



TAX ON THE COUCH TOPICS

HOT TOPICS – MONTH-BY-MONTH

January/February 2015 Hot Topic

FBT and car benefits: traps and tips

March 2015 Hot Topic

Claiming expenses for 'work-horse' vehicles

April 2015 Hot Topic

Accruing directors' fees at year end

May 2015 Hot Topic

GST and property transactions

June 2015 Hot Topic

Federal Budget 2015-16

July 2015 Hot Topic

Small business entities

August 2015 Hot Topic

SuperStream contribution standards

September 2015 Hot Topic

CGT events B1 and beyond

October 2015 Hot Topic

Salary packaging options

November 2015 Hot Topic

Market valuations for tax purposes

December 2015 Hot Topic

The Government's response to the Financial System Inquiry

ATO TOPICS/NTAA SPECIAL UPDATES – MONTH-BY-MONTH

January/February 2015 ATO Hot Topic

Rental properties: Common mistakes

March 2015 ATO Hot Topic

Improving ATO services and support (website update)

April 2015 ATO Hot Topic

Changes for the tax profession in 2015 and 2016

May 2015 ATO Hot Topic

Tax Residency

June 2015 ATO Hot Topic

Tax Time 2015

July 2015 ATO Hot Topic

Tax Time 2015 (Part Two)

August 2015 ATO Hot Topic

Small business benchmarks

September 2015 NTAA Special Update

The removal of the Accountants' Exemption

October 2015 NTAA Special Update

Dealing with a client's final return

November 2015 ATO Hot Topic

TA 2015/1: Dividend stripping arrangements involving the transfer of private company shares to an SMSF

December 2015 Special Update

Xmas Parties and Gifts

ALL TOPICS COVERED

DECEMBER 2015

Monthly Legislative Update

- New Bills, including:
 - the *Tax and Superannuation Laws Amendment (2015 Measures No. 5) Bill 2015* (which makes changes to the methods for calculating work-related car expense deductions, the Zone Tax Offset, and the concessional treatment of salary packaged entertainment benefits); and
 - the *Treasury Legislation Amendment (Repeal Day 2015) Bill 2015*, which, amongst other things, amends the superannuation guarantee provisions
- New Acts, including the *Tax and Superannuation Laws Amendment (Better Targeting the Income Tax Transparency Laws) Act 2015*
- Draft Legislation – Small Business Restructure Rollover

Monthly Rulings Update

- Taxpayer Alerts TA 2015/3 and TA 2015/4
- TD 2014/7A1 – Addendum (regarding segregated current pension assets)
- Proposed public ruling – The deductibility of legal expenses under S.8-1 of the ITAA 1997

Monthly Case Update

- The receipt of US\$160 million for redemption of “profit participation units” after the termination of the taxpayer’s employment was assessable as ordinary income, not as a capital gain – *Blank v Commissioner of Taxation* [2015] FCAFC 154
- Defendant provided SMSF services and advice without a financial licence – *ASIC v Park Trent Properties Group Pty Ltd (No 3)* [2015] NSWSC 1527
- Company engaged in “misleading or deceptive conduct” and the making of false or misleading representations in relation to financial services when it advertised on its website that it provided “free” set up of SMSFs – *ASIC v Superannuation Warehouse Australia Pty Ltd* [2015] FCA 1167
- Disclaimer by beneficiary of entitlement trust income not effective, as she received the money (even though she didn’t really know about the trust) – *Alderton and Commissioner of Taxation (Taxation)* [2015] AATA 807
- Tax Practitioners Board cases: *Gylman and Tax Practitioners Board* [2015] AATA 794 and *Delis and Tax Practitioners Board* [2015] AATA 820

Other Developments

- Treasury: An Inside Perspective On The Tax White Paper (and the Tax and transfer group to examine barriers to work)
- ATO: Review of private advice
- Inspector-General of Taxation’s latest reviews

