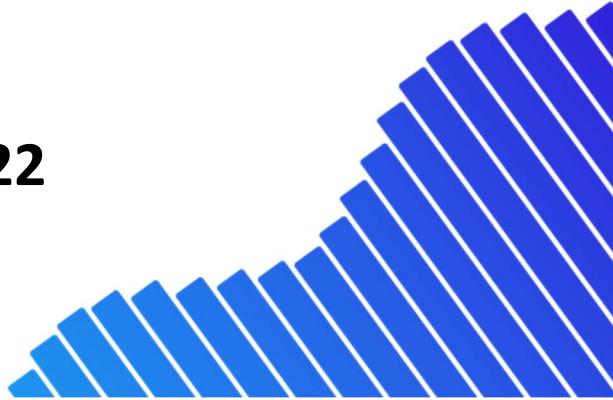


What to expect from 1 July 2022

Written by The Tax Institute's Tax Policy and Advocacy Team

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Introduction

As we enter the new financial year, we turn our minds to the new measures that commence in 2022-23 and those measures that have been announced but remain unenacted with a proposed commencement date of 1 July 2022.

Each year, practitioners are faced with a range of new tax measures that are in varying forms of progression and implementation. The checklists in this guidance have been split into legislated provisions commencing from 1 July 2022 and unenacted measures that are proposed to commence from 1 July 2022.

IMPORTANT

These checklists do not contain a comprehensive or exhaustive list of issues you need to consider for your clients from the commencement of the financial year. There may be other issues you need to think of. These checklists serve as a guide to a range of issues and do not constitute advice. They do not provide a detailed explanation of whether a taxpayer may be eligible for a deduction or a tax concession, or the relevant conditions for a provision or administrative approach to apply or not apply.

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ATO guidance applying from 1 July 2022

During 2021–22, the ATO released guidance on several matters which has or will (once finalised) have application from 1 July 2022. This includes the ATO draft guidance materials on section 100A and Division 7A that are currently subject to finalisation.

Section 100A

On 23 February 2022, the Commissioner issued draft guidance on how section 100A of the *Income Tax Assessment Act 1936 (ITAA 1936)* applies to trust distributions made to a beneficiary who is presently entitled to an amount of trust income, and that entitlement arises from or in connection to a reimbursement agreement. The draft guidance comprises:

- Draft Taxation Ruling [TR 2022/D1](#) *Income tax: section 100A reimbursement agreements (TR 2022/D1)*
- Draft Practical Compliance Guideline [PCG 2022/D1](#) *Section 100A reimbursement agreements – ATO compliance approach (PCG 2022/D1)*.

The ATO also issued Taxpayer Alert [TA 2022/1](#) *Parents benefitting from the trust entitlements of their children over 18 years of age (TA 2022/1)* on 23 February 2022.

Given section 100A is not subject to a limited amendment period¹, the guidance has retrospective application. However, taxpayers with entitlements conferred prior to 1 July 2022 may rely on the administrative treatment in [Trust taxation – reimbursement agreement \(July 2014 web guidance\)](#) where the July 2014 web guidance provides a more favourable outcome to the taxpayer's circumstances than PCG 2022/D1.

Trust entitlements conferred from 1 July 2022 will be subject to the guidance once finalised.

The ATO has provided simplified [web guidance](#) on when section 100A may apply to 2021–22 trust distributions. While the [web guidance](#) has been designed to assist registered tax agents and trustees understand when section 100A may apply to distributions conferred in the 2021–22 income year, it is equally relevant to the 2022–23 and later income years.

Further information on the ATO's guidance materials, including detailed analysis and a flowchart on the operation of section 100A can be found in our [blog](#).

¹ Item 17 of the table in section 170(10) of the ITAA 1936 allows the Commissioner to amend an assessment at any time for the purpose of giving effect to section 100A. It is widely understood that this means that the trustee of a trust can be assessed under section 99A at any time to give effect to section 100A, but section 170(10) also allows the Commissioner to amend the assessment of any other taxpayer to give effect to section 100A. This includes beneficiaries who may have been previously assessed under section 97 of the ITAA 1936 so that there is no double taxation.

Division 7A

The ATO issued draft Taxation Determination [TD 2022/D1](#) *Income tax: Division 7A: when will unpaid present entitlement or amount held on sub-trust become the provision of ‘financial accommodation’?* (**draft Determination**) on 23 February 2022. The draft Determination describes when a private company beneficiary provides financial accommodation – and is therefore taken to have made a loan for the purposes of Division 7A of Part III of the ITAA 1936 – where it is made presently entitled to trust income of a trust and either:

- the entitlement remains unpaid; or
- the trustee sets aside and holds it on a sub-trust for the exclusive benefit of the private company beneficiary.

