TAXATION

COVID-19 disaster payment phase out announced

Government has announced the COVID-19 disaster payment will begin to transition once a State or Territory reaches 70% full vaccination of its population.

JobSaver and COVID-19 business grant: reconfirm eligibility

Service NSW is requiring businesses to reconfirm each fortnight their eligibility for JobSaver and the COVID-19 micro-business grant.

NSW COVID-19 business support and reopening

Government has released details of the tapering of support for small and medium sized businesses through the reopening of NSW.

Vic: additional funding for COVID-19 reopening

Government has released details of a funding package to help support Victorian businesses slowly reopen.

ACT: additional COVID-19 business grants announced

Government has announced a package of COVID-19 grants for small and medium sized businesses through mid-October.

QLD: tourism industry boost announced

Details have been announced of a support package targeted at Queensland's tourism industry.

Draft ATO protocol: claiming legal professional privilege

ATO has released draft protocol containing the ATO's recommended approach for identifying communications covered by Legal Professional Privilege.

Taxpayer alert: disguising income as gifts or loans

ATO has issued a taxpayer alert highlighting its concern where Australian taxpayers disguise income as gifts or loans from related overseas entities.

Treasury tax and super miscellaneous amendments: draft legislation

Treasury has released draft legislation proposing a second round of miscellaneous and technical amendments covering income tax and super, among other things.

Draft regulation: charity sector reform

Treasury has released draft regulations that proposes changes to the ACNC Act to increase the annual revenue thresholds, among other things.

Another person charged in fraud and money laundering investigation

AFP, ATO and ASIC have reported that a man will appear before Court to face charges relating to a $20m fraud and money laundering operation.

Final Budget outcome 2020-21 shows $26.8bn improvement

Treasurer has released the Final Budget Outcome for 2020-21 showing a Budget cash deficit of $134.3bn for 2020-21.

Administrative penalties: electronic sales suppression tools

Draft PS LA 2021/D2 has been released to guide ATO staff on how to apply or remit administrative penalties for offences relating to electronic sales suppression tools.

2021 COVID-19 Business Support Grants - Independent Financial Confirmation

A reminder that the text from the template Accountants Letter needs to be copied on to your business letterhead.

FINANCIAL SERVICES

Regulation of financial advisers: better advice draft

Treasury has released draft regulations and draft legislative instrument that proposes to implement measures to support the Financial Sector Reform Bill.

ASIC information: exam requirements for existing financial advisers

ASIC has released an information sheet setting out the transitional timeframe for the Financial Advisers Exam for existing financial advisers.

ASIC guidance: financial product design and distribution obligations

ASIC has released additional information for AFS licensees and financial advisers re design and distribution obligations.

Guidance on hawking reforms updated: ASIC

ASIC has published its updated regulatory guide on prohibition of hawking financial products.

SUPERANNUATION

COVID-19 relief for SMSFs extended to 2021-22

ATO has extended to 2021-22 various administrative concessions for SMSFs impacted by COVID-19 that were offered in previous financial years.

Retirement income strategy covenant: draft legislation

Treasury has released draft legislation which will insert a new covenant in the SIS Act to require trustees to develop a retirement income strategy for beneficiaries.

Insurance in super: APRA standard and guidance update

APRA has published an update on its proposed revisions to Prudential Standard SPS 250 on insurance in superannuation.

Super investment governance

APRA has released for consultation proposed revisions to Prudential Standard SPS 530 on investment governance.

REGULATOR NEWS

APRA super data reporting standards finalised

APRA has registered 10 reporting standards to enhance the data reported to APRA by super trustees under the first phase of its Super Data Transformation.

APRA policy priorities updated for 2021

APRA has updated its policy priorities for the remainder of 2021 to enable APRA-regulated entities to focus on key policy reforms and COVID-19.

Insolvency reforms

In an effort to provide viable businesses with every opportunity to survive through the COVID-19 pandemic, the Government has introduced a series of insolvency reforms.

TAXATION

COVID-19 disaster payment phase out announced

The Treasurer announced that the Commonwealth COVID-19 Disaster Payment will begin to transition once a State or Territory reaches 70% full vaccination of its population (16 years and older) in line with Phase B of the National Plan agreed to at National Cabinet.