Hot Topic

- The Government’s response to the Financial System Inquiry

NTAA Special Update

- Xmas Parties and Gifts

NOVEMBER 2015

Monthly Legislative Update

- Exposure draft: Superannuation Laws Amendment (Unclaimed Superannuation Money) Regulation 2015
- Education Legislation Amendment (Overseas Debt Recovery) Bill 2015
- Student Loans (Overseas Debtors Repayment Levy) Bill 2015
- Exposure draft: A new tax system for managed investment trusts

Monthly Rulings Update

- Rewrite of PS LA 2001/6 - Home office and electronic device expenses
- ID 2015/25 – FBT: Exempt residual benefits – the provision, or use, of a recreational facility
- Private Binding Ruling 1012846046513 – Testamentary trusts and excepted trust income
- Addendum to GSTD 2012/2 – what are the GST consequences following the sale of commercial residential premises that are subject to a lease?

Monthly Case Update

- The Federal Court has imposed civil penalties of \$20,000 for each trustee of an SMSF in relation to breaches of the SIS Act involving 68 loans totaling \$209,677 made to themselves as fund members between June 2009 and June 2012. *DCT v Ryan* [2015] FCA 1037.
- Relying on the indicators of a business referred to in TR 97/11, the AAT held that a couple were not carrying on an enterprise in partnership for GST and, therefore, were not entitled to input tax credits claimed. *Taxpayer 1 & Taxpayer 2 v Commissioner of Taxation* [2015] AATA 737.
- The Federal Court has dismissed an appeal by a couple against the Commissioner's decision to disallow their objection against the inclusion of a capital gain of about \$1.1m they each made from the transfer of jointly owned property to a wholly-owned company in their 2008 tax returns. The Court held that the change in ownership occurred via the creation of a trust over the property under CGT event E1 (and not CGT event A1), being a CGT event for which the roll-over was not available. *Kafataris v Deputy Commissioner of Taxation* [2015] FCA 874.
- The AAT has confirmed that the taxpayer failed the maximum net asset value test for access to the CGT small business concessions. In particular, the AAT held that a \$1.1m debt owed to a related entity had to be taken into account as it had been legally acknowledged as recoverable and in existence at the relevant time. *Breakwell v Commissioner of Taxation* [2015] AATA 628.

Other Developments

- Half a million taxpayers to get the A-OK – ATO “certainty” letters
- Speech by Assistant Commissioner of the SMSF Segment on ATO Regulation of SMSFs
- Tax relief for investors in instalment warrants – update on ATO administrative treatment

Hot Topic

- Market valuations for tax purposes

ATO Hot Topic

- TA 2015/1: Dividend stripping arrangements involving the transfer of private company shares to an SMSF

OCTOBER 2015

Monthly Legislative Update

- Exposure draft: Simplifying and reducing the harshness of the superannuation guarantee charge
- Exposure draft: Treasury legislation amendments (Spring Repeal Day) Bill 2015
- Tax and Superannuation Laws Amendment (2015 Measures No.4) Bill 2015

Monthly Rulings Update

- ATO Practice Statement Law Administration program
- ATO Public Rulings Program including an update on the final TR 2012/D1 on the meaning of 'income of the trust estate'

Monthly Case Update

- The Full Federal Court has dismissed the taxpayer's appeal from the Federal Court decision (*Allan J Heasman Pty Ltd v FCT* [2014] FCA 1282) that contributions paid to an off-shore employee welfare fund were not deductible. The main issue on appeal was whether the ATO's assessments they were made within relevant time limits. *Allan J Heasman Pty Ltd v Commissioner of Taxation* [2015] FCAFC 119
- The Full Federal Court has dismissed the taxpayer's appeal against the Federal Court decision (*Rio Tinto Services Ltd v FCT* [2015] FCA 94) that acquisitions made for the construction and maintenance of residential accommodation for mining employees were not made for a '**creditable purpose**'. As such, the taxpayer (Rio Tinto) was not entitled to claim any input tax credits ('ITCs') in respect of these acquisitions as Rio Tinto was making these acquisitions for the purpose of making **input taxed** supplies. *Rio Tinto Services Limited v Commissioner of Taxation* [2015] FCAFC 117.
- The AAT has held that a taxpayer could not deduct self-education expenses incurred after being made redundant from his employment. *Thomas and Commissioner of Taxation (Taxation)* [2015] AATA 687

