TAXATION

Government economic update

The Treasurer has released an economic and fiscal update July 2020 to reconcile the Federal Budget position for the government's COVID-19 measures.

JobKeeper extended to March 2021

Government has announced that JobKeeper payments will continue for six months beyond its legislated finish date of 27 September 2020.

Treasury JobKeeper review recommends modifications

Treasury has released its JobKeeper review recommending continuing the JobKeeper wage subsidy with some modifications.

Coronavirus supplement extended but reduced

Government has announced that it will extend the temporary Coronavirus Supplement payment from 25 September to 31 December 2020.

Wage subsidy for apprentices and trainees extended

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SME loan guarantee scheme extension

Government has announced that it will amend the SME guarantee scheme to extend the purpose of loans able to be provided to businesses beyond working capital.

JobKeeper status and local government programs: rules amended

Rules have been registered to provide a mechanism to allow certain entities to confirm that notices have been provided by the ATO to entities re participation in JobKeeper.

Federal Parliament deferred until 24 August 2020

Prime Minister has advised that the next Parliamentary sitting period will be deferred until 24 August 2020.

2020-21 Pre-Budget submissions

Government has called for submissions from individuals, businesses and community groups on their views for priorities for the 2020-21 Federal Budget.

Location incentive extended

The screen location incentive program will be boosted over the next three years and extended for four more years to 2026-27.

Complex tax fraud investigation: 12 people charged

Charges have been laid against 12 people in relation to an alleged $17m tax fraud involving transnational and serious organised crime.

CPI: June quarter 2020

ABS has released the CPI index number of 114.4 for the June quarter 2020 showing a decrease from the March 2020 quarter.

GST assurance program: ATO analytical tool for top 1000 taxpayers

ATO has provided an update on its top 1,000 GST assurance program that seeks to obtain greater assurance that large and multinational entities are reporting their GST correctly.

Former BAS agent jailed for tax fraud

A deregistered tax professional has been sentenced to three years jail for fraudulently obtaining money from the ATO by lodging false BASs and amendments.

JobSeeker changes 21 July 2020

The coronavirus supplement has been extended to 31 December 2020 and there have been some changes to the eligibility criteria.

FINANCIAL SERVICES

Internal dispute resolution: ASIC guidance and Instrument

ASIC has released an updated version of Regulatory Guide RG 271 setting out the requirements for financial firms to deal with consumer and small business complaints.

ASIC relief applications now lodged via Regulatory Portal

ASIC has confirmed that its Regulatory Portal has replaced other channels as the primary way to submit applications to ASIC for relief and various corporate finance documents.

SUPERANNUATION

APRA super pandemic data collection: FAQ

APRA has published frequently asked questions on the superannuation pandemic data collection requirements in response to COVID-19.

Super fund business performance reviews due 31 December

APRA has written to superannuation licensees reminding them to undertake a Business Performance Review by 31 December 2020.

Super fees and costs disclosure rules: RG 97 updated

ASIC has made minor amendments to the fees and costs disclosure regime for issuers of superannuation and managed investment products.

Illegal SMSF investment scheme wound up by ASIC

ASIC reported that the Federal Court has made orders to wind up an unregistered managed investment scheme.

REGULATOR NEWS

New company registrations impacted by COVID-19

ASIC has reported that fewer companies were registered with ASIC in the first six months of 2020 compared to the same period for 2019.

TPB: Be cyber aware questions and answers

TPB has published a compilation of some of the questions received during its webinar regarding cyber issues.

AASB Update

The AASB recently issued educational publications (FAQs) on Impairment of non-financial assets and Remuneration Underpayments.

FRC COVID-19 Working Group

In March 2020, the Financial Reporting Council formed a COVID-19 working group comprising of FRC, ASIC, ASX, APRA, AASB, AUASB and Treasury.

TAXATION

Government economic update

The Treasurer, Josh Frydenberg, has released an Economic and Fiscal Update July 2020 to reconcile the Federal Budget position for the Government's $289bn of COVID-19 measures.

The Treasurer has forecast an underlying cash Budget deficit of $85.8bn for 2019-20, rising to $184.5bn for 2020-21 (or 9.7% of GDP). Gross debt is expected to increase to $851.9bn (45% of GDP) at 30 June 2021, while net debt will be $677.1bn (35.7% of GDP). Once the economic recovery is established, the Treasurer expects stronger growth and an improvement in the fiscal position to help stabilise government debt as a share of GDP.