Currently, eligible recipients of the Disaster Payment receive $750 per week if they have lost over 20 hours of work, $450 per week if they lost between eight and 20 hours, and $200 per week for those on income support payments who lost over eight hours of work. Once a State or Territory reaches 70% full vaccination, the Treasurer said the automatic renewal of the temporary payment will end and individuals will have to reapply each week that a Commonwealth Hotspot remains in place to confirm their eligibility.

In line with the movement into Phase C of the National Plan, where a Commonwealth Hotspot remains in place and a State or Territory reaches 80% full vaccination of its population (16 years and older), the temporary payment will step down over a period of two weeks before ending. In the first week after a State or Territory has reached 80% vaccination, the Treasurer said there will be a flat payment of $450 for those who have lost more than eight hours of work, while those on income support will receive $100. In the second week, the payment will be bought into line with JobSeeker at $320 for the week for those who have lost more than eight hours of work, while the payment will end for those on income support. The Government said it will also leave in place the Pandemic Leave Disaster Payment until 30 June 2022.

JobSaver and COVID-19 business grant: reconfirm eligibility

Service NSW is requiring businesses to reconfirm each fortnight their eligibility for JobSaver and the COVID-19 Micro-business Grant.

In an update of its Common Questions, Service NSW said businesses must reconfirm their eligibility for each JobSaver payment at the end of each fortnight. While September payments will continue even if a business does not confirm eligibility, any payments after that will only be processed once eligibility is confirmed.

The reconfirmation process can be completed by indicating that the business is still closed or experiencing a decline in turnover of 30% of more. No additional evidence or documentation is required to be submitted when reconfirming eligibility but adequate records must be maintained to substantiate eligibility if required at a later date. The person that submitted the initial application is required to submit the reconfirmation of eligibility. If an accountant, registered tax agent or registered BAS agent applied on behalf of the business, they will need to reconfirm eligibility for the business.

Likewise, businesses that are currently receiving the COVID-19 micro-business grant must reconfirm that they have continued to experience a decline in turnover of 30% or more and are maintaining their employee headcount stated in the original application. Eligibility can be confirmed online via the MyServiceNSW Business Profile.

NSW COVID-19 business support and reopening

The Commonwealth and NSW governments have issued a joint media release on the tapering of COVID-19 support for small and medium-sized businesses through to the re-opening of NSW.

When NSW's vaccination rate reaches 70% around 10 October 2021, the Treasurer said JobSaver payments will taper from the current payment rate equivalent to 40% of weekly payroll to 30% of weekly payroll. From 10 October to 23 October, the minimum and maximum weekly payments for employing businesses will be reduced by 25% to $1,125 and $75,000 weekly and grants to be 30% of weekly payroll. The grant for sole traders will reduce to $750.

The Commonwealth's contribution to the JobSaver program is expected to cease by 31 October 2021 when NSW reaches an 80% vaccination rate in line with the National Plan.

Beyond 31 October 2021, the NSW Government said it will "go it alone" to fund an extension of the JobSaver program, according to the NSW media release. At that time, the NSW Government will continue to fund its 50% contribution to JobSaver payments, at which point the payments will be tapered from 30% to 15% of weekly payroll. JobSaver payments will end on 30 November, coinciding with the further relaxation of restrictions.

It is also announced that after NSW reaches the 80% double vaccination target the Micro-business grant will continue to be available at a rate of $750 a fortnight, before ceasing on 30 November. The NSW Government expects to announce its comprehensive Economic Recovery Plan in early October.

Vic: additional funding for COVID-19 reopening

The Commonwealth and Victorian governments have announced a funding package of up to $2.27bn which will support Victorian businesses as the state embarks on its roadmap to re-opening. Victoria is expected to reach a 70% vaccination rate around 26 October, and 80% by 5 November 2021. The funding includes:

- an automatic Business Costs Assistance Program grants ranging from $1,000 to $8,400 per week for eligible businesses, until the end of October 2021. Businesses that remain closed or severely restricted over the first two weeks of November will also receive automatic payments for that period;
- an automatic Licensed Hospitality Venue Fund payments of between $5,000 and $20,000 per week until the end of October for eligible cafes, restaurants, hotels and bars. Licensed Hospitality Venue Fund payments will continue for the first half of November, set at reduced rates to reflect lower restrictions in place at that stage under Victoria's Roadmap;
- a one-off $20,000 payment through the Small Business COVID Hardship Fund to enable a further 30,000 businesses, taking the number of recipients to 65,000.

