



carrying on a business such as property investing, or providing retirement living, aged care, student accommodation or property management services.

**TIP:** The ATO will consider a range of factors, such as number of properties leased, time and expertise needed for their maintenance, and taxpayer record-keeping, when deciding if someone carries on a business that requires travel expenditure related to their residential properties.

## Government to increase civil penalties for white-collar crime

In response to recent Senate Economics References Committee and Australian Securities and Investments Commission (ASIC) Enforcement Review Taskforce reports, the Federal Government has agreed to increase the civil penalties for corporate and financial misconduct (white-collar crime), for both individuals and bodies corporate. ASIC infringement notices will also be expanded to cover a broader range of financial services and managed investments infringements.

The new maximum civil penalties will be set at:

- for individuals, the greater of 5,000 penalty units (currently \$1.05 million) or three times the value of the benefits obtained or losses avoided; and
- for corporations, the greater of 50,000 penalty units (currently \$10.5 million) or three times the value of the benefits obtained or losses avoided, or 10% of annual turnover in the 12 months before the misconduct, up to a total of one million penalty units (\$210 million).

## Businesses, get ready: GST on low value goods

From 1 July 2018, GST will be imposed on the supply of low value goods from outside of Australia to Australian consumers. Businesses need to be ready for this change.

**TIP:** Businesses must register for Australian GST once their annual turnover reaches \$75,000, but registering is optional for businesses with lower turnover. The low value goods changes will apply from 1 July 2018 for all businesses registered for GST, whether their registration was required or they chose to register.

Under the low value goods regime, businesses that sell goods valued at A\$1,000 or less to an Australian consumer (who is not registered for GST) will be liable to pay GST on those sales. GST will also apply where the business delivers or facilitates delivery of the goods into Australia.

**TIP:** If your business will be affected, now is the time to make sure your systems are ready to collect GST on low value sales, that your online terms and conditions are up to date, and that your website meets Australian consumer law requirements for displaying prices.

Business-to-business (B2B) sales, where a business sells low value goods to a recipient business that is registered for GST, are excluded from the regime.

**TIP:** The New Zealand Government has also recently proposed to levy GST on goods valued under the country's current threshold of NZ\$400.

## Financial Complaints Authority takes shape

Minister for Revenue and Financial Services Kelly O'Dwyer has announced the authorisation of the new financial dispute resolution scheme, the Australian Financial Complaints Authority (AFCA), which will start accepting complaints from 1 November 2018. AFCA is intended to be a "one-stop shop", having the expertise to deal with all financial disputes, including superannuation and small business lending disputes, with higher monetary limits and compensation caps.

All Australian financial services (AFS) licensees, Australian credit licensees, superannuation trustees and other financial firms legally required to join AFCA will need to do so by 21 September 2018.

## Banking Royal Commission wraps up evidence on financial advice

The Banking Royal Commission has wrapped up its two weeks of hearings focused on financial advice.

The hearings have included grueling evidence of misconduct in financial services entities' provision of financial advice, occurring in the context of fees being charged for no service, platform fees, inappropriate advice, improper conduct and the disciplinary regime.

The Royal Commission has adjourned until 21 May 2018, when it will begin its third round of hearings with a focus on small and medium enterprises (SMEs). The Commission's final report is due by 1 February 2019.

## ATO assessments issued for excess super pension balances

The ATO has started issuing excess transfer balance (ETB) tax assessments to self managed super fund (SMSF) members, or their agents, who had previously received an ETB determination and rectified the excess. These ETB tax assessments are sent to SMSF members (or their professionals), and not to the fund. It's then up to the member to decide how to cover the ETB liability for exceeding their \$1.6 million pension transfer balance cap.

The ATO warns that SMSF members may receive an ETB assessment even if they didn't receive an ETB determination. If they rectified the excess before they were assessed for a determination, they are still liable for the ETB tax. However, SMSF members who were covered by the transitional rules for excesses not exceeding \$100,000 and rectified in full by 31 December 2017, will not receive an ETB tax assessment.

**Important:** Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.