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CHARTERED ACCOUNTANTS

BUSINESS ADVISERS – TAXATION PROFESSIONALS – SUPERANNUATION CONSULTANTS

Practice Update

June 2020

JobKeeper declaration due 14 June

Businesses that have enrolled in the JobKeeper Scheme and identified their eligible employees are reminded that they will need to make a monthly declaration to the ATO to ensure they continue to receive JobKeeper payments.

The monthly declaration must be made by the 14th day of each month to claim JobKeeper payments for the previous month.

As part of the declaration, businesses will need to:

- ensure they have paid their eligible employees at least \$1,500 (before tax) in each JobKeeper fortnight they are claiming for;
- re-confirm their eligible employees, including notifying if an eligible employee has changed or left employment; and
- provide the current and projected GST turnover of the business – note, this is not a retest of the eligibility of the business.

For example, to claim JobKeeper payments for the May 2020 JobKeeper fortnights, businesses must report their GST turnover for the month of May 2020 as well as their projected GST turnover for the month of June 2020 by 14 June 2020.

The monthly declaration can be lodged through the ATO business portal or through STP-enabled software. Alternatively, tax agents can assist clients by lodging the monthly declaration on behalf of registered clients.

Editor: Please contact our office if you require assistance with making the JobKeeper declaration.

ATO reminder for employers – Finalise STP data for 2020

The ATO has issued a reminder to employers who report through Single Touch Payroll ('STP') – which should be all employers, unless an exemption or deferral applies – that they will need to finalise payroll information for the 2020 income year by making a declaration.

The due date for making finalisation declarations is:

- 14 July 2020 for employers with 20 or more employees; and
- 31 July 2020 for employers with 19 or fewer employees.

Employers that finalise through STP are not required to provide payment summaries to employees and lodge a payment summary annual report to the ATO.

Instead, employees will be able to access their payroll information (for preparation of their 2020 tax return) through a registered tax agent or via ATO online services.

Guidance on JobKeeper reporting via STP

The ATO has issued guidance to help employers reporting eligible employees and JobKeeper top-up payments through Single Touch Payroll ('STP').

For each eligible employee, employers must notify the ATO:

- when an eligible employee started being paid JobKeeper payments;
- top-up payments to employees earning less than \$1500 per fortnight; and
- when an employee is no longer eligible and JobKeeper payments need to be stopped.

The ATO says this process will be managed through the 'STP Pay Event' by entering the relevant JobKeeper description (as outlined below) in the 'Other Allowances' field.

To report the JobKeeper start fortnight for an eligible employee:

Use the description 'JOBKEEPER-START-FNXX' where 'XX' represents the JobKeeper fortnight from which the first payment is made.

Report the amount as 'zero', or as \$0.01 if the software does not support reporting 'zero'.

To report a top-up payment for an eligible employee ordinarily earning less than \$1,500 per fortnight:

Use the description 'JOBKEEPER-TOPUP' for the top-up amount.

To report the first full JobKeeper fortnight an employee became ineligible:

Use the description 'JOBKEEPER-FINISH-FNXX' where 'XX' represents the JobKeeper fortnight in which the last payment is made.

For example, an employee resigns, and their last payment was on 13 May 2020. As this falls in JobKeeper fortnight 04 (being 11/05/2020 – 24/05/2020), the description 'JOBKEEPER-FINISH-FN04' should be used to notify the ATO that the employee is not eligible for JobKeeper from FN05.

Making corrections to (previously reported) JobKeeper start and finish information

The ATO's guidance identifies several situations where errors made in reporting the JobKeeper start or finish information may need correction and sets out options for doing so.

In particular, guidance is provided for making corrections where:

- the wrong employee was reported as starting or finishing;
- a later start or finish fortnight is incorrectly reported;
- an earlier start or finish fortnight is incorrectly reported; or
- a future-dated start or finish fortnight is reported.

The ATO is urging employers to exercise extreme caution to ensure the accuracy of originally reported information as multiple corrections cannot be made through the STP Pay Event, 'Other Allowances' field.

Editor: Please contact our office if you require more information or assistance on reporting JobKeeper payments through STP.

COVID-19 and tax depreciation reports – are physical inspections necessary?

Property investors and businesses will often engage a specialist quantity surveyor to prepare a tax report on capital works and depreciation deductions available to them under the tax law in respect of their income-producing properties – for example, a rental property, office building or factory.

A thorough physical inspection of the property by a quantity surveyor plays a vital role in this process in order to, amongst other things:

- identify all possible deductions available under the tax law;
- provide accurate valuations of qualifying plant and building works;
- provide supporting documentation of a taxpayer's claims for depreciation and capital works deductions, which is prudent in the event of an ATO audit.

We have become aware that some quantity surveyors are promoting tax depreciation reports that do not include a physical inspection of the property due to COVID-19 precautions.

Usually the reports are provided, with an offer to do an inspection at a later time when it is possible to do so.

However, in some cases, no offer of a site inspection is made at all.

Where a physical inspection of premises is not performed, this increases the risk of deductions being missed or errors being made. This could result in costly adjustments if a taxpayer has to subsequently amend their tax return or is audited.

Editor: Please contact our office if you require more information about using quantity surveyor tax depreciation reports.

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.