Tax receipts have been revised down by $95.6bn, being $31.7bn in 2019-20 and $63.9bn in 2020-21 due to the severe contraction in economic activity from the COVID-19 pandemic. The Treasurer said the outlook for tax receipts remains uncertain reflecting uncertainty around the economic outlook and how it interacts with structural and administrative features of the tax system, such as the ability of taxpayers to carry forward losses to offset future income. Total tax receipts, including GST and indirect taxes, are estimated to fall from $432bn in 2019-20 to $416bn for 2020-21.

The Economic and Fiscal Update outlines the key COVID-19 policy response measures announced by the Government since March 2020. The Treasurer said the Government has provided economic support for workers, households and businesses of around $289bn (14.6% of GDP) in response to COVID-19. The unemployment rate is forecast to hit 8.75% in 2020-21.

JobKeeper extension

The economic update incorporates the extension of JobKeeper payments for six months beyond its legislated finish date of 27 September 2020. The total cost of the JobKeeper regime, as extended, is now estimated to be $85.7bn over 2019-20 and 2020-21.

As announced on 21 July, the current JobKeeper payment of $1,500 per fortnight will be reduced to $1,200 per fortnight from 28 September (or $750 for employees working less than 20 hours per fortnight). From 4 January to 28 March 2021, the rate is $1,000 (or $650 for less than 20 hours per fortnight). Businesses will also be required to demonstrate an actual decline in turnover from 28 September under the existing turnover test for each of the two periods of extension.

New measures announced

While the Economic and Fiscal Update did not announce any major new financial support measures, it has announced the following changes that do not appear to have been previously announced:

- Early super release of $10,000 extended to 31 December 2020 - the Government will extend the application period from 24 September 2020 to 31 December 2020 for the early release of their superannuation (tax-free) for those dealing with adverse economic effects of COVID-19. Eligible Australian and New Zealand citizens and permanent residents were able to access up to $10,000 of their superannuation before 1 July 2020. A second application can be made via the myGov website to access a further $10,000 until 31 December 2020 (extended from 24 September).
- Personal income tax exemption for Operation Orenda - a full income tax exemption will be provided for the pay and allowances of Australian Defence Force (ADF) personnel deployed on Operation Orenda as part of the United Nations Multidimensional Integrated Stabilisation Mission in Mali. Date of effect: 1 April 2020.
- Unclaimed superannuation transfers to KiwiSaver - the start date for the 2015-16 Budget measure to allow the ATO to pay lost and unclaimed superannuation amounts directly to New Zealand KiwiSaver accounts, has been revised from 1 July 2016 to six months after the date of Royal Assent of the enabling legislation (yet to be introduced).

Federal Budget in October

The Economic and Fiscal Statement on 23 July was never meant to be a "mini budget". The Federal Budget will be handed down on 6 October 2020. Mr Frydenberg has previously indicated that the Government is looking at the timing of the legislated personal income tax cuts and may consider bringing them forward as part of the Budget in October.

Under the existing personal income tax cuts, legislated to apply from 1 July 2022, the $37,000 income threshold for the 19% rate will increase to $45,000, and the $90,000 threshold for the 32.5% rate will increase to $120,000. From 2024-25, the rate that applies to taxable income between $45,000 and $200,000 will be 30% and the top marginal tax rate of 45% will apply to taxable income in excess of $200,000. That is, the 37% bracket will be abolished.

JobKeeper extended to March 2021

The Government has announced that JobKeeper payments will continue for six months beyond its legislated finish date of 27 September 2020, subject to revamped eligibility rules. The Treasurer, Josh Frydenberg, said the Government will introduce two tiers of payment rates as part of "JobKeeper 2.0" to better reflect the pre-COVID-19 incomes of recipients

The extension of JobKeeper from 28 September 2020 until 28 March 2021 will also include a requirement for businesses and not-for-profits to demonstrate an actual decline in turnover under the existing turnover test. The JobKeeper payment will also be stepped down and paid at two rates. Importantly, the existing arrangements for those receiving JobKeeper payments continue until 27 September.

JobKeeper payment rates

Period	**Full rate per fortnight**	**Less than 20hrs worked per fortnight rate**
28 September 2020 to 3 January 2021	$1,200	$750
4 January 2021 to 28 March 2021	$1,000	$650

The JobKeeper payment rate is to be reduced and paid at two rates:

Phase one - 28 September 2020 to 3 January 2021

- Tier one: $1,200 per fortnight - From 28 September 2020 to 3 January 2021, the payment rate will be reduced from $1,500 to $1,200 per fortnight for all eligible employees who, in the four weeks before 1 March 2020, were working in the business for 20 hours or more a week on average and for eligible

business participants who were actively engaged in the business for more than 20 hours per week on average in the month of February 2020; and
- Tier two: $750 per fortnight - for employees who were working in the business for less than 20 hours a week on average and business participants who were actively engaged in the business less than 20 hours per week in the same period.

