

From: [Andrew Black](#)
To: [Tax Board](#)
Subject: Review of Small Business Tax Concessions Submission
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Attachments: [image001.gif](#)
[STS Cash Sounding Board Submission DEC16.pdf](#)

Hi

Review of Small Business Tax Concessions

Not sure if this is what you are after, but I've had a few ideas over the years that might be useful in a review.

- STS Cash Accounting Method - See attached that I have previously lodged on the sounding board.
- Small Business Super Clearing House → payments to the clearing house satisfy SGC obligations when made, but it is not clear that it satisfies the requirements to claim a deduction (payment must be received by the superfund). It should be made clear that payments made to the Small Business Super Clearing House should be deductible when received by the clearing house.
- Non-ATO Superstream clearing houses – payment to the clearing house should be taken as the contribution date by the employer. As it stands, if we pay our super via the sunsuper clearing house for example we need to make the contribution 1 to 2 weeks prior to the 28th of the month following the quarter to be sure that the ultimate contribution is made by the due date (and each 30 June).
- Small Employers with associated employees only currently can receive a “closely held lodgment concession” – see ato.gov.au/Closelyheldlodgmentconcession. A similar concession could be introduced in the new Single Touch Payroll regime
- Small Closely Held Trusts have a quarterly TFN reporting obligation for beneficiaries. Trust TFN's currently are required to be lodged quarterly in advance of a distribution, and is a separate lodgement to the trust ITR. Trust ITR should be made to disclose all info ATO needs. OR, if all TFN's are reported on the annual ITR for that year, and that ITR is lodged on-time, then that should be accepted as an on-time lodgement of the TD lodgement requirement that currently must be made quarterly.
- PSI compliance could be simplified greatly (in general), but simply allowing someone subject to PSI to just pay an ATO calculated PAYG-I instalment rather than the complicated rules now for how the entity has to work out attributed PSI and tax to withhold on that quarterly.
 - ATO should be able to allow PSI entity to just report that annually with a PSI payment summary due for lodgement with the income tax return and not required to be included at W1 and W2 on the BAS at all, or on annual payment summary statement. Individual would have PSI income with no tax paid, so would enter PAYG-I system and could elect to pay an amount or use instalment rate as you can do normally now.
 - OR same as above, but ATO allows advises the PSI entity of an amount uplifted by the GDP uplift factor they currently use to calculate instalment amounts. PSI employer then uses that number to pay a withholding amount quarterly, then those amounts would reconcile at year end with the normal end of year lodgements.
- Small Business Company Tax Rate eligibility → Rather than attempting to amend the base rate entity concept that is currently not yet passed through the senate, wouldn't it be easier to change the Small Business Entity definition to exclude those entities earning a

majority of passive type income from the SB Entity system entirely? At the moment the ATO Draft Ruling supports the concept that many more companies that earn what is normally regarded as passive income would be eligible for the Small Business Concessions.

- Not really for Small Business but will throw it in anyway → 10% test for personal contributions is removed, but there is still a 10% test and complicated rules to claim Super Co-Contribution and LISC at item A3 on a personal Income Tax Return. A complicated and unwieldy system that many ATO officers have conceded isn't easy to administer. If eligibility was based on something simple like Adjusted Taxable Income and the threshold reduced to make sure no cost to revenue (or increased as the case may be).

Let me know if you'd like some more detail on any of these.

Regards

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