UNCLASSIFIED External

Key Outcomes

Title:	PLS working group – key outcomes		
Issue date:	16 April 2020		
Venue:	WEBEX		
Event date:	14 April 2020	**Start:** 1:00pm	**Finish:** 2:00pm

Chair:	Sonia Lark	**Facilitator:**	Sonia Lark
Contact	Sonya Summers	**Contact phone:**	02 472 57383

Attendees: names/section	ATO – Sonia Lark, Sangitha Sivayogaraj, Paul Walters, Danny Figueiredo, David Andreoli, Nadeem Shariff, Amrik Singh, Ross Barns, Karen Greaves, Anupama Duggirala, Paul Stasinowsky, Paul Mosca, Paul Stasinowksy, David Baker, Warren Sturgiss, Sean Bielanowski, Kendal Hawken. Industry – Jack Wee (Catsoft), Simon Smart (eTax), Sandeep Gopalan (GovReports), Lex Edmonds (MicroTax), Mike Behling, Michael Tong, Scott Reid, Christine Saava (MYOB), Nathan Kerr (One-Click), Kevin Johnson, Steven Ivanopoulos (Reckon), Saiful Larry, (Sage), Charudatta More (Sparken), Shane Paxton, Paul Siriwidana (Thomson Reuters), Danna Zhang (Wolters Kluwer), Andrew Sprankling (Xero).
Apologies: name/section	Mike Denniss, Sha Sha (Class Super), Andrew Smith, Danny Koutoulas (MYOB), Andrew Noble (Noble Accounting), Michael Wright, Darin Carter (Sage), Karl Farrand (Taxlab), Paul Siriwardana (Thomson Reuters), Dillon Tsotsis, Lisa Kim, Robert Xie (Wolters Kluwer), Kelvin Newton, Anthony Migliardi, Rosemary Missier (Xero), Suzanne Taylor.

Next meeting	28 April 2020

Agenda item: 1 – Introduction

Sonia welcomed the group and advised that another JobKeeper webinar would be held tomorrow (15/04) at 4.00pm. If DSPs find they are not on the distribution lists for these whole-of-industry invites, please update your contact information in Online Services for DSPs.

Sonia also asked the group to send through suggestions of ways we can assist them to support their clients through tax time, either to the DPO@ato.gov.au mailbox or through Online Services for DSPs.

Agenda item: 2 – Action item updates

Updates on outstanding items were provided. (see action items)

Agenda item: 3 – Digital Identity update

Paul Stasinowky advised that although they were still experiencing some teething issues in the Digital ID space, they were not expecting a lot of updates moving forward, hence this would be the last of the regular updates for Digital ID.

Work is still progressing on the process for the notification of outages.

He outlined the planned Digital ID performance dashboard will provide a view of:

- myGovID performance
- RAM performance
- M2M (secure token service) performance
- BAM performance
- a graph of intraday performance and response times, and
- scheduled outages

There is currently a great deal of focus on performance across the digital ID platform to ensure it can meet the expected increase in demand which will result from the many stimulus measures.

Agenda item: 4 – COVID-19 stimulus measures

Instant-asset write-off

Suzanne Taylor was unable to attend the meeting today, however a representative will attend next meeting. A change advice regarding changes to the Instant-asset write off has been published in controlled information on the Software Developers website and in Online Services for DSPs.

Accelerated depreciation
Sean Bielanowski gave an overview of the measure and expected impacts to software. A change advice has been published in controlled information on the Software Developers website and in Online Services for DSPs.

Accelerated depreciation or Backing Business Investment was introduced on 12 March 2020 to provide an incentive to businesses with aggregated turnover of less than $500 million for the 2019–20 and 2020–21 income years to deduct the cost of depreciating assets at an accelerated rate.

For each **new** asset, the accelerated depreciation deduction applies in the income year that the asset is first used or installed ready for use for a taxable purpose. You claim the deduction when lodging your tax return for the income year. The usual depreciating asset arrangements apply in the subsequent income years that the asset is held.

Eligible assets
To be eligible to apply the accelerated rate of deduction, 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 the instant asset write-off rules or depreciation deductions.

Eligible assets do not include:
•second-hand depreciating assets
•some specific Division 40 assets subject to low value and software development pools
•certain primary production assets
•buildings and other capital works for which you can deduct amounts under Division 43
•other specific capital asset and expense deductions
•assets you were committed to acquiring before 12 March 2020.

If accelerated depreciation is to be applied to the purchase of a passenger vehicle (except a motor cycle or similar vehicle) designed to carry a load of less than one tonne and fewer than nine passengers, the cost of the vehicle that can be claimed under depreciation rules is limited to the car limit at that time.

Eligible businesses
Under the measures, different rules apply depending on whether or not an entity is using the simplified rules for capital allowances for small businesses.

Small business entity
If you are a small business with an aggregated turnover of less than $10 million, and you use the simplified depreciation rules, those assets over the instant asset threshold which are eligible for the accelerated depreciation are added to the general small business pool. You can deduct an amount equal to 57.5% (rather than 15%) of the business portion of a new depreciating asset in the year you add it to the pool. In later years the asset will be depreciated under the general small business pool rules.

Other business entities
If you are an entity with aggregated turnover less than $500 million in the income year and do not use the simplified depreciation rules, you may be eligible to deduct an amount if the asset is a qualifying asset.

The amount your entity can deduct in the income year the asset is first used or installed ready for use is:
•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%.

Effectively, together with the instant asset write-off rules, the accelerated depreciation deduction applies to assets with a cost (or adjustable value if applicable) of:
•$150,000 or more in the 2019–20 income year
•$1,000 or more in the 2020–21 income year.