ACT: additional COVID-19 business grants announced

The Commonwealth and ACT governments have jointly announced a further package of COVID-19 grants for small and medium-sized businesses through until mid-October at which point the ACT is expected to reach 80% vaccination.

An additional ACT COVID-19 Business Grant Extension payment of $10,000 will be made available for all employing businesses (and $3,750 for non-employing businesses) who were eligible for the COVID-19 Business Support Grant in industries still significantly impacted by health restrictions. In addition, another top-up payment will be available for larger employing businesses - $10,000 (for turnover of $2m-$5m); $20,000 (for turnover $5m-$10m); and $30,000 (for turnover $10m or more).

It was also announced that the COVID-19 Tourism, Accommodation Provider, Arts, Events, Hospitality & Fitness Grants program will be expanded with grants for non-employing businesses ranging from $5,000 to $25,000 (depending on turnover). The eligibility criteria for the COVID-19 Tourism, Accommodation Provider, Arts, Events, Hospitality & Fitness Grants program will continue to match the eligibility criteria for the COVID-19 Business Support Grant. Further information on this grant will be made available in October 2021.

QLD: tourism industry boost announced

A joint media release was issued by the Commonwealth and the Queensland Governments stating that an allocation from the State and Federal Governments $600m support package worth $70m will be targeted at Queensland's tourism industry. Specifically, $30m will be allocated to support Queensland's iconic tourism attractions and $40m will be used to provide a second round of grants to small, medium and large employing tourism and hospitality businesses across the state that received an initial grant from the Tourism and Hospitality Sector Hardship Program.

For the iconic tourism grants, the eligibility criteria will include:

- Being key drivers of significant interstate and/or international tourism, as well as major employers;
- Nationally significant tourism operators and attractions, such as major theme parks and major reef tourism operators;
- Demonstrating a 50% reduction in turnover and visitation over the three month period from 1 July to 30 September 2021, compared to pre-COVID;
- Businesses to maintain their staff levels through the assistance period, to the end of 2021.

In relation to the second round of the Tourism and Hospitality Sector Hardship Program, grants of $15,000, $25,000 and $50,000 will be available for small, medium and large employing businesses across the state that have experienced a reduction in turnover of at least 70% for at least seven consecutive days between 1 July and 30 September. Major Tourism enterprises that receive an iconic tourism grant will not be eligible to receive a further grant under the Second Round of the Tourism and Hospitality Sector Hardship Program.

Draft ATO protocol: claiming legal professional privilege

The ATO has released a draft Protocol containing the ATO's recommended approach for identifying communications covered by Legal Professional Privilege ("LPP") and making LPP claims to the ATO.

Specifically, it has been developed to assist taxpayers and their advisors when making LPP claims in response to requests for information the ATO makes under its formal information gathering powers. It does this by explaining the ATO's recommended approach for claiming LPP and providing with information on what can be expected in different situations. It is voluntary to follow the recommended approach.

The draft details a three-step process for making LPP claims.

- Step one: identify the service or engagement giving rise to the communication and assess each communication.
- Step two: explain (particularise) the LPP claims on or before the due date specified in the formal notice seeking information and/or documents.
- Step three: advise the ATO of the process used for making LPP claims, framed around key questions.

Comments are due by 31 October 2021. The ATO advises that "separate workshops will be held with a number of key stakeholders".

Taxpayer alert: disguising income as gifts or loans

The ATO has issued taxpayer alert TA 2021/2: Disguising undeclared foreign income as gifts or loans from related overseas entities. The Alert highlights the ATO's concern where Australian-resident taxpayers derive income or capital gains offshore (foreign assessable income) but fail to declare it in their Australian income tax returns.

The Alert is concerned with situations where taxpayers are aware of their residency status, as well as the tax implications that flow from it, but attempt to avoid or evade tax on their foreign assessable income by concealing the character of funds upon their repatriation to Australia by disguising the funds received as a gift, or a loan, from a related overseas entity.

