

## Carbon Farming Advice Rebate Pilot Program

The Carbon Farming Advice Pilot Rebate Program provides primary producers with rebates of up to \$10,000 for advice sought about the costs and benefits of accessing carbon credits, auditing requirements, and on-ground actions that are eligible for carbon credits.

The Scheme is administered by the Agriculture, Forestry and Water business unit of the Department Natural Resources and Environment Tasmania.

This rebate is available to Tasmanian primary producers for expenditure on eligible advice from approved advisers about undertaking carbon farming project/s on their land.

Further information can be found by visiting: <https://nre.tas.gov.au/agriculture/government-and-community-programs/carbon-farming-opportunities/carbon-farming-advice-rebate-pilot-program>

## Director ID - Reminder

Are you a Company Director? Do you have a Director Identification Number? Existing Directors have until 30th November 2022 to obtain their DIN. Please visit <https://www.abrs.gov.au/director-identification-number> or phone the office for more information.



## Please Remember

**By necessity the contents of this newsletter are summary only. Clients should contact us on 6431 3933 to discuss matters prior to acting.**

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## Taxable Payments Annual Report - Reminder

A reminder 2022 taxable payments annual reports (TPAR) were due to be lodged by 29/8/2022.

You may need to lodge a TPAR if your business paid contractors during the year and your business operates in one of the following industries:

- building and construction
- cleaning
- courier services
- road freight
- information technology
- security, investigation or surveillance.

## Scam Data for 2021

The ATO has released data on scams reports, age cohorts, channel used and top reported scams for 2021. Some of the results may surprise you!

### Scam reports

- 50,684 tax and super scams reported in 2021
- The average dollar amount lost to a tax and super scam was \$5,600.

### Age

In 2021, people aged 25 to 34 made the most reports about losing money in a tax or super scam. This was closely followed by people aged 18 to 24.

Proportion of people who paid money to tax scammers by age group:

- 0% of payments made by under 18s
- 25% of payments made by people aged 18 to 24
- 26% of payments made by people aged 25 to 34
- 17% of payments made by people aged 35 to 44
- 13% of payments made by people aged 45 to 54
- 8% of payments made by people aged 55 to 64
- 11% of payments made by people aged over 65.

### Channel

Most tax and super scams still occur over the phone. But in 2022 volumes of email (phishing) and SMS (smishing) scams are increasing.

Proportion of tax scams reported by channel:

- 91% of reports about phone scams
- 6% of reports about email scams
- 3% of reports about SMS scams.

### Top reported scams

The top 3 tax and super scams reported in 2021 related to:

- Threats of arrest
- Fraudulent TFN activity
- Fake tax debts.



## Donations

Australians are a generous bunch, in fact 3 in 5 of us make financial donations to charities. Whether it be at the supermarket checkout or a regular monthly payment to a chosen charity, Australians choose to donate for a number of different reasons. Tax deductibility is often an afterthought so let's have a look at exactly what makes a donation tax deductible.

### A donation is tax deductible where it is more than \$2 and is:

- made to a deductible gift recipient (DGR)
- made without receipt of material benefit or advantage (eg buying a raffle ticket or items at a charity auction are not tax deductible donations), and
- evidenced by a record of receipt

To determine if an entity is a deductible gift recipient (DGR) you should search the ABN Lookup website ([www.abr.business.gov.au](http://www.abr.business.gov.au))

No tax deduction is available for donations made to social media or crowdfunding platforms unless the platform is a registered DGR. This means donations to personal fundraisers, such as raising money for an individual's medical bills, are not tax deductible.

In Australia, a tax deduction is available for donations to DGR fundraisers on GoFundMe and Facebook as both platforms have partnered with PayPal Giving Fund. Donations to a Facebook or GoFundMe fundraiser eligible for a tax deduction actually go to the PayPal Giving Fund, a DGR listed public ancillary fund that makes grants towards the donor's recommended charity.

Donations to registered political parties or independent candidates are only tax deductible when made by an individual in a personal capacity, that is, outside of the course of carrying on business. The maximum deduction that can be claimed in an income year is \$1,500 for donations to political parties and \$1,500 for donations to independent candidates or members.

Businesses cannot claim deductions for donations to political parties and candidates. Political contributions and gifts are also specifically excluded from being deductible as a business expense.

Remember to keep all receipts and records for all tax deductible donations made. DGRs will typically issue a receipt for donations made, however, there is no requirement for a DGR to provide a receipt. Donations made through a workplace giving program can be evidenced by an employee's income statement or payment summary, or by written records from the employer.

D<sub>2</sub> O<sub>1</sub> N<sub>1</sub> A<sub>1</sub> T<sub>1</sub> I<sub>1</sub> O<sub>1</sub> N<sub>1</sub>

## Director Penalty Notices

Being appointed a Company Director is more than just a fancy title, it comes with the vital responsibility to comply with a number of rules and regulations such as the Corporations Act 2001. Company Directors should also be aware that although a Company is considered a separate legal entity, Company Directors may be personally liable for debts of the Company.

The ATO has recently began contacting Directors of Companies with unpaid company tax debts. If you are a Director of a Company with unpaid company tax debts you may receive a letter from the ATO outlining your obligation, as a Director, to these unpaid tax debts.

Companies with unpaid tax debts are those who have not met their obligation for all or either PAYG Withholding, Superannuation Guarantee Charge (SGC) and GST.

