

client alert | explanatory memorandum

February 2016

CURRENCY:

This issue of **Client Alert** takes into account all developments up to and including 13 January 2016.

Single Touch Payroll pilot and tax offset proposed

On 21 December 2015, the Assistant Treasurer released details concerning the Government's proposed Single Touch Payroll (STP) to streamline business tax and superannuation reporting. "Employers currently manually report PAYG withholdings to the ATO," Ms O'Dwyer said. "Under the new STP this information will be automatically reported to the ATO through Standard Business Reporting (SBR) software."

Ms O'Dwyer said reporting of superannuation contributions will also be automatically sent to the ATO when payments are made to super funds. In addition, employers will also have the option to pay their PAYG withholding at the same time they pay their staff. In relation to individuals commencing employment, they will have the option of completing their TFN declaration and Superannuation Standard Choice forms using myGov or through their employer's business management software.

As noted in the MYEFO 2015–2016, the ATO will be conducting a pilot in the first half of 2017 focusing on small businesses. From 1 July 2017, all businesses will be able to commence STP reporting, with the option to make voluntary payments. In addition, the ATO will transition employers with 20 or more employees to STP. From 1 July 2018, employers with 20 or more employees will be required to use STP enabled software for reporting to the ATO. The Assistant Treasurer said the Government will make a decision on timing for rolling out STP reporting for employers with less than 20 employees after the pilot is completed.

To assist small businesses with a turnover of less than \$2 million, the Government will offer a \$100 non-refundable tax offset for SBR-enabled software. This offset is proposed to apply from 1 July 2017 and for software purchases or subscriptions made in the 2017–2018 financial year only.

STP welcome, but cashflow concerns an issue

While supportive of the STP initiative, some commentators have highlighted the policy objective needs to take into account the fact that many SMEs struggle with cashflow. The ATO has been undertaking consultation on the design and development of the STP and has been urged to better understand the business impact on SMEs.

Real time pay day reporting to the ATO has a number of public benefits. It gives the ATO an earlier intervention signal to contact struggling businesses to see what can be done to get things back on track. Reducing current levels of aged tax and superannuation debt is another aspect of the ATO's thinking. Employees will also benefit by being alerted if their tax and superannuation entitlements are not being paid.

However, a significant concern is the proposal for PAYG withheld and super to be paid by businesses more frequently, on the same day employees get paid. The current law allows super to be paid into funds quarterly, and SMEs enjoy a time lag for remitting PAYG withholding to the ATO.

Source: Assistant Treasurer's media release, 21 December 2015

<<http://kmo.ministers.treasury.gov.au/media-release/042-2015/>>; MYEFO 2015–2016

<<http://budget.gov.au/2015-16/content/myefo/html/index.htm>>

GST simplified accounting methods for small food retailers

Many small food retailers buy and sell products that are taxable as well as products that are GST-free. Others buy taxable and GST-free products and sell only taxable products. Depending on the point-of-sale equipment they use, accurately identifying and recording GST-free sales separately from those that are taxable can be difficult, which makes accounting for GST complicated.

The ATO has updated a publication setting out simplified GST accounting methods for food retailers. The publication is designed to help taxpayers work out the amount of GST they are liable to pay at the end of each tax period. There are five methods (see summary below) and the ATO says taxpayers need to choose which method is the best for their business. The ATO adds that taxpayers cannot use the averaging involved

in the methods to set prices (prices are to be set in line with the Australian Competition and Consumer Commission guidelines).

The publication covers eligibility conditions to use a SAM, the difference between the five SAMs, how to choose a SAM, how to notify the ATO on which SAM is elected, record-keeping requirements, and how to complete an activity statement.

Summary of the SAMs

Method	Business norms	Stock purchases	Snapshot	Sales percentage	Purchases snapshot
Turnover threshold	SAM turnover of \$2 million or less	SAM turnover of \$2 million or less	SAM turnover of \$2 million or less	GST turnover of \$2 million or less	GST turnover of \$2 million or less
How to estimate GST-free sales and/or purchases	Apply standard percentages to sales and purchases.	Take a sample of purchases and use this sample.	Take a snapshot of sales and purchases and use this.	Work out what percentage of GST-free sales is made in a tax period and apply this to purchases.	Take a snapshot of purchases and use this to calculate GST credits.

The ATO has prepared the following FAQs:

Q. Which SAM should I choose?

A. You should choose the method you are eligible to use that best suits your business.

Q. If my projected turnover is more than the relevant turnover threshold before the end of the first 12 months, will I need to use a full accounting method from that point?

