ISSUE TWELVE
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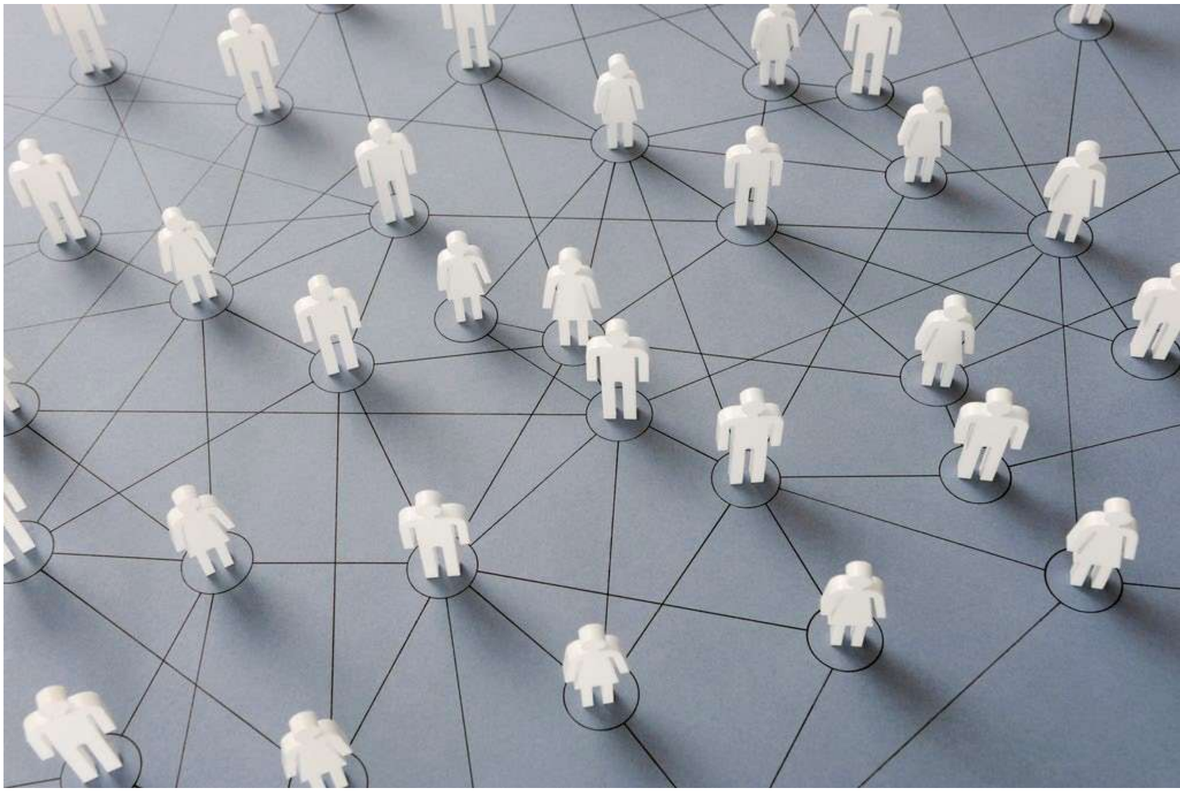
Practice Update





## Super on paid parental leave now law

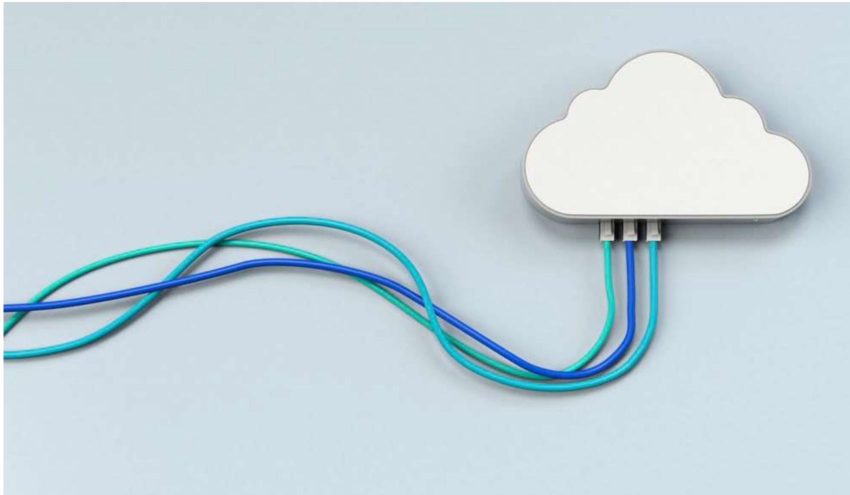
Ref: Paid Parental Leave Amendment (Adding Superannuation for a more Secure Retirement) Act 2024

