

TAXATION

ATO data-matching for motor vehicles

ATO has gazetted a notice of its data-matching program which targets motor vehicle registrations for the 2019-20 to 2021-22 income years.

Services Australia using STP for pre-fill purposes

Services Australia has advised that it has started to use Single Touch Payroll facility to pre-fill employer name and ABN details on Centrelink Online accounts.

Small Business Ombudsman: JobKeeper and replacement staff

Australian Small Business and Family Enterprise Ombudsman has highlighted the fact that replacement staff are not eligible for JobKeeper.

TPB: protecting practices from theft

TPB has issued a worksheet setting out ways that tax practitioners can protect their data from theft.

Small Business Ombudsman: R&D incentive for software

In a submission to the Financial Technology Inquiry the Small Business Ombudsman has called for an industry-specific R&D tax incentive.

TPB updates its investigations process information

TPB has advised that it has updated its investigations process information sheet to include more details on the steps it follows.

FINANCIAL SERVICES

Deferred sales model exemptions for add-on insurance

Treasury has released a consultation paper on exemptions to a limited number of add-on insurance product classes.

SUPERANNUATION

Insurance in superannuation: APRA revisions

APRA has commenced a second round consultation on revisions to its Prudential Standard on Insurance in Superannuation.

SG shortfall: salary sacrifice arrangements for entertainers

ATO has issued an Addendum to SGD 2006/2 in relation to certain deemed employees for super guarantee purposes.

REGULATOR NEWS

Board of Taxation CEO update

The Board of Taxation has issued its CEO update for January 2021 including information on the CGT rollover project.

TAXATION

ATO data-matching for motor vehicles

The ATO has gazetted a [Notice of a data-matching program – Motor vehicle registrations 2019-20 to 2021-22](#), which will enable it to acquire motor vehicle registry data from State and Territory motor vehicle registry authorities for this period. The ATO estimates records relating to approximately 1.5 million individuals will be obtained each financial year. The data will be acquired and matched to ATO internal data holdings to "identify relevant cases for administrative action".

Services Australia using STP for pre-fill purposes

Services Australia [has advised](#) that it has started to use the Single Touch Payroll facility to pre-fill employer name and ABN details on Centrelink Online Accounts and the Express Plus Centrelink app.

This will be expanded further over the next 12 to 18 months. Income will also progressively be pre-filled and so recipients "will no longer need to calculate their income". It will be implemented for other payroll details, like separation certificates and leave entitlements. STP will also be used for Family Tax Benefits and Child Support recipients.

Having payroll information obtained through STP will mean it will not be necessary to contact employers to confirm employee payroll details. Services Australia says that more than 780,000 employers are now "on board" with STP. Like the ATO, it encourages more employers to use STP.

Small Business Ombudsman: JobKeeper and replacement staff

The Australian Small Business and Family Enterprise Ombudsman has highlighted the fact that replacement staff are not eligible for JobKeeper. The threshold date is employees hired as at 1 July 2020. The Ombudsman, Ms Kate Carnell, [called on](#) the Government to change the rules to allow "struggling small businesses to replace staff". This follows reports that, following the reduction of the JobKeeper payment rate on 4 January, staff are leaving businesses to seek jobs offering more hours and pay. Replacement staff are not eligible for JobKeeper.

TPB: protecting practices from theft

The Tax Practitioners Board has issued a [worksheet](#) setting out ways that tax practitioners can protect their data from theft. It lists suggestions for physical security measures, as well as for [digital security](#) (in particular, cyber-attacks).

The TPB notes that failure to have sufficient security measures to protect client information may be considered a breach of the Code of Professional Conduct. If practitioners experience a break-in, the TPB states that the ATO must be advised, as well as the police (and the TPB itself).

Small Business Ombudsman: R&D incentive for software

In a submission to the Federal Government's Financial Technology Inquiry, the Australian Small Business and Family Enterprise Ombudsman [has called for](#) an industry-specific R&D Tax Incentive. The submission notes that 80% of R&D tax incentive claims are made by Australian SMEs, with about half of those coming from the software development industry. The Ombudsman, Ms Kate Carnell, states that the eligibility requirements need to be changed so that "it is clear and simple" to claim tax incentives under the existing scheme. Alternatively, "a dedicated software development incentive should be created".

TPB updates its investigations process information

The Tax Practitioners Board has advised that it has updated its "Investigations process information" [sheet](#) to include more detail on the steps it follows when it investigates a tax practitioner.

