

# Software Assistant

## 2023 Tax Changes



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Date published: 23 June 2023

# 2023 Main Tax Changes

## Removal of Interest on Early Payment (IEP) claim labels

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### FORMS IMPACTED

INDIVIDUAL | TRUST | COMPANY | SMSF | FUND

### SUMMARY

From March 2022, the ATO have automated the identification, calculation, and payment of IEP entitlements for eligible early payments made from 1 July 2021.

The automation of IEP means that clients or their tax agents will no longer need to claim their IEP entitlements by either writing to the ATO or claiming the amount in their income tax return. Therefore, IEP claim labels on income tax returns will no longer be required for the 2022-23 financial year onwards.

**Note:** the IEP claim labels will still be required for prior year forms.

The removal of IEP labels from the ITR will also impact the tools and calculators hosted on ato.gov.au.

### CHANGES TO SOFTWARE ASSISTANT

Individual tax return

- Removed Item C1 - Credit for interest on tax paid

Trust tax return

- Removed Item 7 - Credit for interest on tax paid

Company tax return

- Removed Item H1 - Credit for interest on early payments – amount of interest on the Calculation Statement

Fund & SMSF returns

- Removed Item H1 - Credit for interest on early payments – amount of interest at Section D of the Calculation Statement

### RESOURCES

ATO

- [Interest on early payments](https://www.ato.gov.au/General/Interest-and-penalties/Interest-we-pay/Interest-on-early-payments/#Howto calculatetheIEPpayable)  
<https://www.ato.gov.au/General/Interest-and-penalties/Interest-we-pay/Interest-on-early-payments/#Howto calculatetheIEPpayable>
- [Credit for interest on early payments calculator](https://www.ato.gov.au/calculators-and-tools/credit-for-interest-on-early-payments/#accessthecalc)  
<https://www.ato.gov.au/calculators-and-tools/credit-for-interest-on-early-payments/#accessthecalc>

# Reducing compliance costs for self-education

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## FORMS IMPACTED

INDIVIDUAL

## SUMMARY

The Government announced in the 2021-22 Federal Budget that it will remove the exclusion of the first \$250 of deductions for prescribed courses of education. This will reduce compliance costs for individuals claiming self-education expense deductions and simplifies the tax return process.

## CHANGES TO SOFTWARE ASSISTANT

### Individual tax return

- Item D4 Work related self-education expenses is updated to no longer deduct \$250 from the main label
- Removal of \$250 exclusion references from all tax printing

## RESOURCES

ATO

- [Removing the self-education expenses threshold](https://www.ato.gov.au/General/New-legislation/In-detail/Other-topics/Removing-the-self-education-expenses-threshold/)  
<https://www.ato.gov.au/General/New-legislation/In-detail/Other-topics/Removing-the-self-education-expenses-threshold/>

# Revised fixed rate working from home deduction

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## FORMS IMPACTED

INDIVIDUAL

## SUMMARY

The 80 cent per hour temporary shortcut method was introduced to assist taxpayers working from home during the COVID-19 pandemic and provided a straight-forward record keeping requirement. For the 2020- 2021 and 2021-2022 years the temporary shortcut method was one of three (3) options available for calculating deductions for expenses incurred while working from home, along with the actual expenses method and the 52 cent per hour fixed rate method. It was always intended to be a temporary method. The temporary shortcut method ended on 30 June 2022.

As a result, from 1 July 2022 there are now only two (2) methods available to calculate the Working from home deduction.

### 1. Revised fixed rate method

Claim 67 cents for each hour you work from home during the relevant income year.

The rate includes the additional running expenses incurred for:

- home and mobile internet or data expenses
- mobile and home phone usage expenses
- electricity and gas (energy expenses) for heating, cooling and lighting
- stationery and computer consumables, such as printer ink and paper.

### 2. Actual cost method

To use the actual cost method to claim actual expenses, you must

- Incur additional running expenses as a result of working from home
- Keep records or other written evidence that shows the amount:
  - You spend on expenses
  - You spend on depreciating assets you buy and use while working from home
  - Of work related use for your expenses and depreciation assets

## CHANGES TO SOFTWARE ASSISTANT

There are no changes to Software Assistant Tax.