The ATO letters are designed to bring about awareness of the unpaid company taxes and remind Company Directors it is their responsibility to ensure company debts are paid as and when they fall due.

If you receive one of these letters please take it as your opportunity to work with the ATO to avoid escalation. If these letters are ignored, Company Directors risk being issued a Director Penalty Notice (DPN).

A DPN is a very serious notice and should not be ignored.

There are two types of DPNs the ATO can issue:

1. A 21-day DPN (also referred to as a 'Non-lockdown DPN'), where the director has 21 days to act to avoid liability.

Non-lockdown DPNs will be issued if:

- the business activity statements were lodged within 3 months of being due
- the SGC statements were lodged within 1 month and 28 days after the end of the quarter that the amounts due relate to, and
- the company has not paid the relevant amounts outstanding.

After receiving a Non-lockdown DPN a Director essentially has 3 options:

- pay the debt
- appoint a Small Business Restructure Practitioner
- take steps to wind up the company

2. A Lockdown DPN, where the director is served an automatic personal liability notice, effective immediately.

Lockdown DPNs will be issued if the company has not:

- Met its PAYG obligations
- Paid its SGC obligations, or
- lodged the company tax returns within three months of the due date.

The only way to avoid personal liability if issued a Lockdown DPN is to pay the debt.

DPNs may be issued to a director who has resigned but was a director at the time the unpaid debts were incurred. DPNs may also be issued to new directors who have been acting in the capacity of director for more than 30 days.

Directors may become personally liable to repay the company's debts if they do not comply with the DPN and the ATO may seek to recover the unpaid amounts directly from the director and/or recover the amount subject of the DPN from the realisation of the director's personal assets.

If you receive a DPN or similar letter from the ATO please contact our office immediately to discuss.

## ATO Refresh on Good Record Keeping for SMSFs

If you are a Trustee of a Self-managed Superannuation Fund (SMSF), you are required to maintain adequate and accurate records of the SMSF transactions. Given it's the beginning of a new financial year the ATO reminds Trustees to refresh themselves on the types of records they need to keep.

Good recording keeping promotes good governance and ensures the fund has the information available should the ATO initiate a review or audit. Good record keeping also allows the financial statements and income tax return to be prepared in a timely manner by the accountant and assists the auditor carry out the annual audit of the fund.

A few examples of records which need to be kept include:

- trust deed
- trustee declarations
- investment strategy
- minutes of trustee meetings and decisions
- records needed to prepare the SMSF annual return and accounts
- annual tax returns.

## Increase to the Car Limit for 2022-23

The Car Limit for 2022-23 has been increased to \$64,741 (up from \$60,733 for 2021-22).

Please note that that this generally applies to all cars (motor vehicle with carrying capacity less than 1 tonne or 9 passengers) and this amount is the maximum that can be claimed for depreciation purposes or fully depreciated under the temporary full expensing rules. 1/11th of \$64,741 (i.e. \$5,885) is the maximum that can be claimed for GST purposes even if car is used solely for business use.

## Client Profile - Camdale Auto Wreckers

*Elphinstone Stevens congratulates Jim, Connie, Adrian & Carrissa, on many years of successful business. Jim & Connie have certainly worked hard over the 50+ years in business and we wish them all the very best in retirement. As compiled by Jim Lunn.*

The idea to start a wrecking yard came about in the 1960's during a conversation with my brother Bob at his service station. At the time I had a home delivery milk service, so I was up early, finished the milk delivery early and had lots of spare time during the day. At this time there wasn't a good, large wrecking yard on the North-West Coast, just a few backyarders. We knew it was a great opportunity - My brother had the mechanical knowledge, all I had to do was learn how to pull cars apart.

Through my work as a milkman, I knew someone who owned the property at Camdale, which was an old chicken farm. Bob and I decided to purchase this land for the wrecking yard and got to work with fencing and building a shed. With the milk deliveries and getting the wrecking yard off the ground I was working 15-17 hrs a day, 7 days a week. The original property was 5 acres which included an old house that we renovated into two flats and rented for some time. We also rented a small portion of the land to a local cabinet maker who built a shed for his business. As the business grew we ceased the rentals and used the extra space



Things were a lot different back then, in the 70's and early 80's scrap metal agents wouldn't take cars so we had to cut the cars up to take them to the tip ourselves. We never had the cutting tools that we have now so we used gas, hacksaws & axes. We were able to load two cars on the tandem trailer Bob had built from hand, cutting all the steel with a hacksaw. Bob and I also built two tow trucks in the 70's, there was no red tape back then which made things a lot easier. In the 80's, plastic bumpers came in, most cars started to change to front wheel drive and that was the end of tow trucks.

Bob retired in 1996 so my son, Adrian, came to work in the yard with me. Luckily he was born with more mechanical knowledge than I had after 30 years in the yard but I was a lot quicker at removing parts back then.

Things changed around 2000 when the Government cut the yard in half by building a road through the middle of it. We closed the front gate and built a new shed.



Businesses started selling cars through auctions in Launceston and Hobart so were on the road more travelling around the state. We took great joy in tracking down pieces, getting just the right bit. Once auctions started online and body works started requesting parts online it meant we needed more staff. My granddaughter, Carrissa came to join us as she could also use the tools and we employed another 2 staff as well.

Cars have changed so much over the years with electronic parts, the end was in sight and my age was catching up with me. I knew it was time to retire at 83 years old. We closed the gates at wreckers on 30th June 2022. It has been a pleasure having so much fun in a great family business.