Phase two - 4 January 2021 to 28 March 2021

- Tier one: $1,000 per fortnight - From 4 January 2021 to 28 March 2021, the payment rate will be $1,000 per fortnight for all eligible employees who in the four weeks before 1 March 2020, were working for 20 hours or more a week on average and for eligible business participants who were actively engaged in the business for more than 20 hours per week on average in the month of February 2020; and
- Tier two: $650 per fortnight - for employees who were working for less than 20 hours a week on average and business participants who were actively engaged in the business for less than 20 hours per week in the same period.

Businesses and not-for-profits will be required to nominate which payment rate they are claiming for each of their eligible employees (or business participants).

The JobKeeper Payment will continue to be made by the ATO to employers in arrears. Employers will continue to be required to satisfy the "wage condition" by making payments to employees equal to, or greater than, the amount of the JobKeeper Payment (before tax), based on the payment rate that applies to each employee.

The Tax Commissioner will have discretion to set out alternative tests where an employee's or business participant's hours were not usual during the February 2020 reference period. For example, this will include where the employee was on leave, volunteering during the bushfires, or not employed for all or part of February 2020. Guidance will be provided by the ATO where the employee was paid in non-weekly or non-fortnightly pay periods and in other circumstances the general rules do not cover.

Business eligibility – additional turnover tests

From 28 September 2020, businesses and not-for-profits seeking to claim JobKeeper payments will have to meet a further decline in turnover test for each of the two periods of extension, as well as meeting the other existing eligibility requirements. That is, businesses will be required to reassess their eligibility for the JobKeeper extension with reference to their actual turnover in the June and September quarters 2020.

- In order to be eligible for the first JobKeeper Payment extension period of 28 September 2020 to 3 January 2021, businesses and not-for-profits will need to demonstrate that their actual GST turnover has significantly fallen in the both the June quarter 2020 (April, May and June) and the September quarter 2020 (July, August, September) relative to comparable periods (generally the corresponding quarters in 2019).
- For the second JobKeeper Payment extension period of 4 January to 28 March 2021, businesses and not-for-profits will again need to demonstrate that their actual GST turnover has significantly fallen in each of the June, September and December 2020 quarters relative to comparable periods (generally the corresponding quarters in 2019).

Further Information is available in the Treasury fact sheet, Extension of the JobKeeper Payment.

The Commissioner will have discretion to set out alternative tests that would establish eligibility in specific circumstances where it is not appropriate to compare actual turnover in a quarter in 2020 with actual turnover in a quarter in 2019, in line with the Commissioner's existing discretion. Information about the existing discretion is available on the ATO website.

Businesses and not-for-profits will generally be able to assess eligibility based on details reported in the BAS. Alternative arrangements will be put in place for businesses and not-for-profits that are not required to lodge a BAS (eg if the entity is a member of a GST group).

As the deadline to lodge a BAS for the September quarter or month is in late October, and the December quarter (or month) BAS deadline is in late January for monthly lodgers or late February for quarterly lodgers, businesses and not-for-profits will need to assess their eligibility for JobKeeper in advance of the BAS deadline in order to meet the wage condition (which requires them to pay their eligible employees in advance of receiving the JobKeeper payment in arrears from the ATO). The Commissioner will also have discretion to extend the time an entity has to pay employees in order to meet the wage condition, so that entities have time to first confirm their eligibility for the JobKeeper Payment.

To be eligible for JobKeeper Payments under the extension, the decline in turnover test remains the same as the existing rules, ie:

- ACNC-registered charities (excluding schools and universities) – 15%;
- entities with turnover less than $1bn – 30%;
- entities with turnover greater than $1bn – 50%.

The eligibility rules for employees remain unchanged. The self-employed will be eligible to receive the JobKeeper Payment where they meet the relevant turnover test, and are not a permanent employee of another employer.

The extension of the JobKeeper regime beyond 27 September is expected to require legislative amendments once Parliament resumes from 24 August 2020. The Government will also set out an Economic Statement on 23 July 2020 where it will reconcile and bring together the costs of its various COVID-19 economic response measures. The Prime Minister noted that this Economic Statement on 23 July is not a "mini budget". The Federal Budget will be handed down on 6 October, Mr Morrison said.