The draft Determination will apply to trust entitlements arising on or after 1 July 2022. The prior guidance, Taxation Ruling [TR 2010/3](#) *Income tax: Division 7A loans: trust entitlements* and Practice Statement Law Administration [PS LA 2010/4](#) *Division 7A: trust entitlements* were withdrawn on 30 June 2022 and 1 July 2022 respectively, both with effect from 1 July 2022. However, taxpayers will be able to continue to rely on both TR 2010/3 and PS LA 2010/4 for trust entitlements arising on or before 30 June 2022.

Practical Compliance Guideline [PCG 2017/13](#) *Division 7A – PS LA 2010/4 sub-trust arrangements maturing in or after the 2016–17 income year* (**PCG 2017/13**) has recently been updated to extend the application of this guideline to sub-trust arrangements maturing in the 2021–22 and later income years. If all or part of the principal of a loan entered into Investment Option 1 or 2 of PS LA 2012/4 is unpaid on the maturity of the loan arrangement, the Commissioner will accept that a 7-year loan on complying Division 7A terms may be put in place between the private company and sub-trust prior to the company’s lodgment day. This means that PCG 2017/13 applies to Option 1 or Option 2 sub-trust arrangements created in respect of trust entitlements arising between the 2009–10 to 2021–22 income years (inclusive).

Allocation of professional firm profits

Practical Compliance Guideline [PCG 2021/4](#) *Allocation of professional firm profits – ATO compliance approach* (**PCG 2021/4**) sets out the ATO’s compliance approach to the allocation of profits or income generated by professional firms in the assessable income of the individual professional practitioner (IPP). PCG 2021/4 addresses arrangements where an IPP may be redirecting their income to associated entities, resulting in a reduced tax liability.

IMPORTANT

A PCG is not a taxation ruling. It does not set out the ATO’s interpretation or understanding of the law. It does not replace, alter or affect the operation of the law in any way. It does not set out whether Part IVA applies, or does not apply, to a particular type of arrangement. It is not legally binding on the Commissioner.

A PCG does, however, provide protection from interest on any tax shortfall and from penalties for making a false or misleading statement where a taxpayer has relied on it in good faith when determining their tax liabilities.

The compliance approach comprises two gateways, both of which must be satisfied for the IPP to apply the self-assessment risk framework.

PCG 2021/4 applies where all the below factors are met:²

- the IPP has an indirect or direct legal or beneficial interest in the firm and provides professional services to clients of the firm or involved in management of the firm;
- the firm income is not personal services income;
- the firm operates through a legal structure;
- the IPP has an indirect or direct equity ownership; and
- gateway 1 and gateway 2 are satisfied.

Two gateways must be satisfied for the IPP to self-assess using the risk framework:

- **Gateway 1** – There should be a sound commercial rationale for entering into and operating the arrangement or structure, including an **absence** of the following indicators:
 - The arrangement seems more complex than is necessary to achieve the relevant commercial objective
 - The arrangement includes steps that appear only to provide a tax advantage with no other apparent purpose
 - The tax result of the arrangement appears at odds with its commercial or economic result
 - The arrangement results in little or no risk in circumstances where significant risks would normally be expected
 - The parties to the arrangement are operating on non-commercial terms or in a non-arm's length manner
 - There is a gap between the substance of the arrangement and its legal form.
- **Gateway 2** – The arrangement should not exhibit certain 'high-risk features', including:
 - The arrangement is described in an existing Taxpayer Alert
 - Financing arrangements are related to non-arm's length transactions
 - Differences between accounting standards and tax law are exploited
 - Partnership interests are assigned in a manner that does not follow the principles laid out in *FCT v Everett* [1980] HCA 6 and *FCT v Galland* [1986] HCA 83 (about the assignment of partnership interests)
 - Multiple classes of shares and units are held by non-equity holders
 - Multiple assignments or disposals of an equity interest occur

² [PCG 2021/4](#) at [28].

- Misuse of the superannuation system occurs, including assignments or disposals of an interest to associated self-managed superannuation funds (SMSFs)
- Distributions of income are made to entities, other than the IPP, with losses.

If you cannot satisfy both gateways, your arrangement is considered high-risk and you cannot apply the self-assessment risk framework.

If gateways 1 and 2 are satisfied, the PCG prescribes a risk scoring table for taxpayers to use during their self-assessment. The table lists three factors and ascribes a score for each factor depending on the outcome. The aggregate score of the factors determines the relevant risk assessment.