A. No. If you meet the turnover threshold requirements when you choose your SAM, you can continue using it for the remaining tax periods in that first 12 months. The threshold is a SAM turnover of \$2 million or less for the business norms, snapshot and stock purchases methods, and a GST turnover of \$2 million or less for the sales percentage and purchases snapshot methods.

However, you will not be eligible to use a SAM in tax periods that start after the first 12 months.

Q. If I buy adequate point-of-sale equipment part way through the year, do I continue to use the SAM for the rest of the year?

A. No. Once you have installed point-of-sale equipment that you are satisfied accurately identifies and records GST-free sales separately from taxable sales, you are no longer eligible to use the SAM you have chosen.

You must stop using this method from the beginning of the tax period after the day you purchased the point-of-sale equipment.

Note: This rule does not apply to the sales percentage method or the purchases snapshot method.

Q. With the business norms method, why are the GST-free rates higher for hot bread shops than convenience stores?

A. The business norms percentages are based on the average values for each industry.

The percentages have been developed in consultation with a wide range of industry groups, including shop owners, industry representatives and peak bodies. Every industry has different characteristics and trading, so it makes sense they have different levels of GST-free stock purchases and sales.

Q. Can I just estimate my GST-free sales but fully account for my purchases?

A. Only if you use either the stock purchases method or the snapshot method.

If you use the business norms method, you have to use the business norms percentages for your business type to calculate both your GST-free sales and your GST-free purchases. You cannot estimate the GST-free sales under the sales percentage and purchases snapshot methods.

Source: ATO publication, "Simplified GST accounting methods for food retailers", 26 November 2015
<https://www.ato.gov.au/business/gst/in-detail/your-industry/food/simplified-gst-accounting-methods-for-food-retailers/>

Government's Innovation Agenda contains tax incentives

The Government on 7 December 2015 released its National Innovation and Science Agenda. The Government said Australia is falling behind on measures of commercialisation and collaboration, and through the new Agenda, the Government will invest \$1.1 billion to incentivise innovation and entrepreneurship, reward risk taking, and promote science, maths and computing in schools by focusing on four priority areas:

1. culture and capital, to help businesses embrace risk and incentivise early stage investment in startups;
2. collaboration, to increase the level of engagement between businesses, universities and the research sector to commercialise ideas and solve problems;
3. talent and skills; and
4. government as an exemplar.

Tax and related incentives

A suite of new tax and business incentive measures are included under the Agenda, including:

- new tax breaks for early stage investors in innovative startups. Investors will receive a 20% non-refundable tax offset based on the amount of their investment, as well as a 10-year CGT exemption for investments held for three years. The scheme is expected to begin during 2016 as soon as amendments to the enabling legislation are passed into law;
- introducing a 10% non-refundable tax offset for capital invested in new Early Stage Venture Capital Limited Partnerships (ESVCLPs), and increasing the cap on committed capital from \$100 million to \$200 million for new ESVCLPs. The new arrangements are expected to begin during 2016 as soon as amendments to the enabling legislation are passed into law;
- relaxing the "same business test" that denies tax losses if a company changes its business activities, and introducing a more flexible "predominantly similar business test". This will allow a startup to bring in an equity partner and secure new business opportunities without worrying about tax penalties. The "predominantly similar business test" will apply to losses made in the current and future income years; current tests will continue to apply to existing losses;
- removing rules that limit depreciation deductions for some intangible assets (like patents) to a statutory life and instead allowing them (ie provide an option) to be depreciated over their economic life as occurs for other assets. The changes will apply to assets acquired from 1 July 2016; and
- limiting the requirement for disclosure documents given to employees under an employee share scheme (ESS) to be made available to the public. The Assistant Treasurer said that, currently, offer documents to employees have to be lodged with ASIC and could result in the release of commercially sensitive information. The Government plans to limit the requirement for these documents to be made publicly available. This is designed to allow otherwise non-disclosing companies to offer shares to their employees without having to reveal commercially sensitive information to competitors. Legislation is expected to be introduced in the first half of 2016.

The Government said it will also reform insolvency laws, for example:

- reducing the default bankruptcy period of three years to one year;
- introducing a "safe harbour" for directors from personal liability for insolvent trading; and
- banning "ipso facto" contractual clauses.