## RESOURCES

ATO

- [Working from home expenses](https://www.ato.gov.au/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/working-from-home-expenses/)  
<https://www.ato.gov.au/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/working-from-home-expenses/>
- [ATO working from home PDF \(Tax Time 2023\)](https://www.ato.gov.au/uploadedFiles/Content/IAI/Downloads/Toolkits/TaxTimeToolkit_Workingfromhomededuction.pdf)  
[https://www.ato.gov.au/uploadedFiles/Content/IAI/Downloads/Toolkits/TaxTimeToolkit\\_Workingfromhomededuction.pdf](https://www.ato.gov.au/uploadedFiles/Content/IAI/Downloads/Toolkits/TaxTimeToolkit_Workingfromhomededuction.pdf)

- [Fixed rate method – 67 cents](https://www.ato.gov.au/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/working-from-home-expenses/fixed-rate-method---67-cents/)  
<https://www.ato.gov.au/individuals/income-deductions-offsets-and-records/deductions-you-can-claim/working-from-home-expenses/fixed-rate-method---67-cents/>
- [Actual cost method](https://www.ato.gov.au/Individuals/Income-deductions-offsets-and-records/Deductions-you-can-claim/Working-from-home-expenses/Actual-cost-method/)  
<https://www.ato.gov.au/Individuals/Income-deductions-offsets-and-records/Deductions-you-can-claim/Working-from-home-expenses/Actual-cost-method/>
- [Home office expenses calculator](https://www.ato.gov.au/Calculators-and-tools/Home-office-expenses-calculator/)  
<https://www.ato.gov.au/Calculators-and-tools/Home-office-expenses-calculator/>

# Additional validation messaging to Capital allowance related labels

## FORMS IMPACTED

COMPANY | PARTNERSHIP

## SUMMARY

The ATO has introduced additional validation warning messages for Company and Partnership returns only from the 2022-23 financial year and onwards. These additional messages will be triggered where certain capital allowances labels have been completed. This will result in more accurate returns being lodged, therefore reducing the need of potential ATO investigation.

### Reminder!

Validation warning messages – these are just warnings to raise awareness of potential incorrect or incomplete data. Returns with warning messages present will still be accepted and processed by the ATO.

## CHANGES TO SOFTWARE ASSISTANT

Add the following ATO Validation messages:

### Partnership tax return

Label completed	Label to complete	ATO validation message
5 – total business income	5K - Depreciation expenses	If Total business income is greater than zero, then Depreciation expenses should be completed and the amount must be at least 0 or higher

### Company tax return

Label completed	Label to complete	ATO validation message
6S – Total income	6X – Depreciation expenses	Depreciation expenses should be completed if Total income is greater than zero
6X – Depreciation expenses	7W – Non-deductible expenses	Non-deductible expenses should be completed if Depreciation expenses is greater than zero.
6X – Depreciation expenses	7F – Deduction for decline in value of depreciating assets	Deduction for decline in value of depreciating assets should be completed if Depreciation expenses is completed.
6X – Depreciation expenses	Small business entity simplified depreciation 10A – Deduction for certain assets 10B - Deduction for general SB pool	The sum of Deduction for certain assets and Deduction for general small business pool should be equal to or less than the Depreciation expenses amount.