An aggregated risk score in the:

- **green zone** means your arrangement is considered low-risk and the ATO will apply compliance resources to review your allocation of profit only in exceptional circumstances
- **amber zone** means your arrangement is considered to be moderate risk and the ATO is likely to conduct further analysis on the facts and circumstances of your arrangement
- **red zone** is considered high-risk and the ATO will conduct further analysis on the facts and circumstances of your arrangement as a matter of priority. If further analysis confirms the arrangement remain high-risk, the compliance activities may proceed to audit.

Any arrangements that commence from 1 July 2022 and satisfy all the criteria in paragraph 28 of the PCG are subject to PCG 2021/4.

Transitional arrangements

The compliance approach outlined in the PCG will be applied by the ATO from 1 July 2022.

The ATO has advised the following transitional arrangements apply:

- If your arrangement complies with the suspended guidelines, is commercially driven and does not exhibit any of the high-risk features listed above under gateway 2, you can continue to rely on the suspended guidelines for the years ending **30 June 2018 to 30 June 2022**.
- If your arrangement was considered low-risk under the suspended guidelines and has a higher risk rating under the PCG, you can continue to rely on the suspended guidelines until **30 June 2024**.

Further information can be found in our blog [here](#).

Enacted measures commencing from 1 July 2022

Superannuation

The checklist below contains enacted superannuation measures impacting trustees, employees and employers that commence on 1 July 2022.

A separate checklist has been prepared for other business measures on [page 10](#).

Description	Reference	
<p>Increase in superannuation guarantee (SG) rate to 10.5%</p> <p>From 1 July 2022, the SG charge percentage increases from 10% to 10.5%. Employers will need to use the increased rate to calculate the minimum mandatory SG contributions they make into their employees' superannuation funds.</p> <p>The increased rate applies to all SG contributions made on behalf of employees on or after 1 July 2022, even if all or part of the pay period relates to work performed before 1 July 2022.</p> <p>This increase forms part of a series of incremental increases to the SG rate that is already legislated to increase the rate to 12% by 1 July 2025.</p> <p>Example 1</p> <p>Bob's employer pays SG quarterly after the end of the quarter and by the due date. On 15 July 2022, Bob's employer pays his June wages of \$10,000 and makes an SG contribution of \$3,150 ($\\$10,000 \times 3 \text{ months' wages} \times 10.5\% \text{ SG charge percentage}$). Even though the work was done in April, May and June 2022, Bob's employer has paid the SG contributions at the correct rate.</p> <p>Example 2</p> <p>Sally's employer pays her monthly wages of \$15,000 (for June 2022) on 15 June 2022 and pays the SG for the June 2022 quarter also on 15 June 2022. Sally's employer is required to pay SG of \$4,500 ($\\$45,000 \times 10\% \text{ SG}$). Sally's employer has paid the correct amount of SG contributions.</p> <p>More information can be found on the ATO website here.</p>	Subsection 19(2) of the SGAA	<input type="checkbox"/>

Description	Reference	
<p>Removal of work test</p> <p>The work test has been repealed for certain contributions from 1 July 2022 onwards. The work test previously required individuals aged between 67–75 to have worked least 40 hours within 30 consecutive days in a financial year to make non-concessional superannuation contributions or salary sacrifice contributions. This is no longer required.</p> <p>However, individuals aged between 67–75 still need to meet the work test to claim a deduction for personal contributions.³</p> <p>More information can be found on the ATO website here.</p>	Section 290-165 of the ITAA 1997	<input type="checkbox"/>
<p>Removal of SG \$450 monthly income threshold</p> <p>Previously employers were not mandated to pay SG contributions where an employee's salary or wages for the month were less than \$450. From 1 July 2022, the \$450 monthly income threshold, contained in former section 27(2) of the SGAA, has been repealed.</p> <p>From 1 July 2022, employers will be required to make SG contributions for their employees regardless of their monthly earnings.</p> <p>This measure does not impact part-time or casual employees who work no more than 30 hours per week and are aged less than 18 years – these earnings continue to be excluded from salary and wages that are subject to SG.⁴</p> <p>More information can be found on the ATO website here.</p>	Schedule 1 to the Super and Business Measures Act 2022 (see page 20 for full title)	<input type="checkbox"/>

³ Historically, the work test has applied as a condition on a superannuation fund accepting contributions rather than as a condition on an individual claiming a deduction for the contribution. This reflects that the work test applied irrespective of whether the individual claimed a deduction or not. However, given its reduced scope in respect of personal deductible contributions, the work test can now be applied to those contributions in a targeted manner (para. 4.9 of the Explanatory Memorandum to the [Treasury Laws Amendment \(Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest\) Act 2022](#)). These amendments effectively relocate the former work test from the SISR to section 290-165 of the ITAA 1997.