Treasury has also updated its JobKeeper fact sheets to incorporate the Government's changes, announced on 21 July 2020, which will extend JobKeeper payments until 28 March 2021, subject to reduced payment amounts and eligibility changes from 28 September 2020.

Details about the JobKeeper extension are contained in the Treasury fact sheet, Extension of the JobKeeper Payment. In addition, Treasury has updated to 21 July 2020 its other previously-released fact sheets, including:

- JobKeeper Payment - updated to note the extension of JobKeeper payments until 28 March 2021, subject to reduced payment amounts and eligibility changes.
- JobKeeper Payment - Protecting integrity - includes a cross reference to the JobKeeper extension fact sheet.
- JobKeeper Payment: Changes to the Fair Work Act - Treasury notes that the amendments to the Fair Work Act 2009, that enable employers entitled to receive JobKeeper payments to temporarily vary working arrangements for eligible employees, cease entirely on 28 September 2020. Likewise, authorised JobKeeper Enabling Stand Down Directions will remain in effect until revoked or replaced by the employer, or until the provisions cease completely on 28 September 2020.

Treasury JobKeeper review recommends modifications

Treasury has released its JobKeeper review recommending that there is "strong case" for continuing the JobKeeper wage subsidy with some modifications. Treasury concluded that the JobKeeper payment has met its objectives to save businesses and jobs, maintain the formal connection between employer and employee, and provide income support. The Government has used the findings of the review to help frame a 6-month extension of the JobKeeper regime until 28 March 2020.

The JobKeeper payment of $1,500 per fortnight for an eligible employee has been in operation since 30 March for 960,000 businesses and 3.5 million workers (or about 30% of the private sector workforce). Treasury found businesses receiving the payment had on average a decline in turnover in April of 37% compared with the same month last year. The sectors with the largest number of JobKeeper recipients were professional services, construction, and healthcare and social assistance. Sole traders represented 40% of the organisations receiving the payment but only 12% of individual recipients.

One of the consequences of the flat $1,500 fortnightly payment since 30 March was that some people were receiving more under JobKeeper than they previously did. About a quarter of JobKeeper recipients saw their income increase by an average of about $550. Accordingly, the Government is introducing a second tier payment, reflecting varied working arrangements, as part of its revised JobKeeper regime from 28 September 2020. The extension of JobKeeper will also require businesses to demonstrate an actual decline in turnover.

Coronavirus supplement extended but reduced

The Government announced that it will extend the temporary Coronavirus Supplement payment from 25 September to 31 December 2020 but the rate will be reduced from $550 to $250 per fortnight.

Since 27 April 2020, a Coronavirus supplement of $550 per fortnight has effectively doubled the social security payments for job seekers, sole traders and students in receipt of the JobSeeker Payment, Sickness Allowance, Youth Allowance for jobseekers, Parenting Payment Partnered, Parenting Payment Single, Partner Allowance, Sickness Allowance and the Farm Household Allowance. Individuals eligible for these payments receive the full amount of the $550 Coronavirus supplement on top of their payment each fortnight. The supplement is due to end in late September.

From 25 September to 31 December 2020, the Government will continue to pay the supplement to existing and new income support recipients but at a reduced rate of $250 per fortnight.

The Government will also reintroduce a range of means testing arrangements to ensure that social security payments are appropriately targeted. From 25 September 2020, the assets test and the Liquid Assets Waiting Period will be reintroduced and the JobSeeker Payment partner income test will increase from 25 cents for every dollar of partner income earned over $996 per fortnight to 27 cents for every dollar of partner income earned over $1,165 per fortnight. The Government will also increase the income free area for JobSeeker Payment and Youth Allowance (Other) from $106 per fortnight to $300 per fortnight. The taper rate will be simplified from a dual taper of 50 cents and 60 cents to a single taper of 60 cents.

Wage subsidy for apprentices and trainees extended

As part of the Economic and Fiscal Update July 2020, release on 23 July 2020, the Government announced that its Supporting Apprentices and Trainees (SAT) wage subsidy will be extended for a further six months to 31 March 2021. It will also be expanded to include medium-sized businesses (of less than 200 employees) from 1 July 2020 to 31 March 2021 for apprentices or trainees who were in-training with the business as at 1 July 2020.

The SAT wage subsidy provides eligible employers with 50% of the apprentice or trainee's wages for nine months, up to $7,000 per quarter to support the continuity of training. The original wage subsidy scheme enabled eligible employers to apply for the wage subsidy for nine months until 30 September 2020.

