



Overview of key changes

Key changes and new measures to be aware of when completing your clients' returns include:

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Private health insurance statements

From 1 July 2019, health insurers are no longer required to send private health insurance statements. Previously they were required to send statements by 15 July each year, it is now optional to send this information.

Private health insurance information will be available in the pre-fill report, usually by mid-August. If it is not populated by then, taxpayers may need to request a statement from their health insurer.

It is important to correctly report private health insurance information as we use it to calculate:

- private health insurance rebates taxpayers are entitled to
- the Medicare levy surcharge, if applicable.

See also:

- [Your private health insurance statement \(/individuals/medicare-levy/private-health-insurance-rebate/your-private-health-insurance-statement/\)](#).

Low and middle income tax offset

Taxpayers may be eligible for an income tax offset if:

- they are an Australian resident for income tax purposes
- their taxable income is in the appropriate income range.

They do not have to claim this offset. We will work it out for them when their tax return is lodged. If the changes proposed in the 2019–20 Budget become law after 1 July 2019 we will automatically amend assessments – no action will be required by you. The offset can only reduce the amount of tax they pay to zero and it does not reduce their Medicare levy.

See also:

- [New low and middle income tax offset \(/general/new-legislation/in-detail/direct-taxes/income-tax-for-individuals/personal-income-tax-plan/?anchor=Newlowandmiddleincometaxoffset#Newlowandmiddleincometaxoffset\)](/general/new-legislation/in-detail/direct-taxes/income-tax-for-individuals/personal-income-tax-plan/?anchor=Newlowandmiddleincometaxoffset#Newlowandmiddleincometaxoffset).
- [Lower taxes for hard-working Australians: Building on the Personal Income Tax Plan \(/General/New-legislation/Lower-taxes-for-hard-working-Australians--Building-on-the-Personal-Income-Tax-Plan/\)](/General/New-legislation/Lower-taxes-for-hard-working-Australians--Building-on-the-Personal-Income-Tax-Plan/).

Income statement

If an employer reports through Single Touch Payroll they are not required to provide a payment summary to their employees.

Income statements will replace payment summaries. Employees can access their income statements through ATO online services via myGov, at any time. Employees will receive a notification from us in their myGov inbox when their income statement is 'Tax ready', so they can complete their tax return.

Employees will be able to contact us for a copy of their income statement if they do not have access to myGov.

See also:

- [Accessing your income statement or payment summary information online \(/business/single-touch-payroll/single-touch-payroll-for-employees/accessing-your-income-statement-or-payment-summary-online/\)](/business/single-touch-payroll/single-touch-payroll-for-employees/accessing-your-income-statement-or-payment-summary-online/).

Research and development tax incentive amendments

On 8 May 2018, the government announced it would reform the research and development (R&D) tax incentive to encourage additional investment in R&D while ensuring the integrity and fiscal affordability of the incentive. These changes are expected to apply for income years commencing on or after 1 July 2018.

We will accept tax returns as lodged during the period up until the proposed law change is passed by parliament. After the new law is passed, taxpayers will need to review their position and, if required, seek an amendment.

See also:

- [Better targeting the Research and Development Tax Incentive \(/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Better-targeting-the-Research-and-Development-Tax-Incentive/\)](/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Better-targeting-the-Research-and-Development-Tax-Incentive/).

Hybrid mismatch rules

On 24 August 2018, legislation was passed implementing the Organisation for Economic Cooperation and Development (OECD) hybrid mismatch rules. These rules apply to income years starting on or after 1 January 2019.

However, unless an importing payment is made under a structured arrangement, the imported mismatch rule will apply to income years starting on or after 1 January 2020.

The hybrid mismatch rules prevent entities that are liable to income tax in Australia from avoiding income tax or obtaining global double tax benefits through hybrid mismatch arrangements that exploit differences in the tax treatment of an entity or instrument under the laws of two or more tax jurisdictions.

The rules operate to deny a deduction, or include an amount in assessable income for payments that give rise to a hybrid mismatch outcome.

See also:

- [Implementation of the OECD hybrid mismatch rules \(/General/New-legislation/In-detail/Other-topics/International/Implementation-of-the-OECD-hybrid-mismatch-rules/\)](/General/New-legislation/In-detail/Other-topics/International/Implementation-of-the-OECD-hybrid-mismatch-rules/).

Increasing access to company losses

On 1 March 2019, legislation was passed that will supplement the current 'same business test' for losses with a more flexible 'similar business test'. The new test will expand access to past year losses when companies enter into new transactions or business activities.

