



# Cormack & Company Accountants

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## Practice Update

Please read this update  
and contact this office  
if you have any queries

April 2021

### Increases to superannuation contribution caps

The Australian Taxation Office (ATO) has confirmed increases to a number of superannuation key rates and thresholds.

From 1 July 2021, Australians will be able to put more into their super as the concessional and non-concessional contribution caps and the general transfer balance cap are set to increase due to indexation for the first time since July 2017.

Concessional contributions are contributions that are made into your super fund before tax. They are taxed at a rate of 15% in your super fund. The annual concessional contribution cap will increase from \$25,000 to \$27,500.

Non-concessional contributions are contributions that are made into your super fund after tax is paid. The annual non-concessional contribution cap will also increase on 1 July 2021 from \$100,000 to \$110,000.

The latest figures also show an indexed increase in the transfer balance cap from \$1,600,000 to \$1,700,000. The transfer balance cap is a limit on how much superannuation can be transferred into a tax-free retirement account.

For further information on the new superannuation key rates and thresholds, please click [here](#).

- The asset was acquired on or after 1 July 2020
- The asset was first used or installed ready for use by 30 June 2022
- The asset can be a **new or second hand depreciable asset**
- There is no limit on the asset's value

Businesses can deduct the balance of their simplified depreciation pool at the end of the income year while full expensing applies (i.e. up to 30 June 2022).

But this immediate write off raises the question, is it compulsory? If a small business has a pool, can they hold onto it rather than deduct the entire balance?

Some businesses may want to do this instead and take advantage of regular deductions each year.

It is possible for a business to choose to no longer use the simplified depreciation rules. While their current pool with their used assets will still exist and follow the simplified rules, any new assets can be depreciated under the normal depreciation rules.

However, the business can't "pick and choose" which simplified rules it opts out of. If it opts out of the simplified pool, it opts out of all small business concessions. *This includes the small business capital gains tax discounts and exemptions.*

As such, opting out may result in serious capital gains tax consequences in the event of a future business sale.

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### Immediate write-off / Temporary full expensing

The Government has announced it will introduce changes to the immediate write off for depreciable assets or as it is often referred to "full expensing". Businesses will now be able to claim an **immediate deduction** for the full cost of an eligible depreciable asset, in the year the asset is first used or is installed ready for use, where the following requirements are satisfied:

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### JobKeeper comes to an end

The ATO has advised that the final JobKeeper payment will be processed in April 2021.

Enrolled businesses do not have to do anything when the program closes, although they will need to complete their final March monthly business declaration by 14 April 2021.

Also, once a business is no longer claiming JobKeeper Payments, it may start to be eligible to receive the JobMaker Hiring Credit for any additional employees that starter employment on or after 7 October 2020.

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### First criminal conviction for JobKeeper fraud

A person claiming to be a sole trader was convicted of three counts of making a false and misleading statement to the Commissioner of Taxation, in order to receive \$6,000 in JobKeeper payments to which he was not entitled, as he was not operating a genuine business and he had already agreed to be nominated by his full-time employer for the allowance.

The ATO has a dedicated integrity strategy that supports the administration of the Government's stimulus packages, with robust and efficient compliance systems that make it very easy to identify fraudulent behaviour and stop it.

ATO Deputy Commissioner Will Day said *"Since the first payments were made in April, the ATO has monitored every payment, every day, every month, and will continue to do so until the last payment is made."*

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### ATO's taxable payments reporting system update

The ATO has confirmed that more than 60,000 businesses have not yet complied with lodgement requirements under the taxable payments reporting system ('TPRS') for 2019/20.

The TPRS is a black economy measure designed to assist the ATO to identify contractors who don't report or under report their income.

The ATO estimates that around 280,000 businesses need to lodge a *Taxable payments annual report* ('TPAR') for the 2020 financial year.

Importantly, 2020 was the first year that businesses that pay contractors to provide **road freight, information technology, security, investigation or surveillance services** may need to lodge a TPAR with the ATO (in addition to those businesses providing **building and construction, cleaning, or courier services**).

Business who have not yet lodged need to lodge as soon as possible to avoid penalties.

ATO Assistance Commissioner Peter Holt added that some businesses **may not realise** they need to lodge a TPAR, but may be required to, depending on the percentage of payments received for deliveries or courier services.

*"Many restaurants, cafes, grocery stores, pharmacies and retailers have started paying contractors to deliver their goods to their customers. These businesses may not have previously needed to lodge a TPAR. However, if the total payments received for these deliveries or courier services are 10% or more of the total annual business income, you'll need to lodge,"* Mr Holt said.

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