

# Practice Update

## November 2022

### **Director ID deadline is approaching**

The Government has launched an awareness campaign to help company directors get their director identification number ('director ID') as the 30 November deadline approaches.

A director ID is a unique 15-digit identifier that a company director will apply for once and keep forever. Director IDs are administered by the Australian Business Registry Services ('ABRS'), which is managed by the ATO.

All directors of companies registered with ASIC will need a director ID and must apply by the 30 November deadline (although directors of Aboriginal and Torres Strait Islander corporations may have additional time to apply).

Some people may not realise they are directors, so the campaign is targeting those that run small businesses, self-managed superannuation funds, charities, not-for-profits, and even some sporting clubs.

The fastest way to apply is online at [abrs.gov.au](https://abrs.gov.au), and the director ID will be issued instantly once the application is complete. It is free to apply and directors must apply themselves, as they are required to verify their identity (and it is this "robust identification process" that will help prevent the use of false and fraudulent director identities).

More information about director IDs, including who must apply, is available on the ABRS website.

### **Why are credits and refunds being offset?**

The ATO has reached out to small businesses who may have recently received a letter advising that they have a debt on hold and any credits or refunds would be offset against this debt.

As a result, such a small business may find that their refund or credit is less than expected.

The ATO also sent out 'awareness letters' to some not-for-profits and individuals in September 2022, similarly advising them they had a debt on hold and any credits or refunds would be offset against this debt.

Taxpayers can use *Online services for business* to search for debts that were previously put on hold and not included in their account balance.

A debt on hold remains payable and collection action may recommence if:

- the taxpayer's circumstances change, and the ATO has reason to believe they are now able to pay the debt;
- the taxpayer agrees to pay their debt; or
- the taxpayer has a refund or credit balance which will automatically be offset to their debt on hold.

## **ATO advice for SMSFs thinking about investing in crypto assets**

The ATO recommends that trustees of self-managed super funds ('SMSFs') thinking about investing in crypto assets should seek professional advice from a licensed financial adviser.

There are organisations who offer trustees help to set up a fund or use their existing fund to invest in crypto assets. However, the ATO notes that some of these organisations are not licensed to provide financial advice, which means the usual consumer protections and access to the Australian Financial Complaints Authority ('AFCA') are not available for using these services.

There are many things to consider before deciding to invest in crypto assets, so it's important to get it right, especially since trustees are ultimately responsible for ensuring the investment complies with the super and tax laws.

When investing in crypto assets, trustees must ensure it is allowed under the fund's trust deed, is made in accordance with the fund's investment strategy, and the trustee has considered the level of investment risk given the highly volatile nature of the investment.

From a regulatory perspective it's important that:

- ◆ The crypto assets are owned by the fund and are held separately from the trustee's own personal or business assets. This means the fund must have its own digital wallet, separate to any used by the trustee for personal or business purposes.
- ◆ The investment is valued at market value in line with the ATO's valuation guidelines.
- ◆ Any crypto assets that a member or related party hold personally are not sold to the fund or transferred to the fund as a contribution.
- ◆ The investment is consistent with the sole purpose test, and does not involve the giving of financial assistance to a member.

## **Check that holiday employees get the right super**

The ATO is reminding employers that the holiday season is fast approaching, and that their holiday casuals may now be eligible for super.

From 1 July 2022, employers need to pay super for employees at a rate of 10.5%, regardless of how much they are paid, because the \$450-per-month threshold for super guarantee ('SG') eligibility has been removed.

This change doesn't affect other eligibility requirements for SG. In particular, workers who are under 18 still need to work more than 30 hours in a week to be eligible.

For example, Anish is a 17-year-old employee working a job at a hotel over the holiday season. Anish works 32 hours in a week at the hotel and earns \$800 before tax. He also works 5 hours at his local café, earning \$150.

As Anish worked more than 30 hours in one week at the hotel, his employer will need to pay him super on the \$800 earned. However, as Anish works less than 30 hours a week at the café and is under 18, he is not entitled to super from this employer.

The ATO recommends that employers check their payroll and accounting systems are up to date so they are correctly calculating their employees' SG payments, and that registered tax agents and BAS agents can help with their tax and other obligations.

## Optus data breach

The ATO is aware of the recent Optus data breach and that people who have been affected might be concerned about their personal data, and is assuring people that ATO systems have not been affected by the Optus data breach.

The ATO recommends that anyone who thinks they have been affected by the Optus data breach should contact Optus Customer Service on 13 39 37.

Information for those caught up in the data breach is available from the Australian Cyber and Security Centre at [cyber.gov.au](https://www.cyber.gov.au).

The ATO also reminds the community that it is important to always be vigilant for suspicious activity. The following tips can help protect accounts and keep personal information safe:

- Use multi-factor authentication for accounts where possible.
- Be careful when clicking on links and providing personal information.
- Make sure contact details are up to date when using online services.

Please Note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.