Summer Edition

2021/22

Kelly & Associates
Chartered Accountants & Business Advisers

Inside this issue:

CLIENT INFORMATION BULLETIN

In this edition of the Newsletter we examine the new Director ID regime, the expansion of single touch payroll and the provisions for superannuation to follow new employees. Further items of interest include additional ATO support during COVID19, the varying PAYG instalments due to COVID19 and a reminder of the Superannuation Guarantee obligations for the December 2021 quarter. We conclude this newsletter with the lodgement obligations, our staff news and a favourite Christmas rocky road recipe.

We thank our clients for their support during another challenging year. We are delighted to welcome clients back to the office for appointments. In following current COVID safe practices there will be a requirement for all visitors to scan in and present a vaccination certificate.

Our office will close for the Christmas break from lunchtime on Wednesday December 22 and re-open on Monday January 10. We look forward to all our staff having a terrific break and catching up with extended family and friends.

We wish our clients and their families a very Merry Christmas and look forward to welcoming in the new year of 2022!

Preparing for the New Director ID Regime

As part of its Digital Business Plan, the Government has announced the full implementation of the 'Modernising Business Registers' program. This includes the introduction of a new **director identification number** (DIN) regime.

The DIN is a unique identifier that a director will need to apply for once and will keep forever. All directors must apply for a DIN including directors of corporate trustees of self-managed super funds and of family trusts. The Government has further intimated that failure to comply with the new DIN requirements or providing false or misleading information may result in both civil and criminal penalties.

Individuals can apply for a DIN on the new Australian Business Registry Services (ABRS) website (abrs.gov.au). Importantly, the due date by which individuals will need to apply depends on the date of appointment.

Please note the following summary below:

Date of director appointment	Date directors must apply for ID
On or before 31 October 2021	30 November 2022
Between 1 Nov 2021 and 4 April 2022	Within 28 days of appointment
From 5 April	Prior to their appointment

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Preparing for the new Director ID Regime (cont'd)

Individuals will need to apply for a DIN themselves to verify their identify before the relevant deadline. We will endeavour to remind and assist you with the process of applying for the director identification number.

Directors should only apply once via the abrs.gov.au website, a secure site that will keep your information safe. Once the DIN is received, clients should forward it to our office.

We have provided step by step instructions on our website to assist you with the application process. Please refer to our website at https://kellyassoc.com.au/category/k-and-a-news/ for detailed instructions.

Should you require further assistance applying for a DIN or understanding your obligations as a director, please contact our office.

Single Touch Payroll Expansion - STP Phase 2

The reporting requirements of Single Touch Payroll are expanding from 1 January 2022. The benefits of the 'STP Phase 2' expansion include the streamlining of reporting obligations of payers and payees, and removing the need for manual reporting to other government agencies.

Employers will need to report additional payroll information in their STP reports including:

- **disaggregation of gross amounts** (including separate reporting of paid leave, allowances, overtime, directors' fees and salary sacrifice amounts);
- **employment and taxation conditions** (including information from the TFN declaration); and
- **income types** (for example, salary and wages, working holiday maker income, foreign employment income).

To support employers with the move to STP Phase 2 reporting, the ATO will take the following approach:

- Employers that can start Phase 2 reporting by their digital service provider's deferral date (if applicable), do not need to apply to the ATO for more time.
- If an employer's software will be ready for 1 January 2022 and they are able to start reporting before 1 March 2022, they do not need to apply to the ATO for more time (that is, an automatic extension applies).

The ATO has also advised that penalties will not be applied for genuine mistakes in the first year of Phase 2 reporting until 31 December 2022.

We advise QBO payroll users that the program will be STP Phase 2 compliant from the 1 January start date. To implement Phase 2 reporting, payroll officers will need to review and update various settings and employee details within the program.

Please contact our office if you require assistance preparing your program for STP Phase 2!

Super is Now Following New Employees

The ATO is reminding employers that, as of 1 November 2021, there is an extra step they may need to take to comply with the choice of super fund rules.

