

SOFTWARE ASSISTANT ONVIO

2021 TAX CHANGES

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2021 Tax Changes

Reducing Pressure on Housing Affordability

[ATO Link](#)

FORMS IMPACTED | Individual

SUMMARY

As part of a number of incentives to encourage investment in affordable rental housing and increase the supply of affordable rental housing that is available on a long term basis, from 1 January 2018, the Government will provide up to an additional 10% CGT discount to resident individuals investing in qualifying affordable housing. This will increase the CGT discount for individual investors to a maximum of up to 60%.

Individual may invest by holding an ownership interest in affordable housing directly or through trusts (other than public unit trusts and superannuation funds), MITs and partnerships (noting that only individuals are entitled to an affordable housing CGT discount).

To qualify for the additional discount, housing must be provided at below market rent and made available for eligible tenants on low to moderate incomes. Tenant eligibility will be based on household income thresholds and household composition.

A dwelling is used to provide affordable housing on a day if the following conditions are satisfied:

- residential premises condition — the dwelling is TARP and is residential premises that is not commercial residential premises and is tenanted or available to be tenanted;
- property management condition — the tenancy of the dwelling or its occupancy is exclusively managed by an eligible community housing provider and is let out below the market rate;
- providing affordable housing certification condition — the eligible community housing provider has given each entity that holds an ownership interest in the dwelling certification that the dwelling was used to provide affordable housing;
- NRAS condition — no entity that has an ownership interest in the dwelling is entitled to receive an NRAS incentive for the NRAS year; and
- Managed investment trust (MIT) membership condition — if the ownership interest in the dwelling is owned by a MIT the tenant does not have an interest in the MIT that passes the non-portfolio test

The affordable housing must also be managed through a registered community housing provider (CHP) and the investment held as affordable housing for a minimum period of three years (1,095 days) after 1 January 2018. It may be a continuous period or an aggregation of periods totalling three or more years.

CHPs must issue an affordable housing certificate to each entity that has an ownership interest in an affordable housing dwelling showing the number of days it was used for affordable housing during the income year. Certificates must be issued by 31 July.

CHPs are required to lodge an annual report to the ATO with details of the affordable housing certificates they issued during the income year. The first annual report covering the 2020-21 income year is required to be lodged by 31 July 2021. CHP's have been exempted from reporting for income years 2018-19 and 2019-20.

The additional discount will be pro-rated for periods where the property is not used for affordable housing purposes.

The affordable housing discount capital gain percentage is equal to:

- $(\text{Discount percentage that would apply to discount capital gain (usually 50\%)} / 5) \times ((\text{Affordable housing days less any period of foreign or temporary residency during the time the dwelling was used for affordable housing}) / \text{Total ownership days excluding any period of foreign or temporary residency after 8 May 2012})$

IMPACTS

Changes to capital gains worksheet and schedule in Software Assistant & Onvio:

- Label 18 changed to 'Have you applied an exemption, rollover or additional discount?'
- New Exemption/Rollover/Discount code 'W – Affordable housing discount' added to Label 18
- New selection added for 'Additional 10% discount' when asset type E or G is selected
- New fields added to the Capital Gains summary

Tax Integrity – Improving the taxation of Testamentary Trusts

FORMS IMPACTED | Individual | Company | Trust | Partnership | Superannuation Fund

SUMMARY

The legislation amended Division 6AA of the ITAA 1936 to ensure the tax concessions available to minors in relation to income from a testamentary trust only apply in respect of income generated from assets of the deceased estate that are transferred to the testamentary trust (or the proceeds of the disposal or investment of those assets).

IMPACTS

Added new 'Code E - Testamentary Trust' for 2020 and 2021 to:

1. Item 13 'Partnerships and trusts' labels L and U next to the amount fields of the Individual Income Tax Return Supplementary Section
2. Item 6 'Calculation of total profit or loss' label E next to the amount field of the Company Tax Return
3. Item 11 'Income' label M next to the amount fields of the SMSF Annual Return
4. Item 8 'Partnerships and trusts' labels Z and R next to the amount fields of the Trust Tax Return
5. Item 8 'Partnerships and trusts' labels Z and R next to the amount fields of the Partnership Tax Return

Media Reforms Package

FORMS IMPACTED | Company

SUMMARY

The government will deliver changes to the Australian Screen Production Incentive Program from 1 July 2021, including increasing the Producer Offset rebate rate to 30 per cent for eligible television and other production, and make various threshold, eligibility and integrity amendments across the three screen tax offsets.