The [Treasury Laws Amendment \(Enhancing Superannuation Outcomes\) Regulations 2022](#), registered on 3 March 2022, amended the SISR to give effect to the removal of the work test for non-concessional superannuation contributions or salary sacrifice contributions for those aged 67–75 years.

⁴ See section 28, and the meaning of 'part-time employee' in section 6 of the SGAA.

Description	Reference	
<p>Increase in eligibility age for bring forward arrangements</p> <p>From 1 July 2022, the maximum age to utilise the non-concessional contribution bring forward rule has increased from 66 years to 74 years.</p> <p>Prior to 1 July 2022, the bring forward arrangements were limited to individuals aged less than:</p> <ul style="list-style-type: none"> ● 67 years in the 2021–22 income year ● 65 years for the 2020–21 and earlier income years. <p>The bring forward rule allows individuals to make contributions exceeding the annual non-concessional contributions cap by accessing the non-concessional contributions cap for the subsequent two years or one year depending on the individual's circumstances.</p> <p>Individuals may utilise the bring forward arrangements where they meet the age condition and all the below conditions are satisfied:</p> <ul style="list-style-type: none"> ● The contribution exceeds the annual cap ● The individual is not currently in an active bring forward arrangement ● The individual's total superannuation balance at 30 June of the prior year is less than the general transfer balance cap and the difference between the general transfer balance cap and total superannuation balance exceeds the annual non-concessional contributions cap. <p>More information can be found on the ATO website here.</p> <p>Further information on the superannuation caps and the bring forward arrangements, which have been impacted by the indexation of the general transfer balance cap from \$1.6 million to \$1.7 million on 1 July 2021, can be found in our Ready Reckoner: Superannuation caps here.</p>	<p>Subsection 292-85(3) of the ITAA 1997</p>	<input type="checkbox"/>

Description	Reference	
<p>Extension of reduction in minimum pension draw down rates</p> <p>In 2020, the Government temporarily reduced the minimum annual drawdown rates for superannuation income streams by 50% in response to the impact of the COVID-19 pandemic on financial markets.</p> <p>This temporary reduction was due to end on 30 June 2022.</p> <p>This temporary reduction has been extended to 30 June 2023. The standard annual drawdown rates will apply from 1 July 2023.</p> <p>More information can be found on the ATO website here.</p>	<p>Schedule 7 to the SISR</p> <p>Superannuation Legislation Amendment (Superannuation Drawdown) Regulations 2022</p>	<input type="checkbox"/>
<p>Reduction in eligibility age for downsize contributions</p> <p>From 1 July 2022, the downsize contribution is available to individuals aged 60 years or older, subject to eligibility requirements. Prior to 1 July 2022, the downsize contribution could be accessed only by individuals aged 65 or older.</p> <p>Individuals accessing the downsize contribution are required to meet other eligibility requirements including the following:</p> <ul style="list-style-type: none"> • The contribution is made in respect of the consideration from the disposal of a qualifying Australian dwelling and the disposal contract was entered into on or after 1 July 2018 • The property must have qualified (partly or fully) for the CGT main residence exemption • The individual, their spouse or their former spouse must have held the dwelling for at least 10 years prior to the disposal • The superannuation provider must be notified in the approved form and the contribution must be made within 90 days of the disposal • The individual must not have used the downsize contribution previously for another dwelling. 	<p>Section 292-102 of the ITAA 1997</p>	<input type="checkbox"/>
<p>Increase in First Home Super Saver (FHSS) scheme cap</p> <p>From 1 July 2022, the maximum amount of eligible contributions that can be released increased from \$30,000 to \$50,000. The amount of contributions that can count towards this cap from each year remains at \$15,000.</p> <p>More information can be found on the ATO website here.</p>	<p>Section 138-35 of Schedule 1 to the TAA</p>	<input type="checkbox"/>

Description	Reference	
<p>Retirement income covenant</p> <p>From 1 July 2022, the SISA was amended to insert a new retirement income covenant that requires trustees of a retirement superannuation entity (RSE) to formulate a retirement income strategy for retired beneficiaries or those approaching retirement.</p> <p>This covenant does not apply to SMSFs.</p> <p>More information can be found on the APRA website here.</p>	<p>Section 52(8A) of the SISA</p> <p>Schedule 9 to the <i>Corporate Collective Investment Vehicle Framework and Other Measures Act 2022</i></p>	<input type="checkbox"/>

Businesses

This checklist contains enacted business measures that commence on 1 July 2022.

Superannuation measures impacting businesses can be found in the superannuation checklist on [page 6](#).