7F – Deduction for decline in value of depreciating assets	7I – Capital works deductions	Capital works deductions and Total adjustable values at end income year should be completed if Deduction for decline in value of depreciating assets is completed.
7F – Deduction for decline in value of depreciating assets	9E – Total adjustable values at end of income year	Capital works deductions and Total adjustable values at end income year should be completed if Deduction for decline in value of depreciating assets is completed.
7F – Deduction for decline in value of depreciating assets	9A-9I – Capital allowances statistical labels	Questions regarding depreciating assets should be answered if Deduction for decline in value of depreciating assets is greater than zero
ANZSIC code is in the range of mining codes (06000 to 10900) and 7H>0  Deduction for project pool	9J – Total mining capital expenditure and/or transport capital that you allocated to a project pool and for which you can claim a deduction this income year	Total mining capital expenditure and/or transport capital that you allocated to a project pool and for which you can claim a deduction this income year should be completed if Deduction for project pool is greater than zero and the Business Industry code is in the range of mining codes (06000 to 10900).
7F – Deduction for decline in value of depreciating assets	9C – Have you self assessed the effective life of any of these assets?	Have you self-assessed the effective life of any of these assets?' and 'Did you recalculate the effective life for any of your assets this income year?' fields should be answered if Deduction for decline in value of depreciating assets is greater than zero.
7F – - Deduction for decline in value of depreciating assets	9D – - Did you recalculate the effective life for any of your assets this income year?	Have you self-assessed the effective life of any of these assets?' and 'Did you recalculate the effective life for any of your assets this income year?' fields should be answered if Deduction for decline in value of depreciating assets is greater than zero.

# Research & Development tax incentive

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## FORMS IMPACTED

COMPANY

## SUMMARY

Changes are required to finalise the changes resulting from legislation amending the Research and Development Tax Incentive that was largely implemented in the 2022 financial year. Certain labels were retained for use by Early balancing SAP's and these labels are now being removed.

## CHANGES TO SOFTWARE ASSISTANT

### Company tax return

- Removed R&D recoupment tax label M in the Calculation statement
- Removed validations impacted by removal of label

### Research and development tax incentive schedule

- Remove R&D assets – balancing adjustments losses (Part A Item 8)
- Removed/amended validations impacted by removal of labels and associated printing



# Extension of Loss carry back to 2022-23

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## FORMS IMPACTED COMPANY

### SUMMARY

An extension of the Loss carry back rules by 12 months allows eligible corporate tax entities to claim a loss carry back tax offset in the 2022-23 income year to an earlier profitable year as far back as 2018-19.

The Temporary Loss Carry Back (LCB) was introduced in the 2020-21 financial year allowed eligible tax entities to offset tax losses against previously tax profits to generate a tax refund through a refundable tax offset. If a loss carry back choice has been made to a company return and you want to change the original choice, you'll need to complete a Loss Carry Back Change in Choice Schedule.

Last year we included a new **Loss Carry Back Change in Choice Schedule** and a **Loss Carry Back Tax Offset Worksheet** for the financial years 2020-21 and 2021-22.

### CHANGES TO SOFTWARE ASSISTANT

#### Company tax return

- Updated Item 13 Losses information with the new labels:
  - Label T: Tax loss 2022-23 carried back to 2018-19
  - Label W: Tax loss 2022-23 carried back to 2019-20
  - Label X: Tax loss 2022-23 carried back to 2020-21
  - Label Y: Tax loss 2022-23 carried back to 2021-22
  - Label Z: Tax rate 2021-22
  - Label A: Net exempt income 2021-22
  - Label B: Income tax liability 2021-22
  - Label C: Select your aggregated turnover rate for 2021-22
  - Label D: Aggregated turnover for 2021-22

#### Loss Carry Back Tax Offset Worksheet

- Added a new table for Tax loss 2022-23
- Updated Summary tab to include the new 2022-23 fields

#### Loss Carry back change in choice Schedule

- Updated all tables to include 2027 year
- Updated tables for Part A: Choice year to 2027 (previously 2026)
- Updated tables for Part B Consequential amendments years to 2024 to 2027 (previously 2023 to 2026)

### RESOURCES

#### ATO:

- [Loss carry back tax offset](https://www.ato.gov.au/Business/Loss-carry-back-tax-offset/Change-in-loss-carry-back-)  
<https://www.ato.gov.au/Business/Loss-carry-back-tax-offset/Change-in-loss-carry-back->

choice/

- For advice on how the loss carry back rules apply for your client, contact the ATO Tax practitioner service
  - [Tax practitioner assistance](https://www.ato.gov.au/Tax-professionals/Support-and-communication/Tax-practitioner-assistance-service/)  
<https://www.ato.gov.au/Tax-professionals/Support-and-communication/Tax-practitioner-assistance-service/>
  - Call 13 72 86

# Reducing pressure on Housing Affordability

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## FORMS IMPACTED

INDIVIDUAL

## SUMMARY

The Reducing pressure on Housing Affordability incentive was introduced in the 2020-21 financial year, to allow an additional 10% CGT discount to resident individuals investing in qualifying affordable housing. These changes were previously implemented in Software Assistant back in the 2021 tax year release.