SME loan guarantee scheme extension

The Government has announced that it will amend the SME guarantee scheme to extend the purpose of loans able to be provided to SME businesses beyond working capital. Other changes to the scheme include:

- permitting secured lending (excluding commercial or residential property);

- increasing the maximum loan size to $1m (from $250,000) per borrower;
- increasing the maximum loan term to five years (from three years); and
- allowing lenders the discretion to offer a repayment holiday period.

Under the existing scheme announced in response to COVID-19, the Government is guaranteeing 50% of new unsecured loans to SMEs in partnership with 44 approved lenders. The scheme has already seen more than 15,600 businesses accept loans worth $1.5 billion. The Treasurer said the expanded scheme will shift from providing access to working capital to helping businesses stay afloat during the COVID-19 crisis to now also enabling them to access more affordable and longer term credit.

Date of effect: The initial phase of the scheme remains available for new loans issued by eligible lenders until 30 September 2020. The second phase of the scheme will start on 1 October 2020 and will be available until 30 June 2021.

JobKeeper status and local government programs: rules amended

The Coronavirus Economic Response Package (Payments and Benefits) Amendment Rules (No 6) 2020, has been registered, provide a mechanism to allow an Australian government agency or local governing body to confirm that notices have been provided by the ATO to entities concerning their election to participate in the JobKeeper scheme.

As a number of States have introduced assistance programs for entities impacted by COVID-19 for which eligibility is conditional on the entities participating in the JobKeeper scheme, this Instrument will enable Commonwealth, State and Territory governments and local governments to target additional support and assistance for affected entities that are receiving assistance through the JobKeeper scheme.

Federal Parliament deferred until 24 August 2020

The Prime Minister has advised that the next Parliamentary sitting period scheduled from 4 August will be deferred until 24 August 2020. Mr Morrison said he has received advice from the acting Chief Medical Officer (CMO) that there is significant risk associated with a meeting of Parliament in the context of the increased transmission of COVID-19.

Accordingly, the Prime Minister said he has written to the Speaker of the House of Representatives to request that the sitting period for 4-14 August 2020 not be held. This would mean Parliament will next meet on 24 August 2020. I have written to the Leader of the Government in the Senate to write to the President of the Senate in similar terms, Mr Morrison said.

2020-21 Pre-Budget submissions

The Government has called for submissions from individuals, businesses and community groups on their views for priorities for the 2020-21 Federal Budget to be held on 6 October. Further information on how to lodge submissions is available on the Treasury website.

Prior to the Budget deferral to October, over 400 submissions were received. Submissions already received will continue to be recognised as part of the 2020-21 Pre-Budget Submission process. To ensure views can be incorporated into the Budget process, further submissions are due by 24 August 2020, Assistant Treasurer Michael Sukkar said.

Location incentive extended

The Government has announced that the screen Location Incentive program will be boosted over the next three years and extended for four more years to 2026-27. The Prime Minister said an additional $400 million will be provided to help Australia capitalise on a growing demand to produce films and television series in Australia, attracting an estimated $3 billion in foreign expenditure and creating 8,000 job opportunities each year.

The location incentive is designed to complement the existing Location Offset (available under Subdiv 376-B of the ITAA 1997), providing an effective increase in the tax offset rate from 16.5% to 30% for eligible large budget international productions that film in Australia and are successful through the application process.

Complex tax fraud investigation: 12 people charged

Charges have been laid against 12 people in relation to an alleged $17 million tax fraud involving transnational and serious organised crime. The joint investigation by the Australian Federal Police (AFP), ATO and ASIC has alleged that the syndicate had effective control of labour hire companies undertaking legitimate work in the building and construction industry. The syndicate then outsourced the processing of their payroll services to separate payroll companies. It is alleged that the syndicate operated and controlled these payroll companies for the sole purpose of not paying PAYG Withholding (PAYGW) tax.

While employee and contractor wages, super and insurance were correctly paid, money allocated to be paid to the ATO for tax obligations was diverted and allegedly laundered through a variety of other entities. When a substantial tax debt was accrued by these payroll companies, the syndicate would abandon them and create new payroll companies. The funds were moved through other entities in an attempt to disguise its origin, before eventually being transferred into bank accounts controlled by syndicate members and their associates.

A 49-year-old man alleged to be the director of this organised crime syndicate was arrested at his Surfers Paradise home on 21 July 2020. His primary co-conspirators include a mix of financial industry experts and former bankers. The more serious charges include conspiring with the intention of dishonestly causing a loss to the Commonwealth, contrary to s 135.4(3) of the Criminal Code 1995, and conspiring to deal with proceeds of crime, money or property worth $1m or more, contrary to ss 11.5(1) and 400.3(1) of the Criminal Code.