Other Developments

- Rental property (holiday home) ATO audit alert
- Taxpayer notices of assessment and MyGov issues
- You've got mail – viewer feed back question – Small Business CGT retirement exemption

Hot Topic

- Salary packaging options

NTAA Special Update

- Dealing with a client's final return

SEPTEMBER 2015

Monthly Legislative Update

- Tax Laws Amendment (Small Business Measures No.3) Bill 2015
- Tax and Superannuation Laws Amendment Bill (2015 Measures No.1) Bill [refer also: Tax and Superannuation Laws Amendment (2015 Measures No 4) Bill]
- Tax Laws Amendment (Combatting Multinational Tax Avoidance) Bill 2015
- Higher Education Support Amendment (Overseas Debt Recovery) Bill and Higher Education Loan Programme Overseas Repayment Obligation Bill

Monthly Rulings Update

- ATO ID 2015/21: ECT: concessional contributions – reserve
- ATO ID 2015/23: Superannuation: ‘Cashing’ member’s benefits on death – mere journal entries insufficient

Monthly Case Update

- The High Court dismissed the taxpayer’s appeal from the Full Federal Court, finding that amounts paid over a three year period to secure a transmission licence were non-deductible given they were capital in nature. *AusNet Transmission Group Pty Ltd v Federal Commissioner of Taxation* [2015] HCA 25
- The AAT allowed in part various deductions for work-related expenses for an employee software manager that had previously been disallowed by the ATO. However claims of \$27,000 relating to work-related course fees and flights were disallowed due to inadequate evidence. *Bazaad and Commissioner of Taxation* [2015] AATA 502
- The Federal Court found in favour of the taxpayer, a mining engineer, Mr Davies, that the assessment point in relation to rights to shares issued under an Employee Share Scheme (ESS) was the date when he entered into a contract to acquire the shares, rather than the vesting date. *Davies v Deputy Commissioner of Taxation* [2015] FCA 773

Other Developments

- ATO reminder: Rise in Preservation Age
- ATO speech: What’s ahead for SMSFs? The ATO perspective
- GST-free low-value imports threshold to be reduced to NIL

Hot Topic

- CGT events B1 and beyond

NTAA Special Update

- Removal of the Accountants’ Exemption

AUGUST 2015

Monthly Legislative Update

- Summary table of tax related legislative status
- Tax Laws Amendment (Small Business Measures No.3) Bill 2015
- Tax and Superannuation Laws Amendment (2015 Measures No. 2) Bill 2015
- Fairer Paid Parental Leave Bill 2015
- Exposure draft legislation: Limiting salary packaging for entertainment benefits - Tax and superannuation laws amendment (2015 Measures No.4) Bill 2015
- Exposure Draft legislation: New Zealand student loan information sharing
- Early access for superannuation for terminal illness - Regulations amended
- Improving tax compliance – enhanced 3rd party reporting, pre-filling and data-matching: *Tax and superannuation laws amendment (2015 measures No.5) Bill 2015*

Monthly Rulings Update

- **TR 2015/2:** Income tax: effective life of depreciating assets from 1 July 2015
- **TD2015/16:** Luxury car limit for 2016
- **TD 2015/15:** Division 7A benchmark interest
- **TD 2015/13** Income tax: capital gains: what is the improvement threshold for the 2016 income year under section 108-85 of the Income Tax Assessment Act 1997?
- **TD 2015/14** Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2016 income year?

