



PINNACLE Newsletter



VIEW FROM THE PEAK

with Robyn Henshaw

It's been a turbulent two years of lockdowns and uncertainty, but as this year closes and restrictions lift for the first time in many months, now is the time to look to the future.

New Year is a renowned time of goal-setting and resolutions. With that in mind, have you given thought to your financial goals (business or personal) for the coming year?

Perhaps you can finally book that getaway you've been putting off, or plan that business event you've postponed, or purchase that new equipment you've been holding out on. Whatever your goals are, The Peak is here to guide you through.

But most of all, we hope you have a relaxing and refreshing break over the festive period. The Peak office will close at 3.00 pm on Thursday, 23 December and we'll be back from Tuesday, 04 January.

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Director ID numbers out now.

The Director Identification Number (DIN) regime came into effect on 01 November 2021, requiring all company directors to register for a unique identification number.

It is part of the Federal Government's Modernisation of Business Registers (MBR) Program, creating greater transparency and preventing the potential for fraud and phoenix company activity. The MBR unifies the Australian Business Register and 31 ASIC registers, effectively creating a 'single source of truth' across Government agencies for individuals and entities.

The MBR program will be managed by the Australian Tax Office.

SO WHAT IS A DIRECTOR ID?

A Director ID is a 15-digit identification number that, once issued, will remain with that director for life regardless of whether they stop being a director, change companies, change their name, or move overseas. It is similar to a Tax File Number (TFN) for individual taxpayers.

To ensure privacy, the Director ID will not be searchable by the public and will not be disclosed by Government agencies to third parties without the Director's consent.

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WHO NEEDS A DIRECTOR ID?

All directors of a company, registered Australian body, registered foreign company or Aboriginal and Torres Strait Islander corporation will need a director ID. This includes directors of a corporate trustee of self-managed super funds (SMSF).

You do not need a director ID if you are running a business as a sole trader or partnership, or you are a director in your job title but have not been appointed as a director under the

Corporations Act or Corporations (Aboriginal and Torres Strait Islander) Act (CATSI).

The company secretary or officeholder should keep a register of the IDs of their directors in a secure place - director IDs are governed by the same privacy rules that apply to Tax File Numbers (TFNs) and should not be disclosed unless required.

REGISTRATION TIMELINE

Full details of registration deadlines for existing and new directors under the *Corporations Act* are:

Date you become a director	Application deadline
Before 01/11/2021	By 30/11/2022
01/11/2021 to 04/04/2022	Within 28 days of appointment
From 05/04/2022	Before appointment

For *Corporations (Aboriginal and Torres Strait Islander) Act* directors, the key dates are:

Date you become a director	Application deadline
Before 01/11/2022	By 30/11/2023
From 01/11/2022	Before appointment

If a company intends to appoint new directors, it will be important to ensure that they are aware of the requirements and timeframes to establish their Director ID if they do not already have one.

APPLYING FOR A DIRECTOR ID NUMBER

If you are an Australian resident director, you will need to complete a number of steps and have a number of identification documents available and ready.

1. VERIFY YOUR IDENTITY

If you establish your Director ID online, and you have not already set up myGovID, you will need to download the app onto your phone or device and create a myGovID account.

The myGovID does not create your director ID - the app's only purpose is to validate your identity, and once validated, issue a code that can be used to identify you on government online services without going through the same verification process.

myGovID uses your phone/device's camera to scan your forms of ID such as your passport, driver's license and/ or VISA (check the documentation requirements here), to validate who you say you are. Be careful when you are scanning your documentation as the system does not always read the scan correctly.

2. APPLY FOR YOUR DIRECTOR ID THROUGH AUSTRALIAN BUSINESS REGISTRY SERVICES

Once you have set up your myGovID, you need to apply to the Australian Business Registry Services (ABRS) for your Director ID. Use the email you used to create your myGovID to start the process.

In addition to your myGovID, you will need to have on hand documentation that matches the information held by the ATO. If you have a myGov account linked to the ATO, you can find the details on your profile. You will need:

- your Tax File Number
- your residential address held on file by the ATO; and
- two documents that verify your identity, such as:
 - your bank account details held by the ATO (on your myGov ATO account, see 'my profile/financial institution details').
 - Dividend Statement Investment Reference Number.
 - Notice of Assessment (NOA) – date of issue and the reference number (on your myGov ATO account, see Tax/ lodgements/income tax/history).
 - the gross amount from your PAYG Payment Summary.
 - superannuation details including your super fund's ABN and your member account number.

The final stage requests your personal contact details (not the company's).

Once complete, your Director ID will be issued immediately on screen. This information should be provided to your company secretary or office holder, as well as The Peak Partnership as your tax agent.

