

Case study 2: David the plumber

David is a plumber with regular monthly business income, so he chooses the **instalment amount** method. He won't need to work out his business income each period to use this method. David pays the instalment shown on his BAS. The amount is calculated from information in his last tax return.

Editor: If Kelly or David think the instalments they pay will add up to be more or less than their tax liability for the year, they can vary their instalments.

Mildura man jailed for seven years for GST fraud

A Mildura man was recently sentenced in the County Court of Victoria to seven-and-a-half years in prison after obtaining more than \$830,000 in fraudulent GST refunds.

The man had recently been released from custody when he lodged false business activity statements, dishonestly obtaining \$834,437 in GST refunds.

Under Operation Protego, which was initiated in response to widespread GST fraud activity, the ATO has taken action against more than 56,000 individuals.

Remember the unused concessional contributions cap concession

As from 1 July 2018, individuals with a total superannuation balance of less than \$500,000 as at 30 June of the previous income year may be entitled to contribute more than the general concessional contributions cap (i.e., and make additional concessional contributions to utilise any unused cap amounts).

For example, an individual who did not make any concessional contributions in the 2019 income year (and whose total superannuation balance was less than \$500,000) would have been able to make up to \$50,000 of concessional contributions in the 2020 income year.

Unused concessional contributions are available on a rolling basis and can be carried forward for up to five years, after which they will expire. The 2024 income year is the first year in which unused caps from all five previous years are potentially available to carry forward.

Editor: Please contact our office if you require assistance in relation to the above measure.

Deduction for contributions denied due to notice requirement problems

The Administrative Appeals Tribunal ('AAT') recently held that a claim for a deduction for personal super contributions should not be allowed, as the relevant 'notice requirements' were not satisfied.

*Editor: In order to claim a deduction for personal super contributions, an individual must both notify the super fund of their intention to claim a deduction, **and** receive an acknowledgment from the fund that it received the notice.*

During the 2021 income year, the taxpayer made a number of personal superannuation contributions to his super fund totalling \$6,550, with the last of those contributions made on 30 June 2021.

Sometime before 9 June 2021, the taxpayer submitted to his fund a notice advising the fund that he intended to claim a personal contribution deduction for \$6,550 for the 2021 income year.

However, on 9 June 2021, the fund advised that it was unable to accept the notice because the fund's records indicated that the amount of contributions listed in the notice was different to the amount of contributions received. This was because the fund received the notice before the taxpayer made his final contribution of \$550 on 30 June 2021.

Sometime between 9 June 2021 and 16 July 2021 the taxpayer resubmitted a notice to the fund via post that he intended to claim a deduction for the amended amount of \$6,000 (although the fund subsequently advised that it had not received this notice).

On 14 July 2021, the taxpayer lodged his 2021 income tax return, claiming a deduction for \$6,000 of personal contributions.

On 22 August 2021, the ATO notified the taxpayer that his claim for a personal contribution deduction had been disallowed, on the basis that the fund had not reported an acknowledged notice that matched his claimed deduction.

The AAT held that, when the taxpayer completed the first notice, he had not made personal contributions of \$6,550 (as referred to in the notice), but rather had made contributions of \$6,000.

Therefore, the first notice could not be valid as it was not in respect of the contributions that the taxpayer had made.

The AAT also noted that the fund did not provide an acknowledgment of the taxpayer's second notice, as it had not received it.

Please note: Many of the comments in this publication are general in nature. Anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.