A stapled super fund is an existing super account which is linked, or 'stapled', to an individual employee so that it follows them as they change jobs.

When a new employee starts, employers need to:

- offer eligible employees a choice of super fund;
- if the new employee does not choose a super fund, the employer will need to request stapled super fund details using *Online services for business*; and
- pay super contributions into one of the following:
  - the super fund they choose;
  - the stapled super fund the ATO provides if they have not chosen a fund; or
  - the employer's default fund (or another fund that meets the choice of fund rules) if the employer cannot pay into the two above.

If a new employee does not choose a super fund, most employers will need to request the employee's 'stapled super fund' details from the ATO to avoid penalties.

Please be aware that we are also able to request stapled super fund details for your new employees. Please contact our office if you require assistance.

Documenting Gifts or Loans from Related Overseas Entities

The ATO is currently reviewing certain arrangements where Australian taxpayers seek to disguise undeclared foreign income as a gift or loan.

Genuine gifts or loans received from related overseas entities (including family members and friends) are sometimes used to fund businesses or to acquire income producing assets.

In this context, a genuine gift or loan is one where:

- the characterisation of the transaction as a gift or loan is supported by appropriate documentation;
- the parties' behaviour is consistent with that characterisation; and
- the monies provided are sourced from funds genuinely independent of the taxpayer.

Having good contemporaneous record keeping practices is desirable in case the ATO seeks to verify whether an amount is a genuine gift or loan.

The ATO has published detailed information to help taxpayers properly document genuine gifts or loans received from related overseas entities that are used for income purposes.

The information can be accessed from the ATO website by searching for 'Gifts or loan from related overseas entities'.

Additional ATO Support During COVID19

The ATO is providing additional support to taxpayers having difficulty meeting their tax and superannuation guarantee charge obligations for employees because of COVID-19.

Available support includes the following:

- Lodgment or payment support options – for example, payment plans or remitting interest and penalties.
- Varying PAYG instalments – The ATO will not apply penalties or charge interest on varied instalments that relate to the 2022 income year where taxpayers have taken reasonable care to estimate their end of year tax liability.
- Moving from quarterly to monthly GST reporting for quicker access to refunds.
- Applying for administrative relief for Division 7A minimum yearly repayments.

If you are struggling with your tax or super obligations, we can assist with identifying your options and apply to the ATO on your behalf.

Varying PAYG Instalments Due to COVID19

Taxpayers can vary their pay as you go ('PAYG') instalments throughout the year if they think they will pay too much, compared with their estimated tax for the year.

To assist taxpayers who continue to be affected by COVID-19, the ATO has stated that it will not apply penalties or interest on varied instalments for the 2021/22 income year for excessive variations when the taxpayer has taken **reasonable care** to estimate its end of year tax.

The ATO says this means making a **reasonable and genuine attempt** to determine the tax liability. When considering if a genuine attempt has been made, the ATO takes into account what a reasonable person would have done in the same circumstances.

Note that variations do **not** carry over into the new income year.

Therefore, if a taxpayer made variations in the 2020/21 income year, they may need to vary again in 2021/22. The varied amount or rate will apply for all of the remaining instalments for the income year, or until the taxpayer makes another variation.

The ATO encourages taxpayers to review their tax position regularly and vary their PAYG instalments as their situation changes.

If a taxpayer realises they have made a mistake working out their PAYG instalment, they can correct it by lodging a revised activity statement or varying a subsequent instalment.

If a taxpayer is unable to pay an instalment amount, they should still lodge their instalment notice and discuss a payment arrangement with the ATO to ensure they will not have a debt at the end of the year.

Contact our office if you need help with any PAYG issues.

Reminder of SG Obligations for 2021/22 Financial Year

Under the Superannuation Guarantee ('SG') scheme, employers are required to make quarterly contributions on behalf of their employees.

From 1 July 2021, the minimum contribution required is 10% (up from 9.5%) of an employee's Ordinary Time Earnings base, up to a maximum quarterly contribution base of $58,920 for 2021/22.