Monthly Case Update

- The AAT confirmed the Commissioner's decision to disallow interest deductions claimed by a taxpayer and affirmed penalties imposed on the taxpayer for tax shortfalls in his 2012 and 2013 tax returns. The taxpayer claimed he lent money to a building company of which he was the director when it ran into financial difficulties. The AAT considered the taxpayer's interest deduction was an attempt to recover a part of the money he paid into the company. *XGYV and Commissioner of Taxation (Taxation)* [2015] AATA 478 (3 July 2015)
- The AAT has affirmed the cancellation if a motor dealer company's GST registration of a run by a medical practitioner on the basis that it was not carrying on an enterprise. As a result, the taxpayer was not entitled to any input tax credits and was also liable for luxury car tax. *Criterion Prestige Pty Ltd and Commissioner of Taxation* [2015] AATA 468

Other Developments

- Update on single touch payroll
- PAYG withholding variation on cents per kilometre allowances
- Final ATO guidelines published on allocation of profits from professional practices

Hot Topic

- SuperStream contribution standards

ATO Hot Topic

- Industry (small business) benchmarks

JULY 2015

Monthly Legislative Update

- Tax Laws Amendment (Small Business Measures No. 1) Bill 2015
- Tax Laws Amendment (Small Business Measures No. 2) Bill 2015
- Tax and Superannuation Laws Amendment (2015 Measures No. 1) Bill 2015
- Exposure Draft: Tax Laws Amendment (Tax Integrity: GST and Digital Products) Bill 2015

Monthly Rulings Update

- **TR 2015/D2:** CGT small business concessions: unpaid present entitlements and the maximum net asset value test
- **GSTR 2015/2:** Goods and services tax: development lease arrangements with government agencies
- **ID 2015/11:** Income tax / Superannuation: meaning of 'Legally Qualified Medical Practitioners'

Monthly Case Update

- The AAT held that a taxpayer who worked as an oilfield diver overseas was a resident of Australia for tax purposes, despite the taxpayer's claims that he had established a permanent place of abode overseas during the relevant years, and that he had relied on ATO advice regarding his foreign residency status. *Shord and Commissioner of Taxation* [2015] AATA 355.
- The AAT held that a lump sum finalisation payment received by the taxpayer under a Commonwealth government supported scheme in final discharge of its liabilities to the taxpayer under the HIH insurance rescue scheme was assessable as ordinary income in the taxpayer's hands. *Senior and Commissioner of Taxation* [2015] AATA 353.
- The AAT has affirmed amended and default assessments, as well as shortfall penalties of 75% for intentional disregard of the law, issued to two taxpayers for the 2006 to 2012 income years, finding that they failed the burden of proving what their taxable incomes actually were in the relevant income years. *Vo and Nguyen and Commissioner of Taxation* [2015] AATA 359.

Other Developments

- The sharing economy and tax
- Board of Taxation report – Post-Implementation Review on Division 7A of Part III of the Income Tax Assessment Act 1936

Hot Topic

- Small Business Entities

ATO Hot Topic

- Tax Time 2015 (Part Two)

JUNE 2015

Monthly Legislative Update

- Tax and Superannuation Laws Amendment (2015 Winter No.1) Bill
- Tax and Superannuation Laws Amendment (2015 Winter No.2) Bill
- Exposure Draft: Tax and Superannuation Laws Amendment (2015 Measure No.4) Bill

Monthly Rulings Update

- **ATO ID 2015/10** SMSF: Life insurance – But sell agreement – financial assistance – sole purpose
- **TD 2015/9** Trading stock and goods taken for private use for the 2014-15 income year
- **TA 2015/1** Dividend stripping arrangements, SMSFs and private companies

