

The latest news, views, and announcements

INSIDE

Superannuation guarantee: Rate increase

Superannuation increase
from 9.5% to 10%

STP changes from 1 July 2021

Small and micro
employers will now need
to use STP to report
closely held payees

Top 5 SMSF annual return mistakes

The ATO has issued its list
of the top five errors in
lodging a SMSF return



Superannuation guarantee: Rate increase

From 1 July 2021, the arranged **Superannuation guarantee** (SG) rate is currently scheduled to increase to 10% from the current rate of 9.5%.

This increase will require employers to contribute an additional half per cent to meet their SG obligations under the Superannuation Guarantee (Administration) Act 1992 (Cth) (SGAA). The minimum SG rate is currently legislated to gradually rise from 9.5% to 12% over the next five years.

Employers will need to start planning how this SG increase will be implemented and communicated. The changes to SG will depend on the current employee remuneration structure (i.e., those on superannuation-inclusive package arrangements versus those who are paid superannuation on top of cash income).

STP changes from 1 July 2021

Recently the ATO has published a number of guidelines in relation to Single Touch Payroll (STP), these changes will take effect from **1 July 2021**. Small and micro employers will now need to use STP to report 'closely held payees', and the quarterly exemption for micro employers will cease.

The ATO defines a 'small employer' as an employer with fewer than 19 employees. Historically small employers have been required to report using STP from 1 July 2019, however if the employee has been directly related to the entity, it would have been defined as a 'closely held employee' and would have been therefore exempt from STP reporting. This exemption ends on 30 June 2021, and from 1 July 2021, small employers will need to report all employees pay information using STP.

Small employees may report payee information on a quarterly basis; however, it must be lodged through an STP-enabled software solution (like Xero). The employer can lodge it themselves or through a tax agent. Closely held payee information can be reported in any of the following ways:

- Report on or before each pay event
- Report actual payments quarterly (when the activity statement is due)
- Report a reasonable estimate quarterly, that is equal or greater than a percentage of gross payments and tax withheld then the prior year

Micro employers - Quarterly concession ends

Currently the ATO allows 'micro employers' (fewer than four employees) the ability to report through their tax agent payee information on a quarterly basis, however from 30 June 2021, this concession will only be granted by the ATO for micro employers experience exceptional circumstances.

For guidance the **PS LA 2011/15 explains that, in the Commissioner's view, it would generally be fair and reasonable to grant a deferral due to 'exceptional or unforeseen circumstances'**.

Top 5 SMSF annual return mistakes

The ATO has issued its list of the top five errors in preparing and lodging a SMSF annual return, and how to avoid them. They include:

- Not having a bank account in the fund's name
- Providing an incorrect electronic service address
- Not valuing assets at market value
- Lodging a return for a fund which has no assets
- Incorrect or no auditor details in the return.

D4 Work-related self-education expenses

We regularly get asked about what people can deduct as self-education expenses. The general rule is that these expenses must be directly related to your current employment and there is a "Direct connection" between the course and your current work activities. This can be to maintain or improve skills required for your current employment or if it is likely to increase your income from your current work.

You cannot claim self-education expenses as a deduction if it only generally relates to your work or will enable you to gain a new job in the future..

Contact Us

For a deeper discussion of how these issues might affect you, we are always happy to hear from you

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