CPI: June quarter 2020

The Australian Bureau of Statistics (ABS) has released the CPI index number of 114.4 for the June quarter 2020 showing a -2.2 decrease from the March 2020 quarter of 116.6. This CPI index number is used to index certain tax and superannuation amounts under Subdiv 960-M of the ITAA 1997. The index number is also used for FBT purposes concerning remote area benefits (under ss 60 and 60AA of the FBTAA).

The ABS said the CPI fell -1.9% in the June 2020 quarter, the largest quarterly fall in the 72 year history of the CPI. The June quarter fall was mainly the result of free child care (-95.0%), automotive fuel (-19.3%) and pre-school and primary education (-16.2%). Excluding these three components, the CPI would have risen 0.1% in the June quarter. Annual inflation was running at -0.3% in the year to the June 2020 quarter.

GST assurance program: ATO analytical tool for top 1000 taxpayers

The ATO has provided an update on its top 1,000 GST assurance program that seeks to obtain greater assurance that large public and multinational companies are reporting the right amount of GST. The ATO said it is developing and testing a GST analytical tool (GAT) to help it better understand why accounting and GST results vary.

Under the GST assurance program, specialist GST teams engage with each taxpayer using tailored compliance approaches. The ATO will generally notify a taxpayer before commencing a six-month review, and provide time for any voluntary disclosures. A GST assurance review focuses on the last complete financial year and includes systems and BAS "walk-throughs".

The ATO's GAT is not intended for use by taxpayers with predominantly input taxed supplies. It uses a standard method statement applying a "top-down" approach to identify and understand variances between accounting figures reported in audited financial statements and GST reported on the BAS.

The method statement starts with the revenue and expenses reported in the taxpayer's profit and loss statement. It works through a series of adjustments to compare this information with the annualised BAS covering the financial reporting year. The four key steps to the GAT are: (i) grouping variances; (ii) non-GST bearing items (permanent differences): (iii) balance sheet and cash flow items (temporary differences); and (iv) other adjustments (offsetting items / industry specific). However, the GAT is not designed to quantify tax shortfalls or overpayments.

Following a review, the ATO will share its findings with the taxpayer and discuss any GST risks identified. The ATO may also recommend specific actions to gain greater assurance in particular areas. If the ATO identifies concerns or areas of GST risk, it will work with the taxpayer to gain greater assurance or address identified concerns or GST risks. In other circumstances, the ATO may undertake an audit.

Former BAS agent jailed for tax fraud

A deregistered tax professional from Gold Coast has been sentenced at the Brisbane District Court to three years jail on 27 July 2020 for fraudulently obtaining $192,140 from the ATO by lodging false Business Activity Statements (BAS) and amendments without her clients' knowledge. She was also ordered to pay $158,845 in reparations. The formerly registered (BAS) agent was found to have abused her clients' trust by changing the bank account details and contact information in the ATO business portal and went on to lodge 47 false BAS for seven of her clients without their knowledge between 2015 and 2017. The TPB terminated the agent's registration in October 2018 and banned her for the maximum five-year term.

"As demonstrated in today's case, even registered tax professionals can be dishonest and take advantage of their clients. That is why it's important for the ATO and Tax Practitioners' Board (TPB) to work together to maintain the integrity of the tax profession and identify those who try to undermine their trusted position," Assistant Commissioner Adam Kendrick said.

JobSeeker changes 21 July 2020

Coronavirus supplement extended to 31 December 2020.

The Coronavirus supplement is a payment in addition to the standard JobSeeker payment, the amount of which varies depending on individual circumstances.

Period	Amount of coronavirus supplement
24 September 2020	$550 / fortnight
25 September 2020 – 31 December 2020	$250 / fortnight

Changes to eligibility

- From 25 September 2020, the income free amount increases to $300 / fortnight (from $106 / fortnight)
- Means testing will be reintroduced
- Partner income testing payments reduce by 27 cents (from 25 cents) per dollar of partner income over $1 165 / fortnight
- From 4 August 2020 there will be a gradual return of mutual obligations requirements

FINANCIAL SERVICES

Internal dispute resolution: ASIC guidance and Instrument

ASIC has released an updated version of Regulatory Guide RG 271 setting out the requirements for financial firms to deal with consumer and small business complaints under their Internal Dispute Resolution (IDR) procedures.

Financial firms, AFS licensees, and trustees of regulated superannuation funds (other than SMSFs) are required to be members of AFCA and have in place a dispute resolution system that consists of an IDR procedure that complies with standards made or approved by ASIC.