Employers are reminded that the due date for making SG contributions for the 2021/22 financial year are as follows:

September quarter – 28 October 2021

December quarter – 28 February 2022

March quarter – 28 April 2022

June quarter – 28 July 2022

Beware of Scams

Scamwatch is warning that scams cost Australian consumers, businesses and the economy hundreds of millions of dollars each year and cause serious emotional harm to victims and their families.

Cryptocurrency scams are the most 'popular' type of investment scams, representing over 50% of losses. Often the initial investment amount is low (between $250 and $500), but the scammers pressure the person to invest more over time before claiming the money is gone or ceasing communication and blocking access to the funds.

All age groups are losing money to investment scams, but the over-65s have lost the most, with $24 million lost this year.

Some simple steps individuals can take to protect themselves (and their businesses) are:

- Never give any personal information to someone who has contacted you.
- Hang up and verify the identity of the person contacting you by calling the relevant organisation directly — find them through an independent source such as a phone book, past bill or online search.
- Do not click on hyperlinks in text/social media messages or emails, even if it appears to come from a trusted source.
- Go directly to a website through a browser (e.g., to reach the MyGov website, type '*my.gov.au*' into the browser).
- Search for reviews before purchasing from unfamiliar online traders.
- Be wary of sellers requesting unusual payment methods.
- Verify any request to change bank details by contacting the supplier directly.
- Consider a multi-factor approval process for transactions over a certain dollar amount.
- Never provide a stranger with remote access to your computer, even if they claim to be from a telco company such as Telstra.

Feel free to contact our office if you have any queries regarding possible scamming activity.

DocuSign to Replace Client Portal

We advise that we will no longer be sending documents to you via the client portal. While the portal has been used for many years to send and exchange documents with clients, it is no longer supported by our software supplier.

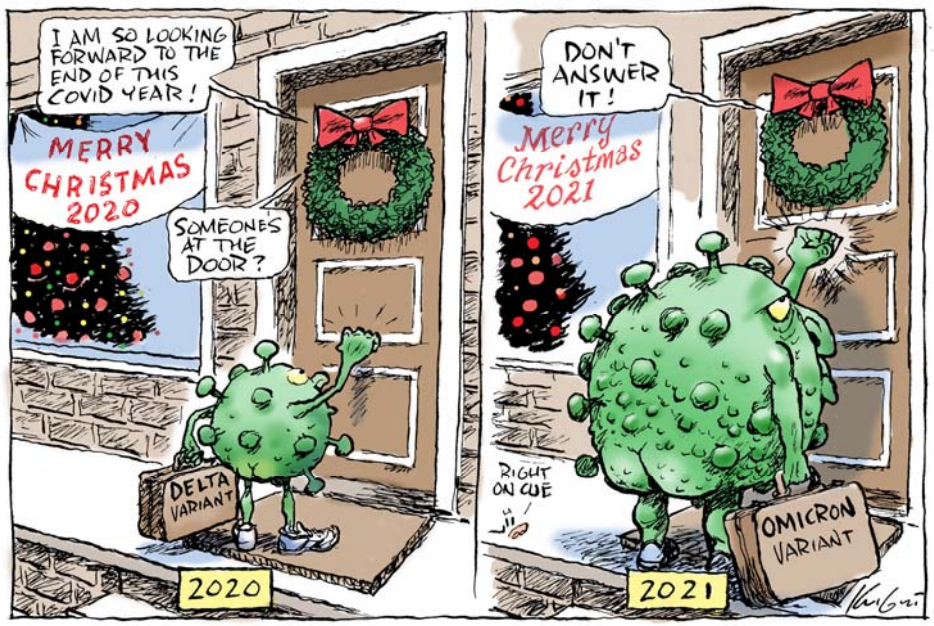
Replacing the portal, documents that require your signature will be sent to you via DocuSign, while other correspondence will be sent via email. We have been using DocuSign for various document signing tasks during the past 12 months and found it offers a flexible, easy to use secure signing platform.