Monthly Case Update

- The Administrative Appeals Tribunal (AAT) has found for the taxpayer in allowing access the Small Business Concessions in relation to the disposal of an active asset, in this case shares, in Devuba Pty Limited and Commissioner of Taxation [2015] AATA 255
- The AAT has upheld the Commissioner's decision to deny the taxpayer a reduction for capital gains arising from the sale of 14.5 hectares of land for various amounts in Applicant 6115 of 2013 and Commissioner of Taxation [2015] AATA 244
- The Victorian Court of Appeal has ruled that the trustee of a self-managed superannuation fund (SMSF) was liable to return approximately \$1.675million of superannuation contributions from a company that ended up in liquidation in Australasian Annuities Pty Ltd (in liq) v Rowley Super Fund Pty Ltd [2015] VSCA 9
- The AAT found that a taxpayer who sold a boarding house incorrectly applied the Maximum Net Asset Value (MNAV) test when determining eligibility for the Small Business Concessions in Excellar Pty Ltd and Commissioner of Taxation [2015] AATA 282

Other Developments

- Private Health Insurance rebate - Changes from 1 April 2014
- ATO audit focus on High Net Wealth Individuals
- Early engagement with the ATO by privately owned and wealthy groups when seeking advice

Hot Topic

- Federal Budget 2015-16

ATO Hot Topic

- Tax Time 2015

MAY 2015

Monthly Legislative Update

- Summary of Bills receiving Royal Assent
- Package of Bills repealing redundant provisions within Acts and redundant Acts
- Norfolk Island Legislation Amendment Bill 2015 and related Bills
- Tax and Superannuation Laws Amendment (Employee Share Schemes) Bill 2015

Monthly Rulings Update

- **GSTR 2015/1** Goods and services tax: the meaning of the terms 'passed on' and 'reimburse' for the purposes of Division 142 of the A New Tax System (Goods and Services Tax) Act 1999
- **TR 2015/D1** Income tax: income tax matters relating to bodies corporate constituted under strata title legislation

Monthly Case Update

- The Federal Court has quashed notices of assessment and associated tax liabilities (and penalties and interest) for an individual taxpayer where the ATO was reliant, in the process or raising assessments in the first instance, on documents that were obtained by the ATO from a third party where the documents were subject to legal professional privilege. *Donoghue v Commissioner of Taxation* [2015] FCA 235
- The West Australia Court of Appeal has dismissed an appeal against a decision of the West Australia Supreme Court which found that the surviving trustee/member of a self-managed superannuation fund ('SMSF') was not under an obligation to appoint the executors of a deceased member of the SMSF as trustee(s). Accordingly, the surviving trustee was entitled to distribute the deceased member's death benefit to himself even though this was against the wishes of the deceased as expressed in her last will and testament. *Ioppolo & Hesford v Conti* [2015] WASCA 45
- The Administrative Appeals Tribunal affirmed the Commissioner's decision to deny an individual taxpayer, a secondary school teacher, deductions for the cost of two subjects, being marketing and financial accounting, which were part of a Postgraduate Diploma in Management, on the basis that the nexus between the subjects in question and gaining assessable income as a secondary school teacher was too tenuous. *Ting and Commissioner of Taxation* [2015] AATA 166
- The Federal Court has upheld an Administrative Appeals Tribunal decision that lump sum payments made to former Qantas pilots under a "loss of licence insurance" scheme were assessable to the pilots as eligible termination payments (ETPs). The payments were made as a consequence of the Qantas pilots losing their pilots' licences for medical reasons, and as a result of losing their pilots' licences they subsequently lost their employment. *Bond v Commissioner of Taxation* [2015] FCA 245

Other Developments

- GST and imports
- *Re:think* discussion document released as part of Tax White Paper process

Hot Topic

- GST and property transactions

ATO Hot Topic

- Tax Residency

APRIL 2015

Monthly Legislative Update

- Summary of Bills receiving Royal Assent
- Fairer taxation of excess non-concessional contributions reforms - Regulations