Updated RG 271 introduces reduced timeframes for responding to complaints, including superannuation complaints. It also set out what information firms must include in written IDR responses to allow consumers to decide whether to escalate their complaint. New timeframe requirements also apply for customer advocate reviews of appeals against IDR decisions. ASIC has previously registered an instrument to defer the transition to these IDR requirements until 5 October 2021.

ASIC Corporations, Credit and Superannuation (Internal Dispute Resolution) Instrument 2020/98 has since been registered which sets out the new standards and requirements approved by ASIC for the internal dispute resolution (IDR) procedures of financial firms. The instrument specifies requirements for written reasons for decisions about complaints in relation to regulated super funds, ADFs and RSAs. It also clarifies that financial firms must comply with their IDR procedures, and modifies the definition of "small business" in relation to IDR in Chapter 7 of the *Corporations Act 2001* so it aligns with the definition of "small business" in the AFCA Rules in relation to external dispute resolution.

Date of effect: The new IDR requirements apply from 5 October 2021.

ASIC relief applications now lodged via Regulatory Portal

ASIC has confirmed that its Regulatory Portal has replaced other channels as the primary way to submit applications to ASIC for relief and various fundraising and corporate finance documents. These applications and documents are now submitted through the ASIC portal using online forms known as "transactions".

Details about the new portal transactions are available on the ASIC webpages for applications for relief and fundraising and corporate finance documents. Anyone needing to use the portal from 27 July 2020 to transact with ASIC will need to register their own account by selecting the "I just want to register" tile on the registration page.

Transactions are structured on the ASIC portal to make it easier for applicants to ensure the information ASIC requires is provided upfront. The status of transactions can also be tracked with messaging features that record correspondence with ASIC. Users can also invite other representatives and agents to act on their behalf in the portal.

SUPERANNUATION

APRA super pandemic data collection: FAQ

APRA has published frequently asked questions (FAQs) on the superannuation Pandemic Data Collection requirements in response to COVID-19.

The APRA FAQs cover general items; monthly reporting (SRF 921.0); Quarterly reporting (SRF 921.1); foreign currency exposure and hedging; investment by investments option; member switching; ERI payment demographics; and insurance cancellation (SRF 921.2).

The first submission is due 31 July 2020. This first submission captures the April, May and June 2020 reporting periods in SRF 921.0 (monthly form), the June 2020 reporting period in SRF 921.1 (quarterly form) and the April 2020 reporting period in SRF 921.2 (once off ad-hoc form). Following this initial collection, the SRF 921.0 will be due on the 15th business day following the end of each month, and the SRF 921.1 will be due on the 15th business day following the end of the quarter.

APRA notes that some superannuation entities are exempted from the Pandemic Data Collection (PDC). These are Exempt Public Sector Superannuation Schemes (EPSSS), Small APRA Funds (SAFs), Single Member Approved Deposit Funds (SMADFs) and Pooled Superannuation Trusts (PSTs). These exempt entities will not be issued PDC reporting forms in D2A. Should any EPSSS entities wish to be involved in the PDC and be issued PDC forms in D2A, APRA said it is willing to receive submissions from these entities.

Super fund business performance reviews due 31 December

APRA has written to superannuation licensees reminding them to undertake a Business Performance Review by 31 December 2020, and an outcomes assessment by 28 February 2021.

APRA Deputy Chair, Helen Rowell, said it is important that RSE licensees not lose sight of the need for an ongoing focus on improving outcomes for members, including through implementation of SPS 515 (Strategic Planning and Member Outcomes). The inclusion of strategic planning and business performance as a component of APRA's prudential standards is deliberate. It reflects APRA's view that it is essential for RSE licensees to have consideration of member outcomes central to the development of effective strategies and business plans, Ms Rowell said.

APRA said there has been a low take-up of its offer for RSE licensees to engage with APRA on the design of their BPR and the outcomes assessment. Accordingly, APRA is concerned that the lack of trial outcomes assessments being shared with APRA may be indicative of a lack of preparedness by the industry.

Ms Rowell said there are numerous considerations that RSE licensees need to work-through in order to fulfil these obligations, and the complexity in doing so will be commensurate with the complexity of RSE licensees' operating models and diversity of their product offerings.

Super fees and costs disclosure rules: RG 97 updated

ASIC has made minor amendments to the fees and cost disclosure regime for issuers of superannuation and managed investment products. ASIC said it has slightly amended RG 97 (Disclosing Fees and Costs in PDSs and Periodic Statements) and the relevant instrument to adjust the transitional timeframes in response to COVID-19 and to provide greater clarity on the obligations following industry feedback.