The ATO is undertaking reviews and audits and actively engaging with taxpayers who have entered into these arrangements. It will be using its exchange of information powers to gather information from other countries, including the foreign assessable income derived by taxpayers in those countries. Other sources of information, such as data from the Australian Transaction Reports and Analysis Centre (AUSTRAC) which identifies movements of funds into Australia as well as the data the ATO receives via the Common Reporting Standard and the Foreign Account Tax Compliance Act will also be used.

Treasury tax and super miscellaneous amendments: draft legislation

Treasury has released exposure draft legislation proposing a second round of miscellaneous and technical amendments to Treasury portfolio laws, covering income tax, superannuation, corporations, foreign takeovers and consumer credit laws. Although the intent of the Exposure Draft - Treasury Laws Amendment (Measures for Consultation) Bill 2021: Miscellaneous and Technical Amendments (No 2) is to make "minor and technical changes", such amendments often reveal sleeper issues.

For example, the Draft Bill will amend the ITAA 1997 to ensure the Seasonal Labour Mobility Program tax regime functions despite disruptions from COVID-19. Currently, this issue has been addressed by the Commissioner via Instrument CRP 2020/3. This amendment will apply to income derived on or after 1 July 2019. The Draft Bill will also amend s 160ZZZA of the ITAA 1936 to replace LIBOR with a "qualified rate". The Income Tax Rates Act 1986 will be amended so that a "working holiday maker" includes holders of a subclass 408 visa if that visa was granted to allow the holder to remain in Australia following the expiry of certain visas.

The Draft Regs will amend the Corporations Regulations 2001 to incorporate the long-term performance superannuation disclosure requirements for periodic statements currently contained in ASIC Class Order CO 10/630. The Superannuation (Unclaimed Money and Lost Members) Regulations 2019 will also be amended to enable the Commissioner to recover overpayments of amounts transferred to a super fund. In addition, the Draft Bill will update certain references in the Corporations Act 2001 from "days" to "business days".

Submissions are due by 19 October 2021.

Draft regulation: charity sector reform

Treasury has released exposure draft Australian Charities and Not-for-profits Commission Amendment (2021 Measures No 3) Regulations 2021. The Draft Regulations propose changes to the Australian Charities and Not-for-profits Commission Act 2012 (the Act) to:

- increase the annual revenue thresholds used for determining whether a registered entity is a small registered entity (less than $0.5m), a medium registered entity (between $0.5m and $3.0m) or a large registered entity ($3.0m or more);
- require medium and large registered entities with the Australian Charities and Not-for-profits Commission (ACNC), other than basic religious charities, to include certain related party disclosures in their special purpose annual financial reports in accordance with AASB 124 Related Party Disclosures; and
- exempt medium registered charities, and large charities with only one remunerated key management person, from the requirement to disclose, as part of their related party transactions, aggregate remuneration paid to responsible persons and senior executives.

Proposed date of effect:

- **Financial reports required for the 2021-22 financial year** - (i) the disclosure of compensation to key management personnel provided by the accounting standard AASB 124, Related Party Disclosures; and (ii) revenue thresholds for determining small, medium and large registered entities takes effect.
- **Financial reports required for the 2022-23 financial year** - any other matters provided by the accounting standard AASB 124, Related Party Disclosures that does not relate to the disclosure of compensation to key management personnel.

Submissions are due by 8 October 2021.

Another person charged in fraud and money laundering investigation

In a joint media release, the Australian Federal Police, ATO and ASIC have reported that a man from Sydney's inner west will appear before Downing Centre Local Court to face charges in relation to a $20m fraud and money laundering operation. The case is part of Operation Bordelon, a Serious Financial Crime Taskforce joint agency operation into a criminal syndicate using labour hire and payroll companies associated with the building and construction industry to defraud the Commonwealth. The man is the 14th person to be charged in relation to the operation.

According to the report, the man will be alleged to have received and possessed almost $0.5m that was proceeds of an illegal scheme to siphon off money that should have been remitted to the ATO, and that he was reckless as to the fact that the money was the proceeds of crime. The man allegedly used two personal bank accounts to receive money from five other corporate entities set up to facilitate the fraud scheme. It will also be alleged the man was the sole director and secretary of a corporate entity that received payments from another entity established by the syndicate to launder money illegally diverted as part of the scheme.

