



# THE CP CATCHUP

WELCOME TO THE TWENTY-SEVENTH EDITION OF THE CP CATCHUP

DECEMBER 2017

With Christmas almost upon us, the team at CP would like to thank you for your support during 2017. We wish you and your families all the best this holiday season and we look forward to working with you again next year. Merry Christmas!

Please check out our new website at [www.cpnnumbers.com.au](http://www.cpnnumbers.com.au) and don't forget to follow us:   

## ATO Review of Cash Only Businesses

The ATO will be visiting businesses across Australia as part of its ongoing focus on the cash and hidden economy. The ATO will focus on businesses that:

- Operate and advertise as 'cash only';
- Do not take electronic payments (according to ATO's data matching);
- Are part of an industry where cash payments are common;
- Indicate unrealistic income relative to the assets and lifestyle of the business and owner;
- Fail to register for GST or lodge activity statements or tax returns;
- Under-report transactions and income according to third-party data;
- Fail to meet super or employer obligations;
- Operate outside the normal small business benchmarks for their industry; and
- Are reported to the ATO by the community for potential tax evasion.

The ATO advises businesses doing the right thing do not need to be concerned. However, where a business is doing the wrong thing, it may result in an audit or even prosecution. Past visits by the ATO of this nature have resulted in an increase of timely lodgment of activity statements, an increase in GST registrations being corrected, more timely payments of income tax and activity statement liabilities, and a reduction in outstanding payment obligations.

Ref: ATO website, 'Protecting honest business'

## Scams Targeting ASIC Customers

Scammers pretending to be from ASIC have been contacting Registry customers asking them to pay fees and give personal information to renew their business or company name. These emails often have a link that provides an invoice with fake payment details or infects your computer with malware if you click the link.

- Warning signs the email is not from ASIC
- How do I protect myself from the email scams?
- How do I notify ASIC of a potential scam?

For the full article please refer to the below link to the ASIC website:

<http://asic.gov.au/online-services/service-availability/scams-targeting-asic-customers/>



## Occupation-specific Guides

The ATO has developed a suite of occupation-specific guides to help clients understand what they can and can't claim as work-related expenses, including:

- Car expenses
- Home office expenses
- Clothing expenses; and
- Self-education or professional development expenses.

The guides are available for the following occupations:

- Construction worker;
- Retail worker;
- Office worker;
- Australian Defence Force;
- Sales and marketing;
- Nurse, midwife or carer;
- Police officer;
- Public servant;
- Teacher; and
- Truck driver.

Ref: ATO Newsroom, 12 September 2017

## No Lower Tax Rate for Passive Investment Companies

*The saga regarding which companies are eligible for the reduced corporate tax rate of 27.5% (rather than 30%) continues!*  
The Government introduced a Bill on 18 October 2017 clarifying that passive investment companies will not qualify for the lower company tax rate. The change is intended to make it easier for companies to determine their eligibility for the 27.5% rate.

The Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 will amend the tax law to ensure that a company will not qualify for the lower company tax rate if more than 80% of its assessable income is passive income (such as interest, dividends or royalties). This is a 'bright line' test that will replace the previous requirement that a company be 'carrying on business'. The amendment will apply **prospectively** from the 2017/18 income year. In the 2016/17 income year, a company will need to be carrying on a business and have a turnover under \$10 million to qualify for the 27.5% tax rate.

The ATO also released a draft ruling on the same day (**TR 2017/D7**) containing detailed guidance on when a company 'carries on a business', including examples of common scenarios. This draft ruling indicates that, if a company aims to make, and has a prospect of profit, it is generally presumed that the company intends to, and does in fact, carry on a business. The ATO will not select companies for audit based on their determination of whether they were carrying on a business in the 2016/17 income year, unless their decision is plainly unreasonable.

Ref: Minister for Revenue and Financial Services: media release, 18 October 2017



**OUR OFFICE WILL BE CLOSED**  
**FROM 5.00PM WEDNESDAY 20 DECEMBER 2017**  
**& WILL REOPEN 8:30AM MONDAY 8 JANUARY 2018**