Description	Reference	
<p>Final year of loss carry back tax offset rules</p> <p>The 2022–23 income year will be the last year that eligible corporate tax entities will be able to apply current year tax losses against tax payable on profits made in the 2018–19 to 2021–22 income years.</p> <p>The loss carry back rules allow eligible entities to apply tax losses to earlier income years in which there were tax liabilities. The entity receives a refundable tax offset equal to the tax liability they would have saved if they were able to deduct those losses in the earlier year using the loss year tax rate.</p> <p>The ATO has provided a loss carry back tax offset tool to assist practitioners and taxpayers to determine their eligibility to claim the offset and the maximum amount that can be claimed.</p> <p>More information can be found on the ATO website here.</p>	<p>Sections 160-5 and 160-10 of the ITAA 1997</p>	<input type="checkbox"/>

Description	Reference	
<p>Final year of temporary full expensing (TFE)</p> <p>Eligible businesses can immediately deduct the business portion of eligible assets and improvements ready for use for a taxable purpose between 7:30pm AEDT on 6 October 2020 and 30 June 2023.</p> <p>To fully expense a depreciating asset in 2022–23, the asset must be:</p> <ul style="list-style-type: none"> ● first held by 30 June 2023; and ● first used or installed ready for use for a taxable purpose by 30 June 2023. <p>If either of these falls after 30 June 2023, the depreciating asset will be ineligible to be claimed under the TFE provisions and will be subject to the depreciation rules of the entity in the 2023–24 income year and subsequent income years.</p> <p>If the taxpayer's aggregated turnover is \$5 billion or more, the alternative income test may enable the taxpayer to use TFE.</p> <p>The instant asset write-off threshold will revert to \$1,000 for small business entities (aggregated turnover is less than \$10 million) from 1 July 2023.</p> <p>More information can be found on the ATO website here.</p>	Section 328-180 of the ITAA 1997 and section 328-181 of the IT(TP)A	<input type="checkbox"/>
<p>Removal of cessation of employment for employee share scheme (ESS) interests</p> <p>From 1 July 2022, the cessation of employment will no longer be relevant for determining the taxing point for tax-deferred ESS interests.</p> <p>The deferred taxing points for ESS interests will be the earliest of:</p> <ul style="list-style-type: none"> ● where there are no longer restrictions preventing immediate disposal or a risk the interest will be forfeited ● the 15-year period following the acquisition of the interest. <p>More information can be found on the ATO website here.</p>	Section 83A-115 and section 83A-120 of the ITAA 1997	<input type="checkbox"/>

Description	Reference	
<p>Corporate collective investment vehicle (CCIV) tax framework</p> <p>From 1 July 2022, fund managers can establish a CCIV, being a company limited by shares with one or more sub-funds and overseen by a single director.</p> <p>Each sub-fund is taxed as an attribution managed investment trust (AMIT) if certain conditions are met. Sub-funds that do not meet these conditions are taxed as trusts according to the ordinary rules, consistent with the AMIT rules.</p> <p>More information can be found on the ATO website here.</p>	<p>Subdivision 195-C of the ITAA 1997</p> <p>Schedule 5 to the <i>Corporate Collective Investment Vehicle Framework and Other Measures Act 2022</i></p>	<input type="checkbox"/>
<p>Smaller PAYG instalments GDP uplift factor</p> <p>The GDP uplift factor for 2022–23 income year instalments has been set at 2% rather than 10%.</p> <p>This applies to PAYG and GST instalments.</p>	<p>Schedule 5 to the <i>Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022</i></p>	<input type="checkbox"/>
<p>Increase in national minimum wage</p> <p>From 1 July 2022, the national minimum wage increases from \$20.33 per hour or \$772.60 per week (based on a 38-hour week for a full time employee) to \$21.38 per hour or \$812.60 per week. The increase will apply to most modern awards.</p> <p>Casual loading has remained at 25% of the national minimum wage.</p> <p>More information can be found on the Fair Work website here.</p>	<p>Paragraph 449 of the Annual Wage Review 2021–22</p>	<input type="checkbox"/>