Please note that the client portal will still be available for clients to upload tax documents in the short term.

Should you have any concerns regarding the change in our delivery methods please do not hesitate to contact your accountant.

Lodgement Obligations

Date	Description
21st each mth 2021/22	Monthly IAS lodgement due - All lodgements
28 January 2022	Superannuation guarantee contributions to be paid
28 February 2022	Quarterly IAS/BAS lodgement due - paper
28 February 2022	Quarterly IAS/BAS lodgement due — electronically
15 May 2022	Final lodgement date 2020/21 individual tax returns



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Staff News

Welcome to Sarah

A warm welcome to Sarah Gofton, who joins Kelly and Associates as a bookkeeper. Sarah has a wealth of corporate experience in the finance sector and is passionate about all things accounting. Sarah is currently completing a Bachelor of Commerce at Deakin University, majoring in accounting and finance. Sarah will be working closely with Kerri Cutler in a part-time capacity and we welcome Sarah to Kelly and Associates.

Staff Milestones

We are very fortunate to have a wonderful team of accountants and administrators at Kelly and Associates. We recently recognised long service milestones for some of our staff.

During 2021 three staff celebrated their ten years of service at K&A. Congratulations and thank you to Clare Bliss, Michelle McCallum and Rosanna Romeo for ten years of service. Clare, Michelle and Rosanna all make a significant contribution to Kelly and Associates, and we are extremely grateful for their work efforts and engagement with clients and colleagues. All three staff members are integral members of our Kelly and Associates family and we greatly appreciate their ten years of service.

Of further significance is the milestone reached by Melissa Tyrrell this year. Melissa has been working at Kelly and Associates for 20 years which is an extraordinary accomplishment. Melissa was our very first employee and has experienced numerous changes over the years. We thank Melissa for her dedication to our clients, her patience with us as we learnt how to manage a business and staff, and for her sense of humour and adventure. We have delighted in watching Melissa become an astute and accomplished professional accountant and manager. We look forward to further milestone celebrations in the future!

Staff News

Maternity leave

We farewell Clare Bliss as she begins her maternity leave. Clare will be greatly missed in the office for her exemplary organisation skills, high level of client service and in her role as the work party planner. We currently have a baby sweep and if our predictions are correct Clare will be having a boy on the 21st of December, weighing around 8lb, 51 cm in length with a name beginning with C perhaps Connor, Cooper, Charlie or Claude? Other popular names included Daniel Andrews and Gladys!

We wish Clare and Adam all the best for this special time ahead and we look forward to some lovely cuddles.

Christmas party

What a joy to recently celebrate with our staff and engage in some Christmas festivities! We started at Café Go for some delicious nibbles and drinks, made our way to the rooftop garden at the National Hotel and then finished the night at the Centra Hotel. Thank you to Clare for organising a fantastic afternoon and evening.

Our office will close from 12.00 noon on Wednesday 22nd December and will re-open on Monday 10th January.
Thank you for your support during 2021 and we wish all of our clients and their families a very Merry Christmas and a happy and safe New Year.

Rosie's Christmas Rocky Road

This is an easy to make special treat that looks great with the festive colours of green pistachio and red Turkish delight. Rosie enjoys making this rocky road but it doesn't last very long!

Ingredients

400g dark chocolate

200g milk chocolate

70g roasted macadamias

100g Turkish delight

60g marshmallows

75g pistachios

30g dried cranberries

Instructions

Prepare a baking pan or container by placing some baking paper inside.

Place chocolate in a large heatproof bowl. Heat in the microwave stirring every 20 seconds until smooth and creamy. Alternatively, place bowl over a saucepan with water in it and bring to a simmer.

Roughly chop macadamia nuts, marshmallows and Turkish delight. Then add macadamias, Turkish delight, marshmallows, pistachios and cranberries to the melted chocolate. Gently stir until everything is coated in chocolate.

Pour rocky road mixture into prepared pan and spread out into one even layer.

Place in the fridge for an hour or until set. Cut into small squares to serve and enjoy!