From 2022-23 financial year, the ATO Prefill report now includes an indicator if the taxpayer is eligible for the CGT housing affordability discount. This is based on information reported by the Community housing providers (CHP) to the ATO.

## CHANGES TO SOFTWARE ASSISTANT

### Individual tax return

- Updated the Annual Taxation Statement (ATS) to include a checkbox indicator "Housing Affordability - 60% CGT discount"
- In the case where the indicator is True on the ATO Prefill report, this checkbox will be selected based on the ATO Prefill report. This will then integrate to the CGT worksheet.

## RESOURCES

ATO

- [CGT discount for affordable housing](https://www.ato.gov.au/individuals/capital-gains-tax/property-and-capital-gains-tax/cgt-discount-for-affordable-housing/)  
<https://www.ato.gov.au/individuals/capital-gains-tax/property-and-capital-gains-tax/cgt-discount-for-affordable-housing/>

# Temporary full expensing

## FORMS IMPACTED

INDIVIDUAL | COMPANY | PARTNERSHIP | TRUST

## SUMMARY

Temporary full expensing (TFE) supports businesses and encourages investment, as eligible businesses can claim an immediate deduction for the business portion of the cost of an asset in the year it is first used or installed ready for use for a taxable purpose. It was designed to help businesses recover from the economic impact of COVID-19 and was always intended to be temporary.

The TFE provisions will end on 30 June 2023, which means expenses incurred on and from 1 July 2023 will not qualify for TFE.

Standard/late balancers lodging their 2023-24 tax returns early by using the 2022-23 forms/services may complete the TFE labels incorrectly. The ATO has added validation check to prompt tax agents to remove any TFE amounts before lodging the return.

## CHANGES TO SOFTWARE ASSISTANT

The ATO has added a new validation message to prevent early lodgers (part-year lodgers) from claiming TFE on their 2024 tax return. If an amount greater than zero is included in one or more TFE fields, the validation check will prevent lodgment of the return. New Validation error/warning will appear when one or more of the following TFE fields are completed:

Message: "One or more fields for Temporary Full Expensing (TFE) have been completed on this return. TFE is not applicable after 30/06/2023. Please correct these fields before lodging."

	Company	Partnership	Trust	Individual
Are you making a choice to opt out of TFE for some or all of your eligible assets?	9P	49P	50P	P11 C
Number of assets you are opting out for	9Q	49Q	50Q	P11 D
Value of assets you are opting out for	9R	49R	50R	P11 E
Show the total amount of the deductions you are claiming under temporary full expensing	9S	49S	50S	P11 F
Show the total number of assets for which you are claiming temporary full expensing	9T	49T	50T	P11 G
Are you using the alternative income test?	9U	-	-	-

## RESOURCES

ATO:

- [Temporary full expensing](https://www.ato.gov.au/business/depreciation-and-capital-expenses-and-allowances/temporary-full-expensing/)  
<https://www.ato.gov.au/business/depreciation-and-capital-expenses-and-allowances/temporary-full-expensing/>

# Small business skills and training boost (pending Royal Assent)

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**IMPORTANT! THIS CHANGE IS STILL PENDING ROYAL ASSENT**

## FORMS IMPACTED

INDIVIDUAL | COMPANY | PARTNERSHIP | TRUST

## SUMMARY

Subject to passage of law, the small business skills and training boost provides a temporary bonus deduction to small businesses (with an aggregated annual turnover of less than \$50 million) for expenditure on eligible external training courses provided to employees by eligible registered training providers in Australia.