We are also updating content to ato.gov.au, social media and providing updates to subscription newsletters, and are currently building the changes in to the DCAT. We are updating guidance to take account of questions we were receiving from taxpayers, such as what is aggregated turnover and car limit. I finished on advice that a Change Advice was soon to be published on the relevant Collaboration Hub for the Digital Services Providers (DSPs) so they can incorporate the changes in to their tax software.

Two questions from the group were:

1- What is the aggregated turnover test:

Aggregated turnover is generally your annual turnover plus the annual turnover of any business:

•connected with you
•that is your affiliate.

If your business is a company, your aggregated turnover includes your annual turnover, plus the annual turnover of all the entities that are connected or affiliated with your company. These connected or affiliated companies may be based in Australia or overseas.

2- How will the tax return be recording the use of BBI and IAWO:

Current labels will be used for this current financial year, due to limitations surrounding timeframes from announcement to build, but we are looking to amend the tax return for the 2020-21 year for the BBI measure. We will ensure further information is given in relation to this if and when it happens

Work-related expenses – Employees working from home (COVID-19 support)
Kendal Hawken described the special arrangements being put in place for employees to claim a work-related expense for working from home. The $0.80 per hour rate applies from 01/03/2020 until 30/06/2020 at which time it will be reviewed to see whether it needs to be extended.

Working from home before 1 March 2020
Claims for working from home expenses prior to 1 March 2020 should be calculated using the existing approaches and are subject to the existing requirements.

Working from home claims for 1 March to 30 June
There are three ways that you can choose to calculate your additional running expenses for the 1 March – 30 June period:

- claim a rate of 80 cents per work hour for all additional running expenses.

- claim a rate of 52 cents per work hour for heating, cooling, lighting, cleaning and the decline in value of office furniture, plus calculate the work-related portion of your phone and internet expenses, computer consumables, stationery and the decline in value of a computer, laptop or similar device

- claim the actual work-related portion of all your running expenses, which you need to calculate on a reasonable basis.

No new fields will be introduced into the Deductions Schedule design for 2020 to capture the use of the new shortcut home office rate. However Agents and taxpayers will be requested to identify these claims in their 2019/20 income tax returns as per the practical compliance guide:

Practical Compliance Guide - Tax return description

29. Taxpayers who:

- rely on this Guideline to use the shortcut rate of 80 cents per hour to calculate their additional home office expenses during the period from 1 March 2020 to the date this Guideline ceases to apply, and
- lodge their tax return through myGov or through a tax agent

must include the notation *'COVID-hourly rate'* next to their deduction for home office expenses in their 2019-20 tax return.

Further advice will be provided to Tax Agents as part of the Corporate Tax Time Communication channels and to self-preparers via the myTax User Interface and supporting information.

Kendal will also send through a change advice which will be published in controlled information.

Agenda item: 5 – Tax Time 2020

Sangitha advised there is only one update since the latest Release on a Page was published. The Payment thinking initiatives have been deferred form Q2 due to the shift in priorities of late, with no new PROD date at this stage. No other work for tax time 2020 has been deferred.

Kevin raised some questions around the JobKeeper measure – how will the JobKeeper amounts be disclosed on the income tax return to ensure it is not counted in turnover or used in PAYGI calculation? – Sonia advised these queries would be taken on notice and worked through in collaboration with business areas assisting with other stimulus measure queries.

Agenda item: 6 – Platform update

Anu provided an overview of platform performance over the past fortnight.

The SBR2 channel processed 7.5M transactions across all services on 07/04 - this was significant milestone for SBR2 and is highest number of transactions processed in a single day. The SBR2 channel handled the load well with no impact to performance.

A few incidents were experienced over the Easter break:

- Thursday - Friday: Scheduled outage for deployments
- Saturday: SRP failures and BBRP degradation for 2 hours (6 - 8am)
- Sunday: SRP failures and BBRP degradation for 1 and half hour (7:30am - 8:55am)
- Monday : EVTE 3 experienced an outage in the morning, however systems were restored around midday (13/04)

Root cause analysis of the previous incidents in mid-March relating to BBRP slowness are continuing. Performance tuning measures have been implemented in Production, which includes capturing data before and after the fix for deep dive analysis

Agenda item: 7 – Agent online environment update

No update.

Agenda item: 8 – DSP feedback/Other issues

Sonia advised queries regarding the JobKeeper measure will be addressed in tomorrow's webinar.

Scott Reid had a query regarding legislation and indicator for Significant Global Entity (SGE). Warren Sturgiss provided the following response:

Contingency for the Amending the definition of Significant Global Entities feature given that Royal Assent will not be received by 30 June 2020.
The work deployed into EVTE to amend the definition of Significant Global Entities, which saw the introduction of a new indicator: CbC reporting entity into the Company, Partnership and Trust income tax returns for 2020 will not receive Royal Assent by 30 June 2020. As a result, these changes which were to be delivered for 20Q2 cannot be deployed.

It is the recommendation that the DSP community adjust their UI to ‘hide’ or similar action to ensure the indicator is not provided as part of lodgment.

This approach will avoid a late change to the schemas for those impacted services, and duplication of effort in the event Parliament passes and retrospectively applies this measure post 1 JULY 2020.

Updates to the Validation Rules (can C# code) to support this contingency will be required and these will form part of the May EVTE Deployment. A new rule and meaningful response message preventing the updating of the 2020 indicator will be included as part of the deployment to ensure no lodgement where the indicator is present is accepted. Should the measure not pass for 2020, and does not go ahead for the next Financial Years tax time, work will be undertaken to remove and clean up the schemas and VR’s.