Source: Government's National Innovation & Science Agenda <www.innovation.gov.au>

ATO data matching real property transactions

The ATO has gazetted a notice specifying that it will acquire details of real property transactions for the period 20 September 1985 to 30 June 2017 from various State Revenue offices and tenancies boards. Information to be obtained will include: rental bond number or identifier for rental bond; unique identifier for the landlord; full name of the landlord; full address of the landlord; period of lease; date of property transfer; property sale contract date; settlement date; and valuation details.

The ATO expects that around 31 million records for each year will be obtained. Based on current data holdings, the ATO estimates that records relating to 11.3 million individuals will be matched. The purpose of this data matching program is to ensure that taxpayers are correctly meeting taxation and other obligations administered by the ATO in relation to their dealings with real property. These obligations include registration, lodgement, reporting and payment responsibilities.

Note that the ATO intends to continue this data matching program from 2017. In the 2013–2014 Federal Budget, the Government announced that it would legislate to make the reporting of real property transfers to the ATO mandatory in the future. The current Government confirmed that it would proceed with this

proposal. Amending legislation to implement the proposal is contained within the *Tax and Superannuation Laws Amendment (2015 Measures No 5) Act 2015*.

Source: *Commonwealth Gazette, Notice of Data Matching Program – Real Property Transactions*, 8 December 2015 <<https://www.comlaw.gov.au/Details/C2015G02019>>; ATO, *Real property transactions 1985-2017 data matching program protocol*, 7 December 2015 <<https://www.ato.gov.au/General/Gen/Real-property-transactions-data-matching-program-protocol/>>

Tax treatment of earnout rights on business sale

The *Tax and Superannuation Laws Amendment (2015 Measures No 6) Bill 2015* was introduced in the House of Reps on 3 December 2015. It proposes to amend the ITAA 1997 to change the CGT treatment of the sale and purchase of businesses involving certain earnout rights. As a result, capital gains and losses arising in respect of look-through earnout rights will be disregarded and, instead, payments received or paid under the earnout arrangements will affect the capital proceeds and cost base of the underlying asset or assets to which the earnout arrangement relates when they are received or paid (as the case may be).

The Bill also amends the rules relating to amendments to assessments, interest charges, recognition of capital losses and access to CGT concessions to ensure the new treatment provides taxpayers with outcomes consistent with those that would have arisen had the value of all of the financial benefits under the earnout right been included in the capital proceeds from the disposal of the underlying asset for the seller and the cost base of the underlying asset for the buyer at the time of the disposal.

Changes from draft Bill

The Bill is essentially the same as the original draft legislation. However, note the following:

- the original four-year period in which financial benefits must be provided in order to qualify as an “eligible” earnout arrangement has been extended to five years;
- it was unclear under the draft legislation how the measures would interact with the rules for accessing the CGT small business concession via the maximum net asset value test and, in particular, whether this would be determined only at the time of disposal without regard to any future potential future financial benefits to be provided. However, under the Bill, taxpayers will be able to elect to take into account any future financial benefits for this purpose; and
- the Bill explains in detail how the earnout measures will interact with the new “foreign resident CGT withholding” measures (also introduced in the Bill).

Look-through earnout rights

A look-through earnout right is a right to future financial benefits which are not reasonably ascertainable at the time the right is created. The right must be created under an arrangement involving the disposal of a CGT asset that is an “active asset” of the seller, and the financial benefits under the right must be contingent on and reasonably related to the future economic performance of the asset (or a related business). As a result, a look-through earnout right must be created as part of an arrangement for a disposal of the business or its assets (ie the disposal must cause CGT event A1 to happen).

Note also a right will also be a look-through earnout right if it is a right to receive financial benefits provided in exchange for ending a right that is a look-through earnout right.

For these purposes, an “active asset” is an asset of the taxpayer that is used in the business of the taxpayer or a “connected” or “affiliated” entity. Note also that the definition of active asset allows interests in foreign entities to be active assets for the purpose of this measure.

A membership interest in an Australian resident company or trust will also be an active asset if at least 80% of the assets of the company or trust (by value) are active assets. But note that special rules apply in this case so that if, for example, the sole asset of Company A is a share in Company B, which itself only holds a share in Company C, the character of interests in both A and B will depend on the character of the assets of C.