The similar business test allows a company (and certain trusts) to access losses following a change in ownership where its business, while not the same, is similar, having regard to the:

- extent to which the assets that are used in its current business to generate assessable income were also used in its former business to generate assessable income
- extent to which the activities and operations from which its current business is generating assessable income were also the activities and operations from which its former business generated assessable income
- identity of its current business and the identity of its former business
- extent to which any changes to the former business resulted from the development or commercialisation of assets, products, processes, services, or marketing or organisational methods of the former business.

As a test for accessing past year losses, the 'similar business test' will only be available for losses made in income years starting on or after 1 July 2015.

The 'same business test' and the 'similar business test' will be collectively known as the 'business continuity test'.

See also:

- [Increasing access to company losses \(/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Increasing-access-to-company-losses/\)](#).
- [LCR 2017/D6 \(/law/view/document?docid=COD/LCR2017D6/NAT/ATO/00001\)](#). *The business continuity test – carrying on a similar business*

Expanding accelerated depreciation for small businesses

Small businesses can claim an immediate deduction for most depreciating assets purchased after 12 May 2015 and first used or installed ready for use for a business purpose:

- from 7.30pm (AEDT) on 2 April 2019 until 30 June 2020, if they cost less than \$30,000 each
- from 29 January 2019 and before 7.30pm (AEDT) 2 April 2019, if they cost less than \$25,000 each
- before 29 January 2019, if they cost less than \$20,000 each.

The balance of the general small business pool is also immediately deductible if the balance is less than \$30,000 at the end of an income year that ends on or after 2 April 2019 and on or before 30 June 2020 (including an existing general small business pool).

The 'lock out' laws have also been suspended for the simplified depreciation rules until the end of 30 June 2020. The lock-out laws prevent small businesses from re-entering the simplified depreciation regime for five years if they have opted out.

The instant asset write-off threshold now includes businesses with a turnover from \$10 million to less than \$50 million. These businesses can claim a deduction for the business portion of each asset that costs less than \$30,000 if they are purchased and first used or installed ready for use from 7.30pm (AEDT) on 2 April 2019.

See also:

- [What's new for small business \(/business/small-business-entity-concessions/what-s-new-for-small-business/\)](#).

Downsizer contribution into superannuation

From 1 July 2018, members aged 65 years old or older, and meet all the eligibility requirements may choose to make a downsizer contribution (a new contribution type) of up to \$300,000 into superannuation from the proceeds of selling their primary residence. To be eligible, the contract for sale must be entered into on or after 1 July 2018.

If a member makes a downsizer contribution it is reported in the year it is made. The member will need to provide a *Downsizer contribution into super* form, either before or when they make their contribution.

Downsizer contributions should be made within 90 days of the change of ownership of the dwelling (usually the date of settlement). An extension of time may be granted where there is a delay, but will not be granted to allow the member to meet the age requirement.

Downsizer contributions can be made regardless of contributions caps and other restrictions (age and work test) that may apply when making voluntary contributions.

See also:

- [Downsizing contributions into superannuation \(/Individuals/Super/Growing-your-super/Adding-to-your-super/Downsizing-contributions-into-superannuation/\)](#).

First home super saver scheme

If a taxpayer requested the release of an amount under the First home super saver (FHSS) scheme during the 2018–19 income year, they must include in their 2019 tax return:

- any assessable FHSS amount
- the tax withheld amount.

They will receive a payment summary from us showing the assessable FHSS amount and tax withheld.

If they requested a release during the 2018–19 income year, they must include the amount in their 2019 tax return, even if they did not receive the amount until after 30 June 2019.

See also:

- [First home super saver scheme \(/Individuals/Super/Withdrawing-and-using-your-super/First-Home-Super-Saver-Scheme/\)](#).

Changes to the thin capitalisation rules to prevent double gearing structures

On 5 April 2019, legislation was passed to improve the integrity of the income tax law by modifying the thin capitalisation rules to prevent double gearing structures. Double gearing structures involve the use of multiple layers of 'flow-through' entities (such as trusts and partnerships) to issue debt against the same underlying asset.

These changes apply to income years starting on or after 1 July 2018.

The changes will affect entities with interests in trusts (other than public trading trusts) and partnerships, as the threshold for the purposes of the associate entity debt, associate entity equity, and the associate entity excess amounts has been reduced from 50% to 10%.

The changes also affect how the arm's length debt amount is calculated. To determine both the independent lender and independent borrower amounts of the test, an entity must consider the debt-to-equity ratios of any other entity in which it has an interest.

See also:

- [Stapled Structures \(/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Stapled-structures/\)](#).

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

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