Monthly Rulings Update

- **TR 2014/4** - Income tax: effective life of depreciating assets (applicable from 1 July 2014)
- **TR 2015/1** - Income tax: special conditions for various entities whose ordinary and statutory income is exempt
- **PS LA 2015/2** - Trustee Assessments

Monthly Case Update

- The Federal Court has dismissed Rio Tinto's appeal concerning its entitlement to Input Tax Credits ('ITCs') for acquisitions relating to mining accommodation (employee/contractor housing) in relation to a number of its work locations in Western Australia. The relevant expenditure included construction and purchase of new housing, refurbishment and repairs of residential housing, mould removal and hygienic cleaning, and cleaning housing and landscaping which related to an input taxed supply of residential housing in a remote area. *Rio Tinto Services Ltd v Commissioner of Taxation* [2015] FCA 94
- The Commissioner has been successful in an appeal to the Federal Court against an AAT decision that an individual taxpayer was not assessable on sales proceeds deposited into his personal bank account. The AAT had been satisfied that the sales proceeds were received in the taxpayer's capacity as a trustee (rather than in their own individual capacity). The Federal Court found that the AAT had not considered all the relevant facts, nor considered the impact of the particular trust deed with respect to the distribution of funds in question. As a result it ordered that the matter be remitted and reheard before another member of the AAT. *Commissioner of Taxation v Moignard* [2015] FCA 143
- The AAT has upheld a Private Binding Ruling (PBR) that the taxpayer was engaged in a business of property development. As a result, the profit from sale of properties acquired with a profit-making purpose was ordinary income which they had acquired adjoining properties in suburban Brisbane with the intention of developing the land in a joint venture with another company. When negotiations for the joint venture fell through, the taxpayer rented out the two properties in their unimproved state until they were sold after the taxpayer had obtained a development application (DA) for the properties, enhancing their value. *WWXY and Commissioner of Taxation* [2015] AATA 130

Other Developments

- ATO focus on Tax practitioners' personal tax obligations
- Separate ATO 'appeals group' recommendations from the Inspector-General of Taxation ('IGOT')
- Foreign investment in property compliance unit proposed
- Single touch payroll discussion paper released – NTAA submission
- Social security deeming rules cut
- Release of Super rates and FBT rates

Hot Topic

- Accruing directors' fees at year-end

ATO Hot Topic

- Changes for the tax profession in 2015 and 2016

MARCH 2015

Monthly Legislative Update

- Summary of Bills at resumption of parliament in February 2015.
- Summary of proposed Bills for the 2015 Autumn sitting.
- Exposure draft legislation for look-through treatment for installment warrants (LRBAs).
- The Government introduces the *Sex Discrimination Amendment (Boosting Superannuation for Women) Bill 2014*.
- The Government introduced two GST Legislative Determinations: *A New Tax System (Goods and Services Tax) (GST-free Supply — Residential Care — Government Funded Supplier) Determination 2015* and *A New Tax System (Goods and Services Tax) (GST-free Supply — Residential Care — Non-government Funded Supplier) Determination 2015*

Monthly Rulings Update

- **GSTD 2015/1** - Goods and services tax: Is the supply of brokerage services that facilitates the sale or purchase of financial products on overseas securities or futures exchanges, a GST-free supply under paragraph (a) of item 4 in the table in subsection 38-190(1) of the A New Tax System (Goods and Services Tax) Act 1999.
- **TD 2015/1** - Income tax: Where a personal services entity received a payment from a service acquirer in relation to a period, is that payment personal services income within the meaning of subsection 84-5(1) of the Income Tax Assessment Act 1997 notwithstanding during that period the service producer is not providing services to the service acquirer until further called upon.