Further, in determining if such interests are active assets, the amendments provide that an eligible share or an interest in a trust is treated as an active asset in the hands of an entity for the purpose of determining if a look-through earnout right exists. For these purposes, to be “an eligible share or interest” the entity holding the share or interest must either:

- (a) if they are an individual – be a CGT concession stakeholder in relation to the company or trust; or
- (b) if they are not an individual – own a sufficient share of the business that they would be a CGT concession stakeholder were they an individual.

In addition, the trust or company must carry on a business and have carried on a business for at least one prior income year and for the immediately preceding income year, at least 80% of the assessable income of the trust or company must have come from the carrying on a business (and not been derived as an annuity,

interest, rent, royalties or foreign exchange gains, or derived from or in relation to financial instruments). Importantly, this test allows taxpayers to avoid the need to value the assets of the trust or company and, instead, only look at how the trust or company has earned its income over the past income year.

Note that look-through earnout rights must be created as part of arrangements entered into on an arm's-length basis. Note also that the look-through measures are not intended to provide tax benefits to temporary transfers (such as a loan or the granting of a lease), ongoing business relationships (such as the purchase of an ownership interest) or complex financing arrangements where there is no final disposal of the underlying asset.

Contingent on the future economic performance of the asset

For a right to be a look-through earnout right, future financial benefits provided under the right must be linked to the future economic performance of the asset or a business in which the asset is used and not reasonably ascertainable at the time the right is created. Where the measure of performance relates to a business, there must be a reasonable belief at the time of the disposal that the asset will actually be used in this business. In the case of the entity disposing of the asset, this will be based on what is reasonable given their knowledge of the intention of the other party.

Note that whether a particular measure appropriately identifies economic performance will depend on the context of the business or asset in question. Measures that may be appropriate include both financial measures such as the profit, sales or turnover of the business (or the business in which the asset is used) and non-financial measures such as the number of clients retained. However, any measure adopted must be reasonable in the particular context. Note also that for a right to be a look-through earnout right, the value of the benefits must also reasonably relate to the performance.

Five-year payment limitation

For a right to be a look-through earnout right, the right must not require financial benefits to be provided more than five years after the end of the income year in which the relevant CGT event occurs in relation to the disposal of the relevant active asset. This ensures concessions for look-through earnout rights are not available to long-term profit sharing arrangements and avoids providing an excessive and distorting benefit to look-through earnout rights.

But note that this requirement is not breached simply because one party or another may be late in providing a financial benefit under the look-through right, even if the other party tolerates this lateness. It will also not be breached if the agreement includes provisions that allow for a delay in payment contingent on events, such as a dispute over the terms of the agreement being subject to a binding arbitration process. However, the relevant contingency must be outside the control of either party.

However, the five-year requirement will be breached if the agreement includes an option for the parties to extend the period over which financial benefits are provided or to enter into a new agreement providing for the continuation of substantially similar financial benefit. Further, if the parties vary the right to extend the period over which financial benefits are provided beyond five years or enter into a new agreement to create an equivalent right to further future financial benefits then the right will be taken to have never been a look-through earnout right.

Note that in the draft legislation, this period was four years only.

Consequences of a right being a look-through earnout right

If a right is a look-through earnout right:

- (a) the value of the right is disregarded for the purposes of CGT; and
- (b) the value of any financial benefits made or received under the right is included in either the capital proceeds arising from the disposal (for the seller) or the cost base of the acquisition (for the buyer).

Accordingly, any capital gain or loss arising in respect of the creation or cessation of a look-through earnout right will be disregarded.

Similarly, the value of a look-through earnout right will not be taken into account in determining the capital proceeds of the disposal of the active asset for the seller nor the cost base and reduced cost base of the asset acquired by the buyer. Instead, the value of any financial benefits subsequently provided or received under or in relation to such a right will be included in the original capital proceeds of the disposal for the related asset for the seller, or the initial cost base and reduced cost base of the asset for the buyer as at the date of the original acquisition.

But note that where a taxpayer subsequently disposes of an asset that is subject to an ongoing look-through earnout right before their obligations or entitlements in relation to financial benefits under the right are exhausted, their cost base for the asset may change as a result of any subsequent financial benefits they pay or receive. In this situation, the taxpayer will need to adjust the capital gain or loss on that subsequent disposal.

Choices and timing

This treatment of earnout rights results in the amount of a capital gain or loss changing as a result of financial benefits provided or received in subsequent income years. As a result, a number of special rules are required to ensure that this does not disadvantage taxpayers or impose unnecessary compliance and administrative costs.