Measures that will end by 1 July 2022 or shortly after

Description	Reference	
<p>Work-related expenses – deduction for working from home (WFH) expenses using the shortcut method</p> <p>The 80 cents per hour shortcut method was a temporary measure resulting from the Government's response to the COVID-19 pandemic and an increase in WFH arrangements.</p> <p>The shortcut method was available from 1 March 2020 to 30 June 2022.</p> <p>On 1 July 2022, the shortcut method measure ceased to apply. Taxpayers will need to use either the fixed rate method⁵ or the actual cost method to determine their WFH claim for the 2022–23 and subsequent income years.</p> <p>More information can be found on the ATO website here.</p>	Section 8-1 of the ITAA 1997	<input type="checkbox"/>
<p>Low and Middle Income tax offset (LMITO)</p> <p>The LMITO is no longer available to reduce the tax liability of eligible individuals after 30 June 2022. It will continue to be applied automatically by the ATO on assessment following the lodgment of eligible taxpayers' 2022 income tax returns.</p> <p>During the Federal Budget 2022–23, the LMITO was increased by \$420. This raised the base amount to \$675 and the maximum amount to \$1,500.</p> <p>The maximum Low Income tax offset (LITO) of \$700 is still available for individuals whose taxable income is less than \$66,668.</p>	Sections 61-105, 61-107 and 61-110 of the ITAA 1997	<input type="checkbox"/>
<p>Temporary fuel excise reduction ends in September 2022</p> <p>The 6-month temporary reduction of the fuel excise from 44.2 to 22.1 cents per litre will end on 28 September 2022.</p> <p>More information can be found on the ATO website here.</p>	Sections 6K and 6L of the <i>Excise Tariff Act 1921</i>	<input type="checkbox"/>

⁵ The ATO is currently reviewing the fixed rate method for 2022–23.

Unenacted measures proposed to commence on 1 July 2022

The measures in the table below are unenacted and were proposed to commence on 1 July 2022. These measures were announced by the former government. It is unclear whether the new Government will proceed with these measures and, if so, whether the proposed start date of 1 July 2022 will be retained.

Description	Reference	
<p>Sharing economy platform reporting</p> <p>The former government introduced a bill⁶ into Parliament containing a measure to require sharing economy platform providers and operators of electronic distribution platforms to report the payments received by participants on these platforms each year.</p> <p>This measure was proposed to commence on:</p> <ul style="list-style-type: none">● 1 July 2022 for sharing economy platform operators that supply taxi travel and short-term accommodation● 1 July 2023 for the operators of all other platforms. <p>More information on the lapsed bill can be found here and on the Treasury website here.</p>	Section 396-55 to Schedule 1 of the TAA	<input type="checkbox"/>
<p>Removing the self-education expenses threshold</p> <p>The former government introduced a bill⁷ into Parliament containing a measure to remove the \$250 non-deductible threshold when claiming deductions for self-education expenses.</p> <p>This measure was proposed to commence on 1 July 2022.</p> <p>More information on the lapsed bill can be found here.</p>	Section 82A of the ITAA 1936	<input type="checkbox"/>

⁶ Schedule 1 to the *Treasury Laws Amendment (2021 Measures No. 7) Bill 2021*. The Bill will lapse on the commencement of the 47th Parliament on 26 July 2022.

⁷ Schedule 3 to the *Treasury Laws Amendment (2021 Measures No. 7) Bill 2021*. The Bill will lapse on the commencement of the 47th Parliament on 26 July 2022.

Description	Reference	
<p>Patent box regime</p> <p>The Federal Budget 2021–22 included a measure proposing to introduce a new patent box regime that would provide concessional tax treatment for ordinary and statutory income derived by a corporate taxpayer from exploiting a medical or biotechnology patent. A concessional rate of 17% was proposed to apply to such income from 1 July 2022.</p> <p>The Federal Budget 2022–23 included a measure proposing to expand the regime to cover the agricultural sector and low emissions technology innovations from 1 July 2023.</p> <p>More information can be found on the ATO website here.</p>	<p>Federal Budget 2021–22: Budget Paper No. 2</p> <p>Federal Budget 2022–23: Budget Paper No. 2</p>	<input type="checkbox"/>
<p>Digital games tax offset (DGTO)</p> <p>The DGTO is proposed to commence from 1 July 2022 and would provide a refundable 30% tax offset to eligible businesses that spend a minimum of \$500,000 on qualifying Australian games expenditure.</p> <p>The maximum DGTO that a developer would be able to claim in each year will be \$20 million.</p> <p>More information can be found on the Treasury website here.</p>	<p>Exposure draft legislation: Treasury Laws Amendment (Measures for Consultation) Bill 2022: Digital games tax offset</p> <p>Proposed new Division 378 of the ITAA 1997</p>	<input type="checkbox"/>
<p>Australian Business Number (ABN) reforms</p> <p>A measure in the Federal Budget 2022–23 deferred the commencement of the ABN system reforms until 1 July 2022.</p> <p>The measure proposed that ABN holders:</p> <ul style="list-style-type: none"> with an income tax return obligation would be required to lodge their income tax return – from 1 July 2022; and would be required to annually re-confirm their details on the Australian Business Register (ABR) – from 1 July 2023. 	<p>Federal Budget 2022–23: Budget Paper No. 2</p>	<input type="checkbox"/>