Monthly Case Update

- The AAT found that the ATO successfully applied Part IVA to a convoluted structure implemented by the taxpayer's involved for the purposes of passing the maximum net asset value test so that the small business concessions could be applied. *Track and Ors and Commissioner of Taxation* [2015] AATA 45.
- The AAT concluded that a lump sum payment of \$25,000 received on the termination of a taxpayer's employment was an employment termination payment ('ETP') and therefore assessable, rather than a (tax-free) redundancy payment. *CZRS and Commissioner of Taxation* [2015] AATA 40.
- CGT event E1 was triggered when a taxpayer entered into a trust deed and joint venture agreement with owners of adjacent land to rezone and redevelop the combined land. The agreements effectively transferred legal title in the land to a company to act as trustee of the land, as well as the nominee in the joint venture. *Taras Nominees Pty Ltd as Trustee for the Burnley Street Trust v Commissioner of Taxation of the Commonwealth of Australia* [2014] FCA 1.
- The Federal Court has confirmed \$13,000 worth of civil penalties under S.196 of the SIS Act (and \$5,000 of the ATO's costs) applied against each of the directors of a corporate trustee of an SMSF. These penalties were sought by the ATO because of repeated breaches of the sole purpose test, in-house asset rules and the non-arm's length SIS provisions as a result of related party loans to the family's trading entity to provide much needed working capital. *Olesen v Early Sunshine Pty Ltd* [2015] FCA 12.

Other Developments

- Abbotts promises: PPL scheme 'off the table' and small business company tax cuts proposed.
- Corporate compliance.
- ATO website update for Director Penalty Notice Regime.

Hot Topic

- Claiming expenses for 'work-horse' vehicles.

ATO Hot Topic

- Improving ATO services and support (website update).

JANUARY/FEBRUARY 2015

Monthly Legislative Update

- Government introduces *Tax and Superannuation Laws Amendment (2014 Measures No. 7) Bill 2014* to the House of Representatives
- Regulation proclaimed: *Corporations Amendment (Revising Future of Financial Advice) Regulation 2014*

Monthly Rulings Update

- TR 2014/7 – Foreign currency, hedging transactions and the foreign income tax offset
- ATO ID 2014/39 – Income Tax: non-arm's length income - related party non-commercial limited recourse borrowing arrangement to acquire listed shares
- ATO ID 2014/40 - Income Tax: non-arm's length income - related party non-commercial limited recourse borrowing arrangement to acquire real property
- TD 2014/21 - Income tax: where a right to acquire a beneficial interest in a share is granted subject to shareholder approval, is the right an 'indeterminate right' within the meaning of subsection 83A-340(1) of the Income Tax Assessment Act 1997?

Monthly Case Update

- The High Court unanimously found the Commissioner was correct to assess a taxpayer to an increasing adjustment under Division 135 of the GST Act - *Commissioner of Taxation v MBI Properties Pty Ltd* [2014] HCA 49
- Car parking stations located near airports at which Qantas Airways operated out of where found to be “commercial parking stations” – *Commissioner of Taxation v Qantas Airways Limited* [2014] FCAFC 168
- Flights to and from Perth to Geraldton by fly-in fly-out construction workers were found not be “otherwise deductible”, in which case they were subject to Fringe Benefits Tax – *John Holland Group Pty Ltd v Commissioner of Taxation* [2014] FCA 1332
- An individual had been working outside of Australia for several years, but who had a spouse and children in Australia, was found to be a resident of Australia in the year in which he permanently returned to Australia from his date of return, as opposed to for the entire income year – *The Engineering Manager and the Commissioner of Taxation* [2014] AATA 969
- AAT finds that the income distributed to two minor beneficiaries of a discretionary trust, earned from the investment of the proceeds from a workers' compensation payout, was not “excepted trust income” – *The Trustee of the Confidential Trust and the Commissioner of Taxation* [2014] AATA 878

Other Developments

- Project DO IT has now come to an end
- TPB Update
- Final Report of the Murray Financial System Inquiry released

Hot Topic

- FBT and car fringe benefits

ATO Hot Topic

- Rental properties: Common mistakes