conditions are met. The Instrument also extended the timeframe to give an SoA for time critical COVID-19 advice up to 30 business days (instead of five business days).

In addition, the Instrument includes an "urgent advice" measure that allows additional time for a financial adviser to provide an SoA to clients in relation to urgent, time-critical COVID-19 advice. An "RoA for an existing client" measure also facilitates access to timely and affordable COVID-19 advice for existing clients of financial advisers. It allows a RoA to be provided, rather than an SoA, in relation to COVID-19 advice in certain circumstances.

ASIC said it will continue to monitor the appropriateness of these temporary relief measures. If ASIC considers it appropriate to repeal the relief before the end of the 6-month period or extend the relief, ASIC said it will give sufficient notice before any early repeal or extension is implemented.

Date of effect: The amending Instrument commenced on 13 June 2020. The temporary relief for financial product advice under the original Instrument will cease on 15 October 2020.

Financial adviser education and exam: revised timeframes

The Financial Adviser Standards and Ethics Authority (FASEA) has welcomed the passage of the Bill that will extend the transitional timeframes for existing financial advisers to comply with the education and training standards and to pass the Exam. This follows the Treasury Laws Amendment (2019 Measures No 3) Bill 2019 being passed by the Senate. The Bill now awaits Royal Assent.

FASEA CEO, Stephen Glenfield, said existing advisers will now have until 1 January 2022 to pass the Exam, and 1 January 2026 to meet the education and training standard which requires completion of an approved degree or equivalent qualification. Mr Glenfield noted the strong performance of nearly 8,000 advisers who have sat the exam and received results to date, with a majority of 86% successfully passing. An additional 2,250 advisers sat the exam over five days commencing 11 June 2020 and will receive their results in July. In excess of 2,200 advisers have also registered to sit the upcoming August exam.

ASIC scam alert – fake investment endorsements

ASIC has warned investors to beware of fake endorsements of investment opportunities. ASIC said a fake website - Market Makers Insider / MMI Forex - is misleading traders and investors by displaying fake endorsements.

ASIC said the webpages wrongly display ASIC Chair James Shipton's name and photos to give the impression that he is the CEO of the fake entity, and falsely claim that it buys "ASIC Insurance" on a weekly basis. ASIC said it never gives permission for the use of its logo or the names of its staff and leaders to promote financial products or services.

Financial institution supervisory levy framework: passed by Senate

The package of supervisory levy imposition amendment Bills has passed all stages without amendment and effectively await Royal Assent, having been passed by the Senate. The Bills increase to $10m the statutory upper limit of the levies APRA can collect from prudentially regulated entities (including super funds). The package of Bills include:

- Australian Prudential Regulation Authority Amendment (APRA Industry Funding) Bill 2020;
- Authorised Deposit-taking Institutions Supervisory Levy Imposition Amendment Bill 2020;
- General Insurance Supervisory Levy Imposition Amendment Bill 2020;
- Life Insurance Supervisory Levy Imposition Amendment Bill 2020;
- Superannuation Supervisory Levy Imposition Amendment Bill 2020;
- Retirement Savings Account Providers Supervisory Levy Imposition Amendment Bill 2020; and
- Authorised Non-operating Holding Companies Supervisory Levy Imposition Amendment Bill 2020.

The Bills increase the statutory upper limit from $1.5m to $10m for the financial year commencing 1 July 2020, and revise how the indexation factor is used to calculate the upper limit. The Minister will be required to make a legislative instrument to determine the amount of each levy to cover the various costs to the Commonwealth.

Date of effect: The day after the Bills receive Royal Assent.

SUPERANNUATION

SMSF related-party LRBAs: ATO interest rate for 2020-21

For SMSF related-party limited recourse borrowing arrangements (LRBAs) used to acquire real property, the ATO's safe harbour interest rate is 5.10% for 2020-21 (down from 5.94% for 2019-20). Practical Compliance Guideline PCG 2016/5 sets the safe harbour interest rate each year according to the Reserve Bank Indicator Lending Rates for banks providing standard variable housing loans for investors (being the rate recently published for May immediately prior to the start of the relevant financial year). This Indicator Lending Rate for May 2020 is 5.10%. Accordingly, the ATO's safe harbour interest rate is 5.10% for 2019-20 (7.10% for listed securities).

If an LRBA is structured in accordance with PCG 2016/5, the ATO will accept that the LRBA is consistent with an arm's length dealing and the non-arm's length income (NALI) rules (45% tax) will not apply to the income generated from the LRBA asset. If an LRBA does not meet the safe harbour rules, the SMSF trustees will need to otherwise demonstrate that their arrangement is consistent with an arm's length dealing.

REGULATOR NEWS

ASIC CRIS release 2020

Each year ASIC releases its *Cost Recovery Implementation Statement* (CRIS) for comment. The CRIS provides information on how ASIC implements the industry funding model and seeks to recover the costs of its regulatory activities from each industry subsector. Anyone with a statutory registration with or paying fees to ASIC is affected, including those holding an Australian Financial Services Licence (AFSL), Registered Company Auditors, Registered SMSF Auditors, Registered Liquidators, Credit Licence holders and others. To view the CRIS please click here.

The ASIC fee model is partly based on user-initiated and transaction-based regulatory costs via fees for service. This means that you have to pay for the cost of being regulated by ASIC. Essentially, a type of user-pays model.

Examples of ASIC fees include: fee to cancel SMSF Auditor registration - $899; application fee for an individual credit provider - $3,468; application fee for high complexity individual AFSL - $5,025.

In addition, members are being charged the annual levy for ASIC's cost recovery of regulation, with some members experiencing fee increases of up to 38%, with penalty interest on unpaid amounts of 20% pa.

The IPA has previously argued strongly against this fee model; and will continue to do so with the other professional accounting bodies. We consider it to be revenue raising by the government. Submissions in the current consultation are due on **24 July, 2020**. We would like to receive member feedback on any aspect of ASIC fees, the cost recovery model, your own experience with fees, the impact on the cost of doing business or any other comments you wish to make. Please send feedback to Vicki Stylianou at vicki.stylianou@publicaccountants.org.au.

Tax Inspector-General performance report tabled

The Senate Economics Legislation Committee has tabled the Performance of the Inspector-General of Taxation report, including 16 recommendations following the committee's assessments and input from subject matter experts and industry leaders. The report covers three main areas of importance for the Inspector-General of Taxation and Taxation Ombudsman (IGTO) to effectively discharge its duties:

- accountability and independence (of the IGTO);
- the IGTO's investigation process, ie clarity on enforcement of the IGT Act, protections for those who disclose information to the IGTO, considerations between the IGT Act and the Ombudsman Act, etc; and
- protection of whistleblowers.

TPB bans tax agent for tax avoidance scheme

The Tax Practitioners Board (TPB) has terminated the registration of a former Sydney partner of a big four accounting firm for his alleged association with a client's tax avoidance scheme. The TPB said investigations by itself and the ATO allegedly found that the former partner was associated with a client's scheme to avoid $3.1 million in taxes and penalties. The TPB said this involved a purported sale of assets, changing the ownership of companies and related discretionary trusts and using complex call options.

The TPB Chair, Mr Ian Klug, said the former partner was allegedly aware, or should have been aware, that these schemes were in breach of tax and other laws. A failure to undertake appropriate enquiries, of itself, could amount to incompetence and result in the Board taking firm action, Mr Klug said. "The community invests trust in tax agents acting with integrity and competence. They do not expect advisers to lodge incorrect returns or obstruct the proper administration of the tax system", he added.