The producer tax offset is a refundable tax offset for Australian expenditure in making Australian films. The current amount of the producer tax offset is:

- 40% of the company's total Qualifying Australian Production Expenditure (QAPE) on a feature film
- 20% of the company's total QAPE on a film that is not a feature film.

Increasing the television incentive from 20 to 30 percent will increase support for the production of Australian television content, stabilising the production sector during a period of regulatory change and creating productions of scale to compete on a global stage. This increased rate will open up opportunities for the screen sector to engage further with international streaming services, which will enhance the availability of Australian content to Australian audiences no matter on what platform they choose to watch it.

IMPACTS

- No changes to the Company tax return.
- Tax Agent needs to calculate offset and fill out label E Refundable Tax Offset

JobMaker Plan - bringing forward the Personal Income Tax Plan

FORMS IMPACTED | Individual

SUMMARY

The measure brings forward most of phase 2 of the previous personal income tax plan, changes some tax rate thresholds, increases to LITO. It also includes retention of LMITO for the 2020-21 income year

The measure:

- increases the low income tax offset (LITO) from \$445 to \$700 and adjusts the phase out rules
- increases the top threshold of the 19% personal income tax bracket from \$37,000 to \$45,000
- increases the top threshold of the 32.5% personal income tax bracket from \$90,000 to \$120,000

IMPACTS

Tax thresholds have been updated in Onvio and Software Assistant.

Prefill JobKeeper information for self-employed individuals (i.e. sole traders) as eligible business participants (EBP) and payments for their eligible employee/s

FORMS IMPACTED | Individual

SUMMARY

Pre-filling aims to assist self-employed individual taxpayers (received a JK payment in the 2020-21 financial year as eligible business participants (EBP)* and payments for their eligible employee/s) and their tax practitioners by providing them with information to assist them to complete their own or their client's income tax returns.

JobKeeper payment data will be provided to clients as information only and will not be mapped to a label. Clients and their tax agents are then prompted to review this information and include the total JK amount with the business income when completing the income tax return.

*Eligible business participants are individuals who are not permanent employees of the particular business entity or another employer but who are actively engaged in the business carried on by a sole trader, partnership, trust or company (i.e. not passive partners, shareholders and beneficiaries).

IMPACTS

- No changes to Onvio or Software Assistant tax forms.
- Adding following message to the ATO Prefill Report (where JK wage subsidy exists):
"Your client received JobKeeper Wage Subsidy payments which needs to be included in business income. This data is shown for information only."



Backing Business Investment

FORMS IMPACTED | Individual | Company | Partnership | Trust

SUMMARY

Businesses are eligible for the backing business investment – accelerated depreciation deduction if they have an aggregated turnover of less than \$500 million in the year they are claiming the deduction. The deduction is available in the 2019–20 and 2020–21 income years.

Eligible assets

To be eligible to apply the accelerated rate of deduction under backing business investment, the depreciating asset must:

- be new and not previously held by another entity (other than as trading stock)
- be first held on or after 12 March 2020
- first used or first installed ready for use for a taxable purpose on or after 12 March 2020 until 30 June 2021 not be an asset to which an entity has applied either temporary full expensing the instant asset write-off rules.

There is no limit on the number of eligible assets that you can apply accelerated depreciation to in an income year under backing business investment.

Working out your deduction

Different rules apply when working out your deduction, depending on whether you are using the simplified depreciation rules for small businesses.

- **Small business entity**
Instead of 15% depreciation rate, 57.5% for new assets purchased after 12 March 2020
- **Other business entity**
 - 50% of the cost (or adjustable value where applicable) of the depreciating asset
 - plus, the amount of the usual depreciation deduction that would otherwise apply but calculated as if the cost or adjustable value of the asset were reduced by 50%.