If any of your details change, for example a change of residential address or phone number, you will need to update your details through the ABRS. You will also need to notify your company within seven days (14 days for CATSI Act directors) and the company will then need to notify ASIC within 28 days.



Giving the gift of IMAGINATION!

Christmas is a season that inspires imagination.

Many of us can imagine what the North Pole looks like. Our imagination is something we often take for granted. But when children are abused or exposed to trauma, most of them will experience a range of cognitive brain developmental issues.

What this means is that some traumatised children simply cannot 'imagine' or 'create' things in their mind. Early childhood intervention, care and therapy all play a critical role in supporting and healing the minds of traumatised children.

With our support (and yours), Act for Kids can help these kids.

This Christmas, Act for Kids are encouraging people to buy toys from their Imaginary Toy Store. All funds raised will go towards their Integrated Therapy Service, and provide support to kids who need help to heal from the trauma they have experienced as a result of abuse and neglect.

We're helping! You can too, by going to www.imaginarytoystore.com.au

Shop at the
**Imaginary
Toy Store**
.com.au



Helping kids to heal from trauma

 Act for kids



Recruiting new employees from 01 November. The changes to staff superannuation arrangements.

Setting up a new employee's super has always been straight-forward – when your business hired a new employee, the Choice of Fund form was used to identify where they wanted their superannuation guarantee contributions to be directed. If the employee didn't identify a fund, generally the employer directed their superannuation into a default fund.

FROM 01 NOVEMBER 2021, where an employee does not identify a fund, the employer is required to contact the Australian Tax Office (ATO) and request details of the employee's existing superannuation fund or 'stapled' fund (the fund stapled to them). The request is made through the ATO's online services through the 'Employee Commencement Form'.

A stapled super fund is essentially an existing super account which is linked or 'stapled' to an individual and follows them throughout their job changes.

If the ATO confirms no other fund exists for the employee, contributions can be directed to the employer's default fund or a fund specified under a workplace determination or an enterprise agreement (if the determination was made before 01 January 2021).

IMPORTANT: You will still need to offer your new employees a choice of super fund and pay their super into the account they tell you – that part of your obligations doesn't change.

You can read more about these changes in our "Stapled Super and your Business" blog post at www.peakpartnership.com/blog

BUSINESS TRAVEL.

COVID tests are tax-deductible.



COVID-19 tests are the new norm for business travel, but their cost can now be written off against your annual income tax.

COVID-19 tests – especially 'gold standard' PCR testing – are significantly adding to the cost of post-pandemic travel, to the tune of \$300-\$450 per passenger in some instances. But if you're setting out on a business trip those costs are a legitimate tax deduction, according to the Australian Taxation Office (ATO).

The ATO has publicly stated that "the cost of a PCR test can be claimed as a deduction by a taxpayer when they are travelling overseas on work and that test is required for that trip."

"The cost of the PCR test is considered to be an incidental expense as the travel is undertaken in the course of a taxpayer's employment," a spokesperson for the ATO said.

MORE ON THIS FROM THE ATO

"Travel expenses include incidental expenses which are minor but necessary expenses associated with a taxpayer's work-related travel. A taxpayer can claim travel expenses if they incur them when travelling away from their home overnight in the course of performing their employment duties."

"A PCR test may be required by the destination jurisdiction in order for them to enter the overseas country or when returning to Australia from the overseas country."

MIXING BUSINESS AND PLEASURE?

If you're among the many who combine business and leisure trips – which will become even more popular as a way to maximise the necessary outlay of those COVID tests – then you're still covered, according to the ATO.

If a taxpayer's travel is for work and private purposes, they will need to apportion their expenses in the same way as they might also do with hotel stays, for example.

PCR testing prior to departing Australia averages \$150, although some clinics – notably the Histopath pop-up clinics at Sydney, Melbourne and Brisbane international airport terminals – charge as little as \$79 with results in 90 minutes (so long as you don't mind spending 90 minutes sitting around the airport).

Some countries – among them Singapore and Thailand – also require a COVID PCR test on arrival, while all travellers headed to Australia, including citizens coming back from an overseas trip, must take a PCR test within 72 hours of the departure of their return flight.

The cost of that pre-return PCR test varies not only from country to country, but in some cases depends on how quickly you need the results. For example, test centres at San Francisco airport can charge USD\$90 for a 24-hour turnaround to \$250 for a result in 90 minutes. In London you could be looking at £65-85, and upwards of SGD\$120 in Singapore.



Your super after you are gone.

Superannuation is not like other assets, as it is held in trust by the trustee of the superannuation fund. When you die, your super does not automatically form part of your estate. Instead, it's paid to your eligible beneficiaries by the fund trustee according to the rules of the fund, superannuation law, and the death nomination you made.