The man is expected to be charged under s 400.4(2) of the Criminal Code (Cth). If convicted he could face the maximum penalty of 10 years imprisonment.

Final Budget outcome 2020-21 shows $26.8bn improvement

The Treasurer has released the Final Budget Outcome for 2020-21 showing a Budget cash deficit of $134.2 billion for 2020-21, representing a $26.8 billion improvement on the $161bn deficit estimated in the May 2021 Budget. This improvement was the result of higher total receipts by $20.1 billion and lower total payments by $6.7 billion. Net debt was $592.2 billion at 30 June 2021 ($25.3 billion lower than forecast).

Tax receipts for 2020-21 improved $14.4bn from the estimate at the May Budget, driven by a stronger than expected economy and higher commodity prices. Company tax receipts improved $5.5bn while receipts from individuals and other withholding taxes were $5bn stronger. GST revenue was $3.1bn stronger, relating to April and May (paid in May and June). Super fund tax receipts were $1.3bn stronger.

Administrative penalties: electronic sales suppression tools

Draft Practice Statement PS LA 2021/D2, guides ATO staff on how to apply or remit administrative penalties for offences relating to electronic sales suppression tools (ESSTs). These offences include manufacturing, supplying or possessing ESSTs, or incorrectly keeping or making tax records using an ESST. Administrative penalties may be imposed by the ATO as an alternative to prosecution.

The Draft notes that it is not generally appropriate to remit a penalty for incorrectly keeping records using an ESST if the offender has deliberately destroyed or omitted records within the period during which they were required to be kept.

Proposed date of effect: the date of issue of the finalised Practice Statement.

2021 COVID-19 Business Support Grants - Independent Financial Confirmation

A reminder: **Instructions for qualified accountant / registered tax agent / registered BAS agent – '**Where you are requested to provide a confirmation for an applicant applying for a grant under the Scheme, **copy the text from the template onto your business letterhead** that includes the name, address and ABN/ACN of your business or employer. ' For more information refer to the attached link.

FINANCIAL SERVICES

Regulation of financial advisers: better advice draft

Treasury has released exposure draft regulations and a draft legislative instrument that proposes to implement measures to support the Financial Sector Reform (Hayne Royal Commission Response - Better Advice) Bill 2021.

The Exposure Draft - Corporations (Fees) Amendment (Relevant Providers) Regulations 2021 and Financial Sector Reform Amendment (Hayne Royal Commission Response - Better Advice) Regulations 2021, propose amendments to:

- prescribe criteria for when ASIC must convene a Financial Services and Credit Panel (FSCP);
- set allowances for witnesses summoned to appear at a hearing of an FSCP;
- provide that breaches of the Code of Ethics and CPD requirements are not taken to be significant (and therefore may not be reportable) under the relevant breach reporting regime;

- prescribe sanctions that must be included on the Register of Relevant Providers;
- extend the deadline to complete the financial adviser exam to 30 September 2022 for financial advisers who have attempted the exam twice before 31 December 2021;
- provide for the Minister to be able to delegate the functions and powers to approve foreign qualifications to officers in the Treasury;
- set requirements (including eligibility criteria and fees) to provide for persons, companies and partnerships to register as tax agents that provide tax (financial) services under the Tax Agent Services Act 2009 (TAS Act);
- make consequential amendments to the TAS Regulations to remove the requirement for persons who provide tax (financial) advice services to be registered under the TAS Act and no longer recognise tax (financial) adviser associations; and
- set fees for the financial adviser exam and applications for registration of financial advisers.

The draft Instrument - Corporations (Relevant Providers - Education and Training Standards) Determination 2021 - will put in place the principles to guide the administration of the financial adviser exam by ASIC and the setting of education and training standards for the provision of tax (financial) advice services by relevant providers.

Date of effect: 1 January 2022.

Submissions are due by 15 October 2021.

ASIC information: exam requirements for existing financial advisers

ASIC has released Information Sheet (INFO 260) setting out the transitional timeframe for the Financial Advisers Exam for advisers practising prior to 1 January 2019. INFO 260 explains the exam obligation for existing advisers, and the possible outcomes of not passing the exam within the required timeframe.