Description	Reference	
<p>Non-arm's length income (NALI)</p> <p>On 22 March 2022, the former government announced it would make legislative changes to ensure the NALI provisions operated as envisaged. The former government's announcement stated that the legislative changes were proposed to apply from 1 July 2022.</p> <p>No legislative changes have occurred since then, however the ATO has updated their guidance to extend the operation of their transitional approach until 30 June 2023.</p> <p>The former government's announcement can be found here.</p>	LCR 2021/2 and PCG 2020/5	<input type="checkbox"/>
<p>Small business skills and training boost</p> <p>The Federal Budget 2022–23 contained a measure that proposed to allow eligible business to claim an increased deduction of 120% for eligible expenditure on external training courses provided to their employees.</p> <p>Eligibility would be limited to businesses with an aggregated turnover of less than \$50 million and is proposed to be available from 7:30pm AEDT on 29 March 2022 until 30 June 2024.</p> <p>It is proposed that, where eligible expenditure is incurred from:</p> <ul style="list-style-type: none"> ● 7:30pm AEDT on 29 March 2022 to 30 June 2022 – the eligible expenditure is claimed in the 2022 tax return. ● 1 July 2022 to 30 June 2023 – both the eligible expenditure and the skills and training boost would be claimed in the 2023 tax return. The 2023 tax return would also include the 2022 skills and training boost that was not claimed in the 2022 tax return. ● 1 July 2023 to 30 June 2024 – both the eligible expenditure and the skills and training boost would be claimed in the 2024 tax return. <p>This measure is yet to be legislated.</p>	Federal Budget 2022–23: Budget Paper No. 2	

Description	Reference	
<p>Small business technology investment boost</p> <p>The Federal Budget 2022–23 contained a measure that proposed to allow eligible businesses to claim an increased deduction of 120% for eligible expenditure on digital technology, capped at \$100,000 of expenditure per annum.</p> <p>Eligibility would be limited to businesses with an aggregated turnover of less than \$50 million and is proposed to be available from 7:30pm AEDT on 29 March 2022 until 30 June 2023.</p> <p>It is proposed that, where eligible expenditure is incurred from:</p> <ul style="list-style-type: none"> ● 7:30pm AEDT on 29 March 2022 to 30 June 2022 – the eligible expenditure is claimed in the 2022 tax return and the technology investment boost would be claimed in the 2023 tax return ● 1 July 2022 to 30 June 2023 – both the eligible expenditure and the technology investment boost would be claimed in the 2023 tax return. The 2023 tax return would also include the 2022 technology investment boost that was not claimed in the 2022 tax return. <p>This measure is yet to be legislated.</p>	Federal Budget 2022–23: Budget Paper No. 2	
<p>Charity reporting reforms</p> <p>The exposure draft regulations, released on 20 September 2021, proposed to implement the following measures from 1 July 2022:</p> <ul style="list-style-type: none"> ● Update the revenue thresholds for small, medium and large charities ● Require all registered charities to disclose related party transactions for key management personnel ● Allow small registered charities to use simplified disclosure for related party transactions <p>More information can be found on the Treasury website here.</p>	Exposure draft regulations: Australian Charities and Not-for-profits Commission Amendment (2021 Measures No. 3) Regulations 2021	<input type="checkbox"/>

Further information

Labor's election policy – Electric Car Discount

One of Labor's election policies, the Electric Car Discount, is proposed to be implemented from 1 July 2022. The policy will exempt many electric cars from:

- **Import tariffs** – electric cars imported for less than the luxury car threshold for fuel efficient vehicles (\$84,916 for 2022–23) will be excluded from the 5% import tariff.
- **Fringe benefits tax** – electric cars supplied by an employer and costing less than the luxury car threshold for fuel efficient vehicles will be exempt from FBT.

Labor proposes to review the measure after three years of its implementation.

More information on the announcement can be found [here](#).

Tax Rates Tables

These tables prepared by The Tax Institute provides helpful tax and superannuation rates and thresholds. The Tax Rates Tables can be found [here](#).

The Tax Rates Tables will be updated regularly, so you will have access to the most recent information throughout the year.

Tax Practitioner Board (TPB) new CPE policy

From 1 July 2022, the TPB's new continuing professional education (CPE) policy commences. This requires the completion of 120 CPE hours for tax agents and 90 CPE hours for BAS agents over a three-year period. The new policy aligns the TPB's CPE period with other professional associations. The criteria for education considered as CPE continues to vary between the TPB and the other professional associations.

For education to count towards the CPE hours, the education must be relevant to the services the agents is providing. As of 1 July 2022, a 10% cap will permanently allow health and well-being education to be classified as CPE for agents. The TPB recognises the importance of mental health and well-being for agents to provide service for their clients.

More information on eligible CPE can be found [here](#).