First, as the financial benefits may be provided up to five years after the end of the income year in which the CGT event occurred, the period of review for the income year in which the CGT event occurred may have passed before the taxpayer has provided or received the financial benefits requiring the amendment. As a result, the period of review will be extended for all of a taxpayer's tax-related liabilities that can be affected by the character of the look-through earnout right to the later of:

- (a) the period of review that would normally apply; and
- (b) four years after the end of the final income year in which financial benefits could be provided.

Note this extension of the period of review includes liabilities in subsequent years for taxes other than income tax. For example, the small business CGT retirement concessions provide, broadly, that certain contributions to superannuation linked to capital gains arising from the sale of business asset are not counted towards non-concessional superannuation contribution caps. If the amount of the relevant gain for a taxpayer changes as a result of the financial benefits provided under an earnout right, the extended amendment period would apply to the assessment of the taxpayer's non-concessional contributions.

Note also this extension also applies to a taxpayer's right to object where they are dissatisfied with an assessment.

Secondly, where the amount of a gain or loss may substantially vary from the amount of the gain or loss identified in the year in a way that is uncertain, the amendments will permit taxpayers to amend a choice made previously where the choice relates to a capital gain or loss that can be affected by financial benefits provided under a look-through earnout right. However, the decision to vary a choice must be made by the time the taxpayer is required to lodge a tax return for the period in which the financial benefits under the look-through earnout right is received.

Thirdly, in relation to the imposition of the general interest charge (GIC), taxpayers will not be subject to interest on any shortfall that arises as a consequence of financial benefits provided or received under a look-through earnout right, as long as the taxpayer requests an amendment to their relevant income tax assessment within the period they must lodge their income return for the income year in which the financial benefit was provided or received. (Likewise, the Commissioner will not be liable to pay interest on any overpayment of tax that arises as a result of financial benefits provided or received.)

But note that to the extent a taxpayer has accessed a concession for which they are ultimately not eligible due to these financial benefits, the taxpayer will be subject to the shortfall interest charge (SIC).

Finally, in cases where entities dispose of assets and receive a look-through earnout right that initially results in a capital loss position, such capital losses will be "temporarily disregarded" until and to the extent that they become certain. However, once such losses become certain, they will be available from the year in which the loss was originally incurred, not when the amount became certain.

Access to CGT concessions

The changes to the treatment of look-through earnout rights are only intended to affect a taxpayer's entitlement to CGT concessions insofar as this may occur as a result of the value of the underlying disposal now including all of the amounts provided for and under the earnout right. As a result, taxpayers may reconsider any choices and their entitlement to concessions in light of subsequent receipts and payments to ensure that the resulting gain, loss or cost base reflects any concessions that are available.

Likewise, in some cases, a taxpayer may not initially be in a position to elect that a concession to apply to a CGT event. Alternatively, a taxpayer may be concerned that anticipated future financial benefits in respect of a look-through earnout right may mean that they cease to be eligible for a concession to apply after they have taken irrevocable actions based on this concession (such as making contributions to superannuation). In these cases, as the taxpayer can remake choices they can simply wait until it is clear whether or not they will be finally eligible for the concession before making any choice.

But note that while the receipt of financial benefits under a look-through earnout right may allow the taxpayer to remake choices, it does not entitle the taxpayer to undo the actions they have taken in that period. For example, if a taxpayer has made contributions to superannuation in order to access a concession, they cannot withdraw these contributions now they are no longer available.

Further, the CGT small business concessions can also require things to be done within a fixed period of time (eg the CGT small business retirement exemption generally require a taxpayer to contribute a relevant amount to their superannuation when the proceeds are received or at the time the choice is made for an

individual, or seven days after these times for a trust or company). In such cases the period for accessing such concessions will be extended appropriately.

Access to CGT concessions – the MNAV test

The maximum net asset value (MNAV) test will be revised to provide that when working out the value of an entity's CGT assets "just before the time of a CGT event", taxpayers should be able to elect not to include the value of any look-through earnout right the entity may hold, but instead take into account any financial benefits that the entity may have provided or received under the look-through earnout right after that time. The election to use this method may only be made once no further financial benefits can be provided under the look-through earnout right.

Note that, under the draft Bill, it was not clear how this issue would be treated but it appeared that the MNAV test would be determined solely at the time the earnout arrangement was entered into, without any regard to payment of future benefits.