IMPACTS

- Updated Onvio Fixed Assets and Software Assistant Asset depreciation calculations
- New fields added:
 - Date of improvement
 - Second element cost
 - Date put to use (SA only)
- (SA only) Added a label P12 Business Backing Investment

JobMaker Plan – temporary full expensing to support investment and jobs

FORMS IMPACTED | Individual | Company | Partnership | Trust

SUMMARY

As part of Treasury Laws Amendment (A Tax Plan for the COVID-19 Economic Recovery) Act 2020 the Government will support businesses with aggregated turnover of less than \$5 billion by enabling them to deduct the full cost of eligible depreciating assets that are first held, and first used or installed for a taxable purpose, from 7:30pm AEDT on 6 October 2020 (Budget time) to 30 June 2022.

IMPACTS

- Updated Onvio Fixed Assets and Software Assistant Asset depreciation calculations
- New labels 'Temporary Full Expensing' added to impacted tax returns
- Depreciation worksheet added new fields
 - TFE on purchase price (checkbox)
 - TFE on second element cost (checkbox)

CA2021-11 and 17 are interrelated and need to be considered together.

GST at settlement

FORMS IMPACTED | Activity Statements

SUMMARY

The withholding obligation was announced in the May 2017 Federal Budget. The measure was introduced to ensure that payment of GST is not avoided by 'phoenixing' activity in the property sector involving property developers and vendors.

Phoenixing activity involves the use of insolvency to avoid the payment of debts, including taxes. 'Phoenixing' in the property development industry has grown significantly.

Paying GST at settlement will help prevent non-compliance by property suppliers who sell properties for a price that includes the GST and avoid remitting the GST to us. They may avoid tax by liquidating their businesses and restarting their business again under a different entity before their next BAS lodgment.

IMPACTS

- No changes made to Activity Statements
- ATO Prefill Report will include the GST at settlement amount



Reducing the Company Tax Rate

[ATO Link](#)

FORMS IMPACTED | Individual | Company | Trust | Partnership | Superannuation Fund

SUMMARY

The company tax rate from 27.5% to 26% for base rate entities with aggregated turnover of less than \$50 million for the 2020-21 income year.

- Companies will self-assess their eligibility for this lower corporate tax rate.
- This lower tax rate will also apply to base rate entities that are:
 - Retirement savings account providers
 - Pooled development funds
 - Non-profit companies
 - Recognised small (under \$50,000 taxable income) and large (\$150,000 and over taxable income) credit unions (special rate applies to the medium credit unions)
 - Public trading trusts
 - Maximum franking credit

IMPACTS

- Company tax rate calculations updated in Onvio and Software Assistant
- Updated the Dividends worksheet Franking Credit Rate

Small Business Income Offset

[ATO Link](#)

FORMS IMPACTED | Individual

SUMMARY

As a result of passing the Treasury Laws Amendment (Enterprise Tax Plan) Act 2017, the tax offset available for unincorporated small business entities (with an aggregated turnover of less than \$5m) was increased to 13% and capped at \$1,000 per individual for each income year.

The Treasury Laws Amendment (Lower Taxes for Small and Medium Business) Act 2018 received Royal Assent on 25 October 2018. It brought forward the increase of tax offset for unincorporated small business entities.

Progressive changes to the small business income tax offset

Income year	Aggregated turnover threshold	Rate of offset	Maximum offset
2015–16	\$2m	5%	\$1,000
2016–17 to 2019–20	\$5m	8%	\$1,000
2020–21	\$5m	13%	\$1,000
2021–22 and onwards	\$5m	16%	\$1,000

Small

IMPACTS

- SBI Offset calculation updated in Software Assistant and Onvio

Temporary Loss Carry Back

[ATO Link](#)

FORMS IMPACTED | Company | Losses schedule | Consolidated group losses schedule

SUMMARY

The loss carry back (LCB) regime will temporarily allow eligible corporate tax entities to offset tax losses against previously taxed profits (i.e. paid tax in relevant previous years) to generate a tax refund through a refundable tax offset. This will allow eligible corporate entities to “use” their current tax losses immediately rather than carry them forward.