ASIC said it has amended the transitional arrangements for PDSs in response to COVID-19:

- PDSs given on or after 30 September 2022 must comply with the new requirements.
- Issuers can choose to apply the new requirements from 30 September 2020.
- Once an issuer has elected to apply the new requirements, all subsequent PDSs for that financial product must comply with the new requirements.

There is no change to the transition arrangements for periodic statements.

Minor refinements

The ASIC Corporations (Amendment and Repeal) Instrument 2020/579, registered on 22 July 2020, makes minor amendments to clarify aspects of the fees and costs disclosure regime for PDSs and periodic statements that will apply to superannuation products and collective investment products. It amends the Corporations (Disclosure of Fees and Costs) Instrument 2019/1070 which wholly substitutes Sch 10 to the Corporations Regulations 2001.

The instrument also amends an outdated reference in ASIC Class Order [CO 12/415] (in-use notice information for employer-sponsored superannuation products) and repeals ASIC Class Order [CO 13/1420] (interim disclosure relief for super trustees in relation to low income superannuation contributions) and ASIC Corporations (Urgent Superannuation Advice) Instrument 2017/530.

ASIC said minor technical refinements have been made to confirm ASIC's policy positions in relation to:

- the disclosure of buy/sell spreads in periodic statements for collective investment products under Class Order [CO 14/1252];
- disclosure of performance fees;
- the identification and treatment of derivative costs; and
- significant event notice requirements.

ASIC has also clarified some definitions and amended the "Consumer advisory warning" and "Example of annual fees and costs" to correct inconsistencies between the templates in the legislative instrument and RG 97. ASIC said it will continue to monitor fees and costs disclosure and consider action if misconduct is found.

Illegal SMSF investment scheme wound up by ASIC

ASIC has reported that the Federal Court has made orders to wind up MyWealth Manager, an unregistered managed investment scheme: ASIC v MyWealth Manager Financial Services Pty Ltd (No 3) [2020] FCA 1035; ASIC v MyWealth Protection Pty Ltd [2020] FCA 1034.

Since February 2017, ASIC said My Wealth Manager had encouraged clients of 3M Financial Planning Pty Ltd (trading as MCube Planners) to roll-out of their existing super funds, establish their own self-managed super funds (SMSFs) and invest in MyWealth Manager. The scheme raised $7 million but the funds were not invested for the promoted purposes. Instead, the Federal Court found that nearly all of the investors' funds were misappropriated by those operating the scheme (who currently reside in India).

The Court made declarations that the defendants contravened the Corporations Act 2001 by operating the unregistered scheme and failing to hold the required AFS licence. The Court also granted injunctions against the defendants, restraining them from carrying on a financial services business in Australia, without holding an AFS licence.

REGULATOR NEWS

New company registrations impacted by COVID-19

ASIC has reported that fewer companies were registered with ASIC in the first six months of 2020 compared to the same period for 2019. In the first six months of 2020, 110,246 new companies were registered, a slight decrease from the 113,205 registered in the first six months of 2019. ASIC said new company registrations were up 7% in January and February 2020, but were down from March to May, with the largest drop being 20% in April 2020 - the lowest monthly volume since January 2013. Volumes recovered in June 2020, being 8% higher than June 2019.

In the first six months of 2020, 2,932 companies entered external administration, down from the 3,912 companies that entered external administration for the same period in 2019. ASIC said companies entering external administration for the first time increased 6% in February 2020, but from March has continued to decrease by larger rates, with June dropping 51%. Similarly, 41,656 companies lodged to voluntarily deregister in the first six months of 2020 (down from 47,434 for the first six months of 2019).

TPB: Be cyber aware questions and answers

The TPB has published a compilation of some of the questions received during its webinar – Be cyber aware. The questions and answers cover five topics: (i) cyber attacks; (ii) cyber protection; (iii) email; (iv) verifying information; and (v) cyber insurance.

AASB Update

The AASB recently issued educational publications (FAQs) on Impairment of non-financial assets and Remuneration Underpayments.

FRC COVID-19 Working Group

In March 2020, the Financial Reporting Council formed a COVID-19 working group comprising of FRC, ASIC, ASX, APRA, AASB, AUASB and Treasury to continuously monitor the financial reporting and auditing issues, and consequent regulatory implications, of COVID-19. Key guidance produced by this forum can be viewed on the FRC website with further guidance provided via the AASB and AUASB websites.