



# AUSTRALIAN TAX ADVISER

2108: MAY 2021

Mark Chapman

Mark Chapman Consulting

## IN THIS ISSUE

<b>SECTION 1 — PROFESSIONAL DEVELOPMENTS.....</b>	<b>1</b>
<b>TEMPORARY FULL EXPENSING.....</b>	<b>1</b>
¶8.1 TFE defined .....	1
¶8.2 Eligible assets.....	1
¶8.3 Alternative turnover test .....	2
¶8.4 Ineligible assets .....	2
¶8.5 Secondhand assets.....	3
¶8.6 Expensive cars .....	4
¶8.7 Can a business opt out of temporary full expensing? .....	4
¶8.8 Should a business opt out of TFE?.....	6
¶8.9 Balancing adjustments .....	7
¶8.10 Instant asset write-off.....	7
¶8.11 Backing business investment.....	8
¶8.12 SBE Pool Balances .....	8
¶8.13 TFE and loss carry back .....	9
¶8.14 Practical complications .....	9
<b>SECTION 2 – PROFESSIONAL CURRENCY .....</b>	<b>10</b>
<b>RULINGS AND GUIDELINES.....</b>	<b>10</b>
¶8.15 Company – Legislation for director identification numbers commences .....	10
¶8.16 HELP repayment levels for 2021–22.....	11
¶8.17 Guidance on the application of promoter penalty laws .....	11
¶8.18 ATO Fact Sheet on Financial Institutions Making Reparation Payments .....	12
¶8.19 TPB guidance on use and disclosure of TFNs in emails.....	13
¶8.20 JobKeeper voluntary repayments .....	13
¶8.21 ATO independent review service now available to small businesses permanently ...	14
¶8.22 Deferral of final FBT ruling on car parking benefits .....	15
¶8.23 FBT benchmark interest rate .....	15

### INFORMATION EXCHANGE CORPORATION

L17, 40 Mount Street,  
North Sydney NSW, 2060

E: [admin@ifx.com](mailto:admin@ifx.com)

T: 61 2 9956 7775

W: [www.ifx.com.au](http://www.ifx.com.au)

### ARCHIVE SEARCHING?

Use your username and password to log onto [www.ifx.com.au](http://www.ifx.com.au) to search our archives and retrieve copies.

### NEED TO ASK AN ADVISER?

Go to [www.ifx.com.au](http://www.ifx.com.au) to connect.

Please call customer support on 1300 360 905 if you have any difficulties.

### SUBSCRIBE TO THIS PUBLICATION

[Click here](#)

Can we help?

Call 1300 360 905

Email [admin@aifx.com.au](mailto:admin@aifx.com.au)

Continued



# AUSTRALIAN TAX ADVISER

2108: MAY 2021

Mark Chapman

Mark Chapman Consulting

**INFORMATION EXCHANGE  
CORPORATION**

L17, 40 Mount Street,  
North Sydney NSW, 2060

E: [admin@ifx.com](mailto:admin@ifx.com)

T: 61 2 9956 7775

W: [www.ifx.com.au](http://www.ifx.com.au)

**ARCHIVE SEARCHING?**

Use your username and  
password to log onto  
[www.ifx.com.au](http://www.ifx.com.au) to search our  
archives and retrieve copies.

**NEED TO ASK AN ADVISER?**

Go to [www.ifx.com.au](http://www.ifx.com.au)  
to connect.

Please call customer support  
on 1300 360 905 if you have  
any difficulties.

**SUBSCRIBE TO THIS  
PUBLICATION**

[Click here](#)

Can we help?

Call 1300 360 905  
Email [admin@aifx.com.au](mailto:admin@aifx.com.au)

## IN THIS ISSUE

¶8.24	COVID-19: FBT exemption on WFH arrangements .....	16
<b>CASES</b>	.....	<b>16</b>
¶8.25	Appeals news.....	16
¶8.26	Taxpayer entitled to JobKeeper payments.....	16
¶8.27	Termination of tax agent registration affirmed but period of suspension reduced.....	18
<b>STATE TAXES</b>	.....	<b>19</b>
¶8.28	Payroll tax (NSW): Crack down on avoidance of payroll tax on unpaid wages .....	19
<b>SECTION 3 – QUESTIONS AND ANSWER</b>	.....	<b>20</b>
¶8.29	Vendor financing not subject to FBT .....	20
¶8.30	Distribution of cash flow boost NANE as capital of a family discretionary trust .....	21
¶8.31	Income tax .....	22
¶8.32	Main residence exemption .....	23
¶8.33	Whether SG is payable on incentives or bonuses.....	24
¶8.34	CGT change of ownership.....	24
¶8.35	Implication of trust distribution to head company of consolidated group with carry forward losses.....	25
¶8.36	Directors' fees subject to payroll tax (Queensland).....	26
¶8.37	CGT on New Zealand property .....	27
¶8.39	NSW corporate reconstruction duty .....	28
¶8.40	Property transfer to unit trust – GST .....	30

## SECTION 1 — PROFESSIONAL DEVELOPMENTS

### TEMPORARY FULL EXPENSING

The introduction of Temporary Full Expensing (TFE) last October has changed the landscape of Australian depreciation fundamentally. This article explains what TFE is, how it works and surveys the landscape to assess those depreciation provisions that carry on unaltered.

#### ¶8.1 TFE defined

Temporary Full Expensing was introduced by a new section of the tax acts, *Section 40-BB Income Tax (Transitional Provisions) Act 1997* (ITTPA).

In simple terms, those businesses with an aggregated turnover of less than \$5 billion can immediately deduct the business portion of the cost of eligible new depreciating assets.

The eligible new assets must be first held, and first used or installed ready for use for a taxable purpose, between 7:30pm AEDT on 6 October 2020 (Budget night) and 30 June 2022. Immediate deductions can also be claimed for the full cost of improvements made to these assets and to existing eligible depreciating assets made during the same period (second element costs).

Only taxpayers that are business entities are eligible so other entities, such as investment property owners, employed individuals, etc., are excluded.

The deduction is reduced to the extent you use the asset for a non-taxable purpose (e.g. private use).

#### ¶8.2 Eligible assets

A depreciating asset qualifies for full expensing if, after the Budget (7:30PM 6 October 2020) and on or before 30 June 2022, the entity:

- starts to hold the asset; and
- starts to use the asset, or have it installed ready for use, for a taxable purpose.
- has aggregated turnover of less than \$5 billion for the current year; and
- no balancing adjustment event happens to the asset in that year (e.g. it is not sold in the year).

Entities with aggregated turnover of \$50 million or more cannot fully deduct the cost of an asset where the entity had made a commitment in relation to the asset prior to the Budget time — even if the entity did not start to hold, and to use or have it installed ready for use, until after that time. For example, if a company contracts to purchase an asset on 1 October 2020 but the asset isn't delivered until 10 October 2020 and is installed ready for use on 20 October 2020, the company cannot claim TFE in respect of the asset if its turnover