Matters that can be investigated include:

- applications for registration;
- conduct that may breach the Code of Professional Conduct;
- any false or misleading statements to the ATO; and
- advertising or supplying tax agent services when not registered.

There are eight steps listed, which includes the review and appeal process. Once the TPB starts an investigation, it must reach a final decision within six months (although this may be extended in certain circumstances).

FINANCIAL SERVICES

Deferred sales model exemptions for add-on insurance

Treasury has released a [consultation paper](#) focusing on possible exemptions to a limited number of add-on insurance product classes which may not be appropriate to be captured by the deferred sales model (DSM) introduced in the Financial Sector Reform (Hayne Royal Commission Response) Act 2020.

Treasury is seeking information from stakeholders to identify if any possible add-on classes could be regarded as "a very high level of value for consumers" to inform the Government's decisions regarding possible exemptions. Treasury has set out a requirement for a slew of evidence (particularly for quantitative data) in support of an exemption for a class of add-on insurance products and has noted that exemptions provided in the regulations can only be on an industry wide class basis. Treasury is also seeking views on appropriate conditions that should be attached to any class exemptions (s 12DX of the ASIC Act provides that an exemption can be subject to specific conditions).

The Government has identified two products it intends to exempt from the DSM: (i) add-on travel insurance products; and (ii) CTP insurance for motor vehicles, where Treasury is also seeking stakeholder views (in addition to the evidence in support of exemption that is requested) for appropriate definitions or how those products could be appropriately captured in the regulations.

Date of effect: The DSM will be effective from 5 October 2021. Any add-on insurance products without an exemption in place at that time will be subject to the DSM from that date.

Submissions are due by 15 February 2021.

SUPERANNUATION

Insurance in superannuation: APRA revisions

APRA has commenced a second round of consultation on revisions to its Prudential Standard on Insurance in Superannuation (SPS 250). The proposed changes are aimed at improving member outcomes by helping trustees select and maintain the most appropriate insurance policies for their members. The key changes to SPS 250 seek to address two recommendations from the Banking Royal Commission, and reflect Government calls for trustees to make it easier for members to opt-out of insurance.

APRA said industry feedback from the initial consultation on proposed updates to SPS 250 was "broadly positive" but a number of submissions sought further information about aspects of the proposed changes. In response, APRA has released a [new draft prudential standard](#) for further consultation, incorporating revised wording aimed at clarifying some of the revised requirements of SPS 250. APRA has also released an updated version of Prudential Practice Guide SPG 250 (Insurance in Superannuation), which contains further guidance on the new proposed requirements. A letter outlining the consultation, the updated draft SPS 250 and draft SPG 250 are available on the [APRA website](#).

Submissions are due by 5 March 2021 in relation to revised draft SPS 250 and the updated prudential practice guide. APRA said it intends to finalise both documents by mid-2021, with the finalised SPS 250 expected to commence from 1 January 2022.

SG shortfall: salary sacrifice arrangements for entertainers

The ATO has issued an [Addendum to Superannuation Guarantee Determination SGD 2006/2](#). This Determination specifies that certain deemed employees for superannuation guarantee (SG) purposes (eg labourers, entertainers, artists and sportspersons) can enter into an effective salary sacrifice arrangement with their "employer".

SGD 2006/2 has been updated to incorporate amendments to the SG laws that took effect on 1 January 2020. Specifically, the Addendum states that in working out any SG shortfall for quarters starting on or after that date, salary sacrifice contributions do not reduce the employer's charge percentage, and the amount of any sacrificed salary or wages is included in the ordinary time earnings base and quarterly salary or wages base.

Date of effect: 1 January 2020.

REGULATOR NEWS

Board of Taxation CEO update

The Board of Taxation has issued its [CEO Update – January 2021](#). It contains the following:

- a welcome to the new Chair, Rosheen Garnon, and to a new member, Chris Vankerkley – as well as a thank you for Board member Peter Quiggin PSM, QC who announced that he will be retiring from the Office of Parliamentary Counsel in early February;
- an outline of the final Board meeting for 2020, held on 11 December;
- confirmation of the release of the [Second Consultation Paper](#) for the CGT rollover project;
- a thank you to the participants in the Small Business Tax Concessions working Group workshop held in early December; and
- encouragement for businesses to sign up to the Tax Transparency Code.

The next meeting is scheduled for 26 February 2021.