Preview of changes from 1 July 2023

Measures that will commence on 1 July 2023

The former government announced a number of measures that are proposed to commence on 1 July 2023. These measures remain unenacted and it is unclear whether the new Government will proceed with these measures and, if so, whether the proposed start date of 1 July 2023 will be retained.

These include:

- Streamlining of transfer balance account reporting
- The expansion of the patent box regime to include the agricultural sector and low emissions technology innovations
- The requirement for ABN holders to annually re-confirm their details on the ABR
- Changes to related party disclosures for charities for matters other than key management personnel
- The ability for taxpayers to choose whether to self-assess the effective lives of eligible depreciable intangible assets (such as patents, registered designs, copyrights and in-house software) or to continue to use the tax effective life currently specified in the law.

Measures that conclude on 30 June 2023

The list below sets out the tax measures that are either currently legislated, or are expected, to expire on 30 June 2023.

These include:

- Company loss carry back tax offset
- Temporary full expensing
- NALI transitional approach set out in [PCG 2020/5](#)
- Expansion of the sharing economy reporting regime to other transactions (beyond the supply of taxi travel and short-term accommodation)
- The temporary 50% reduction in the superannuation pension minimum draw down rates
- Small business technology investment boost (still to be legislated).

These measures were all enacted by the former government (other than the small business technology investment boost). If the Government chooses, and if legislated, the expiration date of these measures could extend beyond 30 June 2023.

Final thoughts

The above checklists are not an exhaustive list of all the tax provisions practitioners should consider for 2022-23. The convening of the 47th Parliament on 26 July 2022 and the Federal Budget 2022-23, expected to be released on or around 25 October 2022, will provide practitioners with more certainty as to whether the unenacted measures discussed above will be legislated.

The Tax Institute's Tax Policy and Advocacy (TPA) team have prepared a suite of products and resources to assist practitioners with understanding what has changed for 2022-23.

These products include:

- [End of Financial Year planning](#) checklist that contains key considerations for end of financial year planning and compliance. This checklist will be updated for developments throughout the year.
- [Tax Rates Tables](#) containing a comprehensive summary of federal and state tax rates for recent years.
- [State of Tax Policy Report: May 2022](#), issued on a regular basis, contains the status of tax legislation, bills and announcements with helpful hyperlinks to source materials.
- [Incoming Government Brief: June 2022](#), provided to the Treasurer, the Hon Dr Jim Chalmers MP and more than 20 other recipients on 20 June 2022, provides a summary of the key tax and superannuation priorities for the new Government.

The Tax Institute's TPA team are committed to providing relevant and practical resources to support our members. Our website is regularly updated with new resources which we encourage you to view [here](#).

Abbreviations and acronyms

Legislative abbreviations

<i>Income Tax Assessment Act 1936</i>	ITAA 1936
<i>Income Tax Assessment Act 1997</i>	ITAA 1997
<i>Income Tax (Transitional Provisions) Act 1997</i>	IT(TPA)A
<i>Superannuation Industry (Supervision) Act 1993</i>	SISA
<i>Superannuation Guarantee (Administration) Act 1992</i>	SGAA
<i>Superannuation Industry (Supervision) Regulations 1994</i>	SISR
<i>Treasury Laws Amendment (Enhancing Superannuation Outcomes For Australians and Helping Australian Businesses Invest) Act 2022</i>	Super and Business Measures Act 2022
<i>Taxation Administration Act 1953</i>	TAA

Acronyms and other abbreviations

ABN	Australian Business Number
ABR	Australian Business Register

Acronyms and other abbreviations

AEDT	Australian Eastern Daylight Time
AMIT	Attribution managed investment trust
APRA	Australian Prudential Regulation Authority
ATO	Australian Taxation Office
BAS	Business activity statement
Board	Board of Taxation
CCIV	Corporate collective investment vehicle
CGT	Capital gains tax
Commissioner	Commissioner of Taxation
CPE	Continuing professional education
DGTO	Digital games tax offset
ESS	Employee share scheme
FBT	Fringe benefits tax
GDP	Gross domestic product
GST	Goods and Services Tax
IPP	Individual professional practitioner
LITO	Low Income tax offset
LMITO	Low and Middle Income tax offset
NALI	Non-arm's length income
PAYG	Pay as you go
RSE	Retirement superannuation entity
SG	Superannuation Guarantee
SMSF	Self-managed superannuation fund

Acronyms and other abbreviations

TFE Temporary full expensing

TPB Tax Practitioners Board

WFH Working from home

Further guidance and information

Further guidance and information is available from the [ATO website](#).

If you have any specific concerns that have not been outlined above, please email taxpolicy@taxinstitute.com.au.

DISCLAIMER: The material and opinions in this article should not be used or treated as professional advice and readers should rely on their own enquiries in making any decisions concerning their own interests.

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