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Tax amnesty for undeclared offshore income

The ATO has launched a voluntary disclosure initiative known as "Project DO IT: disclose offshore income today". The Tax Commissioner, Chris Jordan, has warned that the initiative is a last chance opportunity for individuals who have not declared their overseas assets and income to come back into the tax system before 19 December 2014 in order to avoid steep penalties and the risk of criminal prosecution for tax avoidance.

The Commissioner says eligible individuals who make disclosures will only be assessed for applicable periods of review (generally only the last four years). A shortfall penalty of 10% (plus interest) will apply for these disclosures, although low-level disclosures will attract minimal or no penalties.

Individuals will also be able to obtain additional certainty (where circumstances call for additional surety) and seek assurance regarding the ATO's tax treatment of repatriated offshore assets. In addition, Commissioner Jordan says individuals will not be investigated or referred for criminal investigation by the ATO on the basis of their disclosures under Project DO IT.

TIP: The ATO notes that in order to receive the benefits of Project DO IT, individuals must make a "truthful disclosure" and lodge their disclosure statement before 19 December 2014. The ATO further notes that until the individual lodges the statement, the ATO's normal compliance activities will continue – if the taxpayer is detected first, they will not be able to benefit from the initiative.

ATO targeting online sellers

The ATO has announced a data-matching program targeting eBay online sellers. Broadly, the ATO is looking at and testing correct tax reporting by taxpayers and identifying areas that require improved educational and compliance strategies in order to encourage voluntary compliance by individuals. The ATO says it will gather data from eBay Australia & New Zealand Pty Ltd relating to registrants who sold goods and services of a total value of $10,000 or more in either or both of the financial years 2011–2012 and 2012–2013. It is expected that records relating to between 15,000 and 25,000 individuals per financial year will be matched.

TIP: The ATO says it will contact individuals and businesses that it identifies as being at risk of running part of their business "off the books" or in other ways that result in them not reporting all their income. It says individuals will be given the opportunity to respond to the information it collects before any administrative action is taken.

Review of small business tax hurdles

The government has asked the Board of Taxation to conduct a "fast-track review" to identify features in the tax system that are hindering or preventing small businesses from reaching their commercial goals. The government says it wants "small business owners to spend less time on paperwork and more precious time and resources on growing their business".

The government says the Board's report should provide business and broader community perspectives on issues in the tax system that are of most concern to small businesses, and identify the short- and medium-term priorities for small business tax reform in Australia. In particular, the government says the report should focus on high priority options for simplification and deregulation.

The Board is due to deliver its report to the government by 31 August 2014. To assist the Board in identifying the most serious tax system impediments that small businesses face, the Board is conducting broad public consultations with the business community. Public consultation closes on 23 May 2014.

Protection from announced but un-enacted tax changes

Treasury has released draft legislation that seeks to implement the government's announcement that it would legislate to protect taxpayers in relation to previously announced but un-enacted tax amendments. The government had previously stated on 6 November 2013 that "there will be legislated protection for any taxpayer who has self-assessed with announced changes that the government will not proceed with".

The draft proposes to amend the tax law to introduce a protection provision to ensure that tax outcomes are preserved in relation to income tax assessments in specified circumstances. This protection operates primarily by placing a statutory bar on the Commissioner amending an income tax assessment to the extent that it reflects a taxpayer's anticipation of the impact of a prior announcement that was then later scrapped (and that meets other conditions set out in the legislation).

Small Business Superannuation Clearing House

The government has announced that the ATO has taken over responsibility for the Small Business Superannuation Clearing House. This clearing house is a free online superannuation payments service that helps small businesses with 19 or fewer employees to meet their superannuation guarantee obligations.

The Small Business Superannuation Clearing House was previously managed by Medicare. The government says there are now 58,000 employers registered with the clearing house. It says it is also encouraging the other 700,000 businesses that are potentially eligible to use the clearing house to sign up.

Superannuation guarantee obligations attracting ATO scrutiny

This year, the ATO is targeting the management advice and consulting, hairdressing and beauty, and clothing retail industries to ensure they meet their superannuation guarantee obligations. According to ATO Assistant Commissioner Emma Haines, these industries have been identified as being at risk of not meeting their obligations.

She says extra effort is being made to help businesses get their superannuation guarantee payments correct before audit activity focusing on these industries starts in July 2014. Assistant Commissioner Haines notes that contractors may also be eligible for superannuation contributions, even if they have an ABN.

TIP: Employers are entitled to a tax deduction for contributions made to a complying superannuation fund or a retirement savings account (RSA) for the purpose of providing superannuation benefits for their employees. The contributions are only deductible for the year in which they are made.

To maximise the deductions available, employers should ensure that the contributions are paid to their employees' superannuation funds or RSAs before 30 June.

Value of goods taken from private stock

The ATO has updated the amounts that the Tax Commissioner will accept for 2013–2014 as estimates of the value of goods taken from trading stock for private use by taxpayers in certain specified industries. For example, for a restaurant/café (licensed), the Commissioner will accept $4,400 (excluding GST) for each adult or child over 16 years of age. The ATO intends to adjust the values annually.

TIP: If you take an item of trading stock for your private use, you must account for it as if you had sold it and include the value of the item in your assessable income. If you want to, you can keep records of the actual value of goods you take from your trading stock for your own private use and report that amount.

The ATO says it recognises that greater or lower values may be appropriate in particular cases. The ATO says that where taxpayers are able to justify a lower value for goods taken from stock than that determined by the Commissioner, the lower amount should be used. The ATO says that where the value of goods ex-stock would be significantly greater, the actual amount should be used.

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