Eligible corporate tax entities with less than \$5 billion aggregated turnover can generally choose to claim a refundable tax offset up to the lesser of:

- the amount of tax paid in previous relevant years (i.e. their income tax liabilities);
- their closing franking account balance for the year that they claim the refundable tax offset; and
- the amount of eligible tax losses carried back multiplied by their applicable tax rate in the loss year.

Eligible corporate tax entities can claim the LCB tax offset by carrying back tax losses made in the 2019–20, 2020–21 and 2021–22 years to a prior year's income tax liability in the 2018–19, 2019–20 and 2020–21 years.

An aggregated turnover threshold of **less than \$5 billion in turnover in the loss year (or the income year before that year)** applies.

IMPACTS

- Additional labels added to the 2021 Company tax return (see below table)
- (Onvio) Added a Franking account worksheet

Label Alpha Allocated	Field Title	Length	Additional Information
New Labels to be included			
8P	Opening franking account balance		To be inserted before 8M on return, same format and design of 8M to be applied
13A	Tax loss 2019-20 carried back to 2018-19		Amount \$
13B	Tax loss 2020-21 carried back to 2018-19		Amount \$
13C	Tax loss 2020-21 carried back to 2019-20		Amount \$
13I	Net exempt income 2018-19		Amount \$
13J	Net exempt income 2019-20		Amount \$
13L	Income Tax liability 2018-19		Amount \$/c
13M	Income Tax liability 2019-20		Amount \$/c
13G	Tax rate 2019-20		% options of 30 or 27.5
13S	Loss Carry Back Tax Offset		Amount \$ /c
New label/s in separate change advice that is relevant to LCB			
8X	Select your aggregated turnover range		These labels are contained in the change advice for Reporting aggregated turnover -CA2021-022.
8Y	Aggregated turnover		
13O	Aggregated turnover in 2019-20 Select your aggregated turnover range		
13P	Aggregated turnover		
Changes to existing Labels			
8M	Closing franking account balance		Red highlight is the changed text.

New labels to be included for early balancer SAPs to claim for 2021-22 year.			
13D	Tax loss 2021-22 carried back to 2018-19		Amount \$
13E	Tax loss 2021-22 carried back to 2019-20		Amount \$
13F	Tax loss 2021-22 carried back to 2020-21		Amount \$
13K	Net exempt income 2020-21		Amount \$
13H	Tax rate 2020-21		% options of 30 or 26.0 label for SAPs
13Q	Aggregated turnover in 2020-21 Select your aggregated turnover range		As per the change advice for Reporting aggregated turnover – CA2021-022.
13R	Aggregated turnover		Amount \$



Increase the small business entity turnover threshold

FORMS IMPACTED | N/A

SUMMARY

On 6 October 2020 as part of the 2020–21 Budget, the government announced an extension to certain small business concessions (which were previously available to small business entities¹ with an aggregated turnover of \$10 million) to those that have an aggregated turnover of less than \$50 million per annum. The tax concessions will apply from 1 July 2020 or 1 July 2021, and the Fringe Benefits Tax (FBT) related exemptions will apply for eligible businesses in respect of benefits provided on or after 1 April 2021.

Deductibility of certain expenses

From 1 July 2020 newly eligible businesses can immediately deduct certain:

- start-up expenses – for example, professional expenses and legal and accounting advice
- prepaid expenditure where the payment covers a period of 12 months or less that ends in the next income year.

Administrative and operational choices

From 1 July 2021 newly eligible businesses:

- can choose to use a simplified trading stock regime, where they may choose not to account for changes in the value of trading stock for an income year, if the difference between the opening value of stock on hand and a reasonable estimate of stock on hand at the end of the year does not exceed \$5,000
- will have the option to have their PAYG instalments calculated for them by us based on previously reported information
- will be able to apply to defer settlement of excise duty to a monthly reporting cycle, instead of the current weekly reporting cycle in respect of eligible goods
- will be able to apply to defer settlement of excise-equivalent customs duty from a weekly to monthly reporting cycle in respect to eligible goods
- will have two years to amend an income tax assessment for income years that start on or after 1 July 2021. The current exceptions, including for fraud or evasion, will continue to apply. Businesses can lodge an amendment application before the time limit, and we may extend the time limit to give effect to the application.