A new law has introduced the 'Paid Parental Leave Superannuation Contribution' (PPLSC) for individuals receiving Paid Parental Leave (PLP) for children born on or after 1 July 2025.

The contribution will be calculated as a percentage of PLP paid in the previous income year, plus a nominal interest component, and will match the superannuation guarantee rate as of 1 July in the year the PLP is paid. No separate claim will be needed to access the PPLSC, which applies to all PLP recipients, regardless of gender or leave duration.

The PPLSC will be treated as a concessional contribution, similar to employer superannuation guarantee contributions. The change aims to reduce the impact of career breaks for childcare on superannuation balances, promoting greater equity in the system.

Additionally, the Fair Work Act 2009 has been amended to clarify that employees may take 'keeping in touch' days during continuous unpaid parental leave (UPL), regardless of prior flexible UPL.



## ATO's data matching progrem

Red: Government Notices Gazette, C2024G00610, 18 October 2024

The ATO will collect government payments data from entities that manage government programs for the 2024–2026 income years. This will include:

- Service provider details (e.g., names, addresses, phone numbers, email addresses, dates of birth, service type, ABN, ACN).
- Payment transaction data (e.g., service provider ID, service name, service type, payment amounts, claims count, withholding and re-credit amounts).

The ATO estimates obtaining records for around 60,000 service providers each year, with approximately 9,000 of these being individuals, and the rest made up of companies, partnerships, trusts, and government entities.

This data will be used in a data-matching program to cross-check government payments against ATO records. The aims of the program include:

- Identifying and addressing tax and superannuation risks, trends, and non-compliance among service providers receiving government payments.
- Supporting government entities with feedback at the agency or program level, and, where legislation allows, at the individual provider level.

## Proposed denial of deductions for interest charges

Ref: Treasury website, 'Deny deductions for the general interest charge and shortfall interest charge', 16 October 2024

The government has proposed, as part of the 2023/24 Mid-Year Economic and Fiscal Outlook, to disallow deductions for the General Interest Charge (GIC) and Shortfall Interest Charge (SIC) from 1 July 2025. Currently, businesses can deduct both charges–GIC for late tax payments and SIC for tax shortfalls due to incorrect self-assessments.

The aim of the change is to ensure that individuals and businesses who pay their taxes on time aren't at a disadvantage, while also reducing the ATO's collectable debt. While deductions for GIC and SIC would be disallowed, taxpayers can still request a remission of the charges, with the ATO having discretion to reduce them based on individual circumstances. However, any remitted charges would not be treated as assessable income under the ITAA 1997. This proposal is subject to legislation and would apply from income years beginning 1 July 2025.

## SMSF varying PAYG instalments

Ref: ATO Website, SMSF Newsroom, 17 October 2024

SMSF taxpayers (and others) who pay pay-as-you-go (PAYG) instalments should be aware that their instalments have increased due to the gross domestic product (GDP) adjustment factor. For the 2024/25 income year, this adjustment is set at 6%. The ATO will use the most recent information provided in the taxpayer's SMSF annual return to calculate the updated PAYG instalment amount or rate.

Taxpayers can vary their PAYG instalments if they believe the current amount will be higher or lower than their expected tax liability. Any variation made will apply for the rest of the income year or until a further change is made. Variations can be lodged via "Online services for business."

It is recommended that taxpayers regularly review their tax position to ensure their PAYG instalments align with their expected tax liability. Accurate PAYG calculations and payments help manage SMSF investments effectively.