DEATH NOMINATIONS

Most people have a death nomination in place to direct their superannuation to their nominated beneficiaries upon their death. There are four types of death benefit nominations:

BINDING DEATH BENEFIT NOMINATION: Putting in place a binding death nomination will direct your superannuation to whoever you nominate. As long as that person is an eligible beneficiary, the trustee is bound by law to pay your superannuation to that person as soon as practicable after your death. Generally, death benefit nominations lapse after 3 years unless it is a non-lapsing binding death nomination.

NON-LAPSING BINDING DEATH BENEFIT NOMINATION: Non-lapsing binding death nominations, if permitted by your trust deed, remain in place unless the member cancels or replaces them. When you die, your super is directed to the person you nominate.

NON-BINDING DEATH NOMINATION: A non-binding death nomination is a guide for trustees as to who should receive your superannuation when you die but the trustee retains control over who the benefits are paid to. This might be the person you nominate but the trustees can use their discretion to pay the superannuation to someone else or to your estate.

REVERSIONARY BENEFICIARY: If you are taking an income stream from your superannuation at the time of your death (pension), the payments can revert to your nominated beneficiary at the time of your death and the pension will be automatically paid to that person. Only certain dependants can receive reversionary pensions, generally a spouse or child under 18 years.

WHEN THERE'S NO DEATH BENEFIT NOMINATION IN PLACE

If you have not made a death benefit nomination, the trustees will decide who to pay your superannuation to, according to state or territory laws. This will often be a financial dependant to the legal representative of your estate to then be distributed according to your Will.

IS YOUR DEATH BENEFIT VALID?

There have been a number of court cases over the years that have successfully contested the validity of death nominations, particularly within self-managed superannuation funds (SMSF). For a death nomination to be valid it must be in writing, signed and dated by you, and witnessed. The wording of your nomination also needs to be clear and legally binding.

If you nominate a person, ensure you use their legal name and if the superannuation is to be directed to your estate, ensure the wording uses the correct legal terminology.

WHO CAN RECEIVE YOUR SUPERANNUATION?

Your superannuation can be paid to a SIS dependant*, your legal representative (for example, the Executor of your Will), or someone who has an interdependency relationship with you.

A dependant is defined in superannuation law as 'the spouse of the person, any child of the person and any person with whom the person has an interdependency relationship'. An interdependency relationship is where someone depends on you for financial support or care.

DO BENEFICIARIES PAY TAX ON YOUR SUPER?

Whether or not the beneficiaries of your superannuation pay tax depends on who the superannuation was paid to and how. If your superannuation is paid as a lump sum to a tax dependant, the superannuation is tax-free. The tax laws have a different definition of who is a dependant to the superannuation laws. A tax dependant for tax purposes is your spouse or former spouse, your child under the age of 18, or someone you have an interdependency relationship with. Special rules exist if you are a police officer, member of the defence force or protective service officer who died in the line of duty.

If your superannuation is paid to your estate, the tax laws use a 'look through' approach when superannuation death benefits are distributed to the deceased's legal representative. This involves determining whether the final recipient of the superannuation is a dependant or a non-dependant of the deceased.

If the person is not a dependant for tax purposes, for example an adult child, then there might be tax to pay.

*A dependent, as defined under the Superannuation Industry (Supervision) Act.

Framed: Melanie Kerr

Melanie has only been with The Peak since April this year, but she's made quite an impact as our new Director of First Impressions (AKA Front Office Receptionist).

With a personality as vibrant as her hair, Mel has taken on the role with infectious enthusiasm – rubbing off on our Peak team as well as brightening our clients' visits. Mel's background is in retail and customer service: she's managed a Pizza Hut, worked in a funeral home, automotive and solar sales, and at Telstra – where she twice won their Quality Champion award.

Mel says she loves her job every day – the planning, communication with clients, helping with events, the creative aspects and The Peak team. Since Day One, Mel has been happy to take on all and any tasks around the office, mindful of keeping up The Peak's professional image.

In her spare time, Mel is either at the gym, at the beach, or drawing and painting as her creative outlet. If you haven't met Mel, now you can put a face to the name and the voice of The Peak's Director of First Impressions.



Big bang at new James Bond movie premiere.

After more than an 18-month delay due to COVID-19, the latest James Bond instalment hit the big screens in Australia on Thursday, 11 November. It's become quite the tradition – The Peak Partnership hosted an exclusive opening night screening of 'No Time to Die' for 180 of our clients, with a rave reception.

As the 25th movie in the Bond series, and Daniel Craig's last outing as 007, it was always going to be a much-anticipated release. Judging by the reaction of our guests, and the comments the following days, the evening was a great success and the Bond franchise is alive and well.

A number of our staff were on hand to greet and entertain our clients – 007 fever had obviously gripped our team, with everyone dressing the part in black-tie, three-piece suits and sequins, lots of sequins.

Here's a few pre-movie shots from Nick, our team photographer.



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