In addition, from 1 July 2021 the Commissioner's power to create a simplified accounting method determination for GST reporting purposes will be expanded to apply to businesses up to the \$50 million annual aggregated turnover threshold.

Provision of benefits

From 1 April 2021 the following FBT exemptions will be extended to newly eligible businesses:

- car parking benefits provided to employees will be exempt from FBT if the parking is not provided in a commercial car park
- multiple work-related portable electronic devices provided to employees will be exempt from FBT – even if the devices have substantially identical functions. These changes will simplify eligibility and reduce red tape for around 20,000 businesses, as more turnover thresholds will align to the aggregated annual turnover threshold for a base rate entity for company tax purposes

IMPACTS

- No impact to Onvio or Software Assistant tax forms

Aggregated turnover

FORMS IMPACTED | Company | Partnership | Trust

SUMMARY

Taxpayers will report their aggregated turnover by selecting their turnover range. Where the aggregated turnover is \$1 billion or more, then the taxpayer will disclose their actual aggregated turnover. Taxpayers will be required to report their aggregated turnover where the taxpayer is:

- a significant global entity,
- claiming small business concessions
- claiming instant asset write off
- claiming backing business investment
- claiming temporary full expensing
- claiming loss carry back; additionally where the taxpayer has nominated 2020 as the loss year, they will be required to report the aggregated turnover for the 2020 year.

IMPACTS

New drop down label added to the impacted returns to select the 'Aggregated turnover range'.

Table B: Aggregated turnover thresholds

Category	Aggregated annual turnover thresholds
A	\$0 to less than \$7.5million
B	\$7.5 million to less than \$10 million
C	\$10 million to less than \$20 million
D	\$20 million to less than \$40 million
E	\$40 million to less than \$50 million
F	\$50 million to less than \$100 million
G	\$100 million to less than \$200 million
H	\$200 million to less than \$300 million
I	\$300 million to less than \$400 million
J	\$400 million to less than \$500 million
K	\$500 million to less than \$600 million
L	\$600 million to less than \$700 million
M	\$700 million to less than \$800 million
N	\$800 million to less than \$900 million
O	\$900 million to less than \$1 billion
P	\$1 billion or over

Where the taxpayer selects option P they will be required to supply their actual aggregated turnover.

Tax free small business grants stimulus measure

FORMS IMPACTED | TPAR

SUMMARY

Enable Government entities to report potential non-assessable non-exempt NANE grants

The TPAR form will include an additional reporting field to enable government entities to report when a grant they have paid lies within Division 59 of the Income Tax Assessment Act 1997 (the provisions that relate to non-assessable non-exempt amounts)

- Is this payment an amount listed or described under a provision of Division 59 of the ITAA 1997?
- Options for selection:
 - Yes
 - No
 - Unsure

IMPACTS

- Additional information included on the ATO Prefill Report

2021 Other Tax Form Changes

Individual

- Removed: T9 - Non refundable tax offset
- Updated: Cents per km method from 68c to 72c
- P7 from business section removed
- New label: Business Backing Investment opt out
- Item 18 additional text
- 365 days

Company

- Removed one line for Internet trading
- (Onvio) 8P. New franking account balance Worksheet has been introduced, and opening/closing balance will transfer based on worksheet entries
- New label: Business Backing Investment opt out
- New labels at Item 13 Losses information

Trust and Partnership

- Line 4 Sold good or services is removed from Cover page
- Capital Allowance - Fields are added in PTR and TRT
- New label: Business Backing Investment opt out

Superannuation

- (Onvio) Changes in transfer of CGTS WS, Now only loss will transfer from WS to Schedule to main DE screen. Where as in case of Gain user has to make manual entry in schedule itself and that value will transfer to main DE screen.

IEE/FTER

- (Onvio) Page 1 now has items at Line 2 and 3 are now available on schedule also
- ABN/ARCN on cover page
- New section of Public Officer in Cover page (IEE)