Foreign resident CGT withholding and look-through earnout rights

Where relevant taxable Australian property under the proposed foreign resident CGT withholding rules (contained in the Bill) is an active asset of a business, it may also potentially be subject to a look-through earnout right as part of the sale. As a result, if a transaction to which foreign resident capital gains withholding applies involves a look-through earnout right, the taxpayer does not need to include any amount referable to the future financial benefits under the look-through earnout right.

Instead, if the original transaction required a purchaser to pay an amount to the Commissioner, the purchaser must also pay an amount to the Commissioner with respect to any financial benefits provided under look-through earnout rights at such time as the benefit are received. However, the purchaser must still pay 10% of the financial benefit to the Commissioner.

Note that this obligation to withhold with respect to the original transaction may be relieved where there is a change in circumstances relating to the residency of the person ultimately receiving the financial benefit. Alternatively, the financial benefit may be directed towards a person who was not a part of the original transaction. In either case, the question, of whether the person receiving the benefit is a relevant foreign resident, is reassessed at the time the financial benefit is provided or received.

Date of effect

These amendments will apply from 24 April 2015. However, taxpayers that have made statements to the Commissioner undertaken other actions in reasonable anticipation of announcements made about the amendments in the 2010–2011 Budget are protected against the Commissioner applying the law in a way that is inconsistent with what they have anticipated.

ATO administrative treatment

The ATO has released details of its administrative treatment pending the formal enactment of legislation. Further details are available on the ATO website at: https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-on-capital-gains/CGT--Look-through-treatment-for-earnout-rights/?page=2#Administrative_treatment

Source: Tax and Superannuation Laws Amendment (2015 Measures No 6) Bill 2015, before the House of Reps at the time of writing,

<<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=BillId%3Ar5585%20Reconstruct%3Abillhome>>

Are your super saving goals on track?

The new calendar year is a good time to conduct a superannuation health check and set some new goals to help boost superannuation savings. Although there have been no seismic shifts in the superannuation landscape of late, it may be prudent to reacquaint yourself with the rules. The following are some considerations.

- **Check employer super contributions** – for the 2015–2016 financial year, the super guarantee rate is 9.5%. The rate will stay at 9.5% until 1 July 2021 in which it will start to gradually increase to 12% by 1 July 2025. Note that Norfolk Island has been brought into the superannuation guarantee fold. A transitional rate starting at 1% will apply from 1 July 2016 for the 2016–2017 financial year.
- **Monitor the concessional contributions caps** – the general concessional contributions cap is \$30,000 for the 2015–2016 financial year (same as for 2014–2015). A higher concessional contributions cap of \$35,000 applies for 2015–2016 for people aged 59 years or over on 30 June 2013. For the 2015–2016 financial year, this temporary concessional cap of \$35,000 also applies for those aged 49 years or over on 30 June 2014 and for those aged 49 years or over on 30 June 2015. This temporary \$35,000 concessional cap (not indexed) will cease when the general cap reaches \$35,000 through indexation (expected to be 1 July 2018).

- **Monitor non-concessional contributions cap** – this has increased to \$180,000 (or \$540,000 every three years for those under age 65) for the 2015–2016 financial year (same as for 2014–2015).
- **Consider salary sacrificing superannuation** – individuals may want to inquire about salary sacrificing superannuation or consider reviewing an existing arrangement with their employer.
- **Check the government co-contribution** – a 50% matching applies whereby the Government will pay a co-contribution up to a maximum of \$500 for a \$1,000 eligible personal contribution for individuals with total incomes up to \$35,454 for 2015–2016 (phasing down for incomes up to \$50,454).
- **Check superannuation savings** – in addition to becoming more familiar with superannuation, individuals may also want to protect their superannuation from identity crime. For example, they may want to change passwords for accounts that can be viewed online.
- **Look for small lost super accounts** – the threshold below which small lost super accounts will be required to be transferred to the Commissioner of Taxation has increased. The account balance threshold has gone from \$2,000 to \$4,000 from 31 December 2015, and will go from \$4,000 to \$6,000 from 31 December 2016.
- **Consolidate multiple superannuation fund accounts** – consider consolidating multiple superannuation fund accounts. There may be legitimate reasons for keeping multiple accounts. Now is the time to reassess those reasons.
- **Think about life expectancy** – people are generally healthier and living longer than previous generations. Retired men can expect to live to 86, retired women to 90.

The list above is not exhaustive.

Practitioners may want to also review the *ATO's Key superannuation rates and thresholds* publication for other considerations. The publication (last updated 18 September 2015) is available on the ATO website at: <https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/>

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