Under transitional arrangements, ASIC says existing advisers who practised before 1 January 2019 have until 1 January 2022 to pass the exam. However, the Government subsequently announced that it would extend the cut-off date to 30 September 2022 for existing advisers who have attempted the exam twice before 1 January 2022.

ASIC guidance: financial product design and distribution obligations

ASIC has released additional information (INFO 264) for AFS licensees and financial advisers who are authorised representatives to help prepare for the design and distribution obligations (DDOs) that start on 5 October 2021.

INFO 264 includes FAQs and summarises some of the most relevant DDO guidance that was previously released in RG 274 in December 2020. ASIC encourages advice licensees and financial advisers who are authorised representatives to engage with the issuers of financial products. ASIC said it will take a reasonable approach in the early stages of the reforms provided AFS licensees and representatives are using their best efforts to comply.

Guidance on hawking reforms updated: ASIC

ASIC has published its updated regulatory guide (RG 38) on the prohibition of hawking financial products.

The guidance provides further clarity to industry on how they can comply with the regime and how the reforms affect commercial practices. ASIC also used submissions received from industry and other stakeholders through its consultation to enhance the guidance, including 12 additional examples in response to the feedback received.

SUPERANNUATION

COVID-19 relief for SMSFs extended to 2021-22

The ATO has extended to 2021-22 the following administrative concessions for SMSFs impacted by COVID-19 that were offered for the 2019-20 and 2020-21 financial years:

- SMSF residency test - if a trustee or director is stranded overseas due to COVID-19, the ATO will not apply compliance resources to that aspect of the SMSF residency test;

- temporary rent relief - the ATO will not take compliance action where an SMSF landlord (or a related non-geared company or unit trust) provides rental relief to a tenant in the form of a reduction, waiver or deferral. This is provided that the relief is offered on commercial terms (having regard to State and Territory COVID-19 support measures) due to COVID-19, and the arrangement is properly documented. The ATO said it will also provide an in-house asset exemption for such rental deferrals by making a determination for 2021-22 (similar to the 2020 determination);
- loan repayment relief - the ATO will not take compliance action where loan repayment relief is provided by an SMSF to a related or unrelated party due to COVID-19. The relief must be offered on commercial terms with the changes to the loan agreement properly documented;
- limited recourse borrowing arrangements - if an SMSF has an LRBA in place with a related party, and the lender offers loan repayment relief to the fund, the ATO will accept the parties are dealing with each other at arm's length, and the arrangement does not give rise to non-arm's length income (NALI). The relief must be offered on commercial terms (having regard to the terms of relief offered by commercial lenders for real estate investment loans); and
- in-house assets - if an SMSF exceeded the 5% in-house asset threshold at 30 June 2021 due to COVID-19, a rectification plan must be prepared and implemented by 30 June 2022. However, the ATO will not undertake compliance activity if the rectification plan cannot be executed by 30 June 2022 because the market has not recovered or it is unnecessary to implement the plan as the market had recovered.

SMSF audit relief extended to 2021-22

The ATO has also extended to 2021-22 its existing COVID-19 relief in the Addendum to the Auditor/actuary contravention report (ACR) which already applies to the 2019-20 and 2020-21 financial years. The ACR relief for 2021-22 applies for rental relief (including rental reductions, waivers and deferrals); loan repayment relief (including for LRBAs) and in-house assets. Approved SMSF auditors need to refer to the Addendum when determining whether a contravention arises because of the relief, when to report a contravention to the ATO via an ACR for the 2021-22 financial year, and what evidence to obtain from the trustees to support the relief.

Retirement income strategy covenant: draft legislation

Treasury has released the Exposure Draft - Treasury Laws Amendment (Measures for a later sitting) Bill 2021: Retirement income covenant. The Draft Bill will insert a new covenant in the SIS Act to require trustees of a registrable superannuation entity

(RSE) to develop a retirement income strategy for beneficiaries who are retired or are approaching retirement. Note that the Treasury position paper for this 2018-19 Budget measure had proposed for the covenant to apply for all trustees, but the Draft Bill will not apply to trustees of self-managed superannuation funds (SMSFs).

Date of effect: 1 July 2022.