The bonus deduction is an additional tax deduction of 20%, on top of the general deduction, for:

- the eligible expenditure incurred between 7.30pm (the legal time in the ACT) on 29 March 2022 and 30 June 2024. It applies to enrolments or arrangements for the provision of training made or entered into at or after 7.30pm (the legal time in the ACT) on 29 March 2022.
- The eligible expense is claimable as a general deduction in the income year in which it is incurred. However, special rules apply to the bonus deduction (20%) for the cost of training. It depends on the balancing date if the small business has a substituted accounting period.

Normal and late balancers

- Bonus deduction for expenditure incurred between 7.30pm (AEDT) on 29 March 2022 and the end of the 2022-23 income year is claimed in the 2022-23 income year so it covers eligible expenditure incurred in 2021-22 and 2022-23 income years
- Bonus deduction for expenditure incurred in the 2023-24 income year (up until 30 June 2024) is claimed in the 2023-24 income year

## CHANGES TO SOFTWARE ASSISTANT

### IMPORTANT:

As this is not yet law, changes have been added to Software Assistant HOWEVER there are validation rules added to prevent tax agents from using this change prior to Royal Assent.

Once Royal Assent is given and the ATO update their specifications, we will need release an update of Software Assistant which will remove the validation rules and allow you to use these new fields.

Company tax return

- 20% bonus to be claimed and reported at the Reconciliation section at a new label J: Small business and training boost



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### Individual tax return

- 20% bonus to be claimed and reported at P12: Small business boost at label M: Small business skills and training boost

### Partnership and Trust tax return

- 20% bonus to be claimed and reported at Item 52: Small business boost at label A: Small business skills and training boost

## RESOURCES

ATO:

- [Small Business Technology Investment Boost and Small Business Skills and Training Boost](https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/)  
<https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/>

# Small business technology investment boost (pending Royal Assent)

**IMPORTANT! THIS CHANGE IS STILL PENDING ROYAL ASSENT**

## FORMS IMPACTED

INDIVIDUAL | COMPANY | PARTNERSHIP | TRUST

## SUMMARY

Subject to passage of law, the small business technology investment boost provides a temporary bonus deduction to small businesses (with an aggregated annual turnover of less than \$50 million) for eligible expenditure incurred on expenses and depreciating assets for the purposes of their digital operations or digitising their operations.

The bonus deduction is an additional tax deduction of 20%, on top of the general deduction for:

- eligible expenditure incurred between 7.30pm (by legal time in ACT) on 29 March 2022 and 30 June 2023.
- Applies to the total of eligible expenditure of up to \$100,000 per income year, up to a maximum bonus deduction of \$20,000 per income year (maximum bonus of \$40,000 for all entities for the whole application period).

The small business entity must also meet the following criteria for the bonus deduction:

- the expenditure must be eligible for a deduction under another provision of the taxation law
- if the expenditure is on a depreciating asset, the asset must be first used or installed ready for use by 30 June 2023, and
- the expenditure must be incurred wholly or substantially for the purposes of an entity's digital operations or digitising the entity's operations.

Some exclusions will apply.

## CHANGES TO SOFTWARE ASSISTANT

### IMPORTANT:

As this is not yet law, changes have been added to Software Assistant HOWEVER there are validation rules added to prevent tax agents from using this change prior to Royal Assent.

Once Royal Assent is given and the ATO update their specifications, we will need release an update of Software Assistant which will remove the validation rules and allow you to use these new fields.

### Company tax return

- 20% bonus to be claimed and reported at the Reconciliation section at a new label L: Small business technology investment boost

### Individual tax return

- 20% bonus to be claimed and reported at P12: Small business boost at label N: Small business technology investment boost

### Partnership and Trust tax return

- 20% bonus to be claimed and reported at Item 52: Small business boost at label B: Small business technology investment boost

## RESOURCES

ATO:

- [Small Business Technology Investment Boost and Small Business Skills and Training Boost](https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/)

<https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/>



## 2023 Other Tax Form Changes

### Individual returns

- **Low and middle income tax offset (LMITO)** no longer available for