Submissions are due by 15 October 2021.

Insurance in super: APRA standard and guidance update

APRA has published an update on its proposed revisions to Prudential Standard SPS 250 (Insurance in Superannuation) and Prudential Practice Guide SPG 250 which were released for consultation in January 2021. In a letter to RSE licensees, APRA has clarified its position on the independent certification of certain insurance arrangements, specifically related party arrangements and those that include priority and privilege terms.

Date of effect: Revised SPS 250 will be effective from 1 July 2022. APRA said it will finalise the amendments to SPS 250 and SPG 250 and issue the final standard and guidance in the coming months.

Super investment governance

APRA has released for consultation proposed revisions to Prudential Standard SPS 530 (Investment Governance) which aims to ensure registrable superannuation entity (RSE) licensees prudently select, manage and monitor investments. The proposed revisions to SPS 530 respond to findings from APRA's unlisted asset valuation thematic review and its 2018-2019 post-implementation review of the super prudential framework. The updates focus on enhancements to stress testing, valuation and liquidity management practices.

Date of effect: The enhancements to SPS 530 are expected to commence on 1 January 2023.

Comments are due by 16 February 2022.

REGULATOR NEWS

APRA super data reporting standards finalised

APRA has registered 10 reporting standards to enhance the data reported to APRA by superannuation trustees under the first phase of its Superannuation Data Transformation (SDT). APRA said the reporting standards expand the collection of data to address data gaps in the current reporting framework:

- Determination No 13 of 2021 - Reporting Standard SRS 101.0 (Definitions for Superannuation Data Collections);
- Determination No 14 of 2021 - Reporting Standard SRS 251.0 (Insurance);
- Determination No 15 of 2021 - Reporting Standard SRS 332.0 (Expenses);
- Determination No 16 of 2021 - Reporting Standard SRS 550.0 (Asset Allocation);
- Determination No 17 of 2021 - Reporting Standard SRS 605.0 (RSE Structure);
- Determination No 18 of 2021 - Reporting Standard SRS 606.0 (RSE Profile);
- Determination No 19 of 2021 - Reporting Standard SRS 611.0 (Member Accounts);
- Determination No 20 of 2021 - Reporting Standard SRS 705.0 (Components of net return);
- Determination No 21 of 2021 - Reporting Standard SRS 705.1 (Investment Performance and Objectives);
- Determination No 22 of 2021 - Reporting Standard SRS 706.0 (Fees and Cost).

The new reporting standards address gaps identified as part of the Superannuation Data Transformation (SDT) project, and include the expansion of the data collection to cover all products and investment options; and improved data in relation to performance, fees and costs, insurance arrangements, expenses, member demographics and asset allocation classifications.

Date of effect: The Instruments commence on 17 September 2021. The collection of data under the new super reporting requirements will be staggered over the period 30 September 2021 to 30 June 2022.

APRA has also published a set of additional FAQs on the reporting standards for Phase one of the SDT project. This update includes the staged implementation approach, including an extension to the timeframe for the initial submission of data due by 30 September 2021 to due by 28 October 2021. In addition, it has published another set of additional FAQs on the reporting standards for Phase one of the SDT project. The FAQs clarify reporting issues raised by RSE licensees and help them meet their reporting obligations. Updates have also been made to the SRS 251.0 Insurance worked example.

APRA policy priorities updated for 2021

APRA has updated its policy priorities for the remainder of 2021 to enable APRA-regulated entities to focus on key policy reforms and COVID-19. For certain prudential standards, the effective dates have also been delayed to allow more time for planning and preparation before they come into force.

The key APRA priorities for the fourth quarter of 2021 cover the bank capital reforms, insurance capital, financial contingency planning and insurance in super and investment governance. APRA also plans to release final guidance on managing the financial risks of Climate Change. An updated schedule of APRA's policy priorities for 2021 is outlined in Annex A to the APRA Letter.

Insolvency reforms

In an effort to provide viable businesses with every opportunity to survive through the COVID-19 pandemic, the Government has introduced a series of insolvency reforms. The latest relate to schemes of arrangement and insolvent trading safe harbour. The IPA has lodged submissions and attended consultations on these reforms. Treasury consultation papers can be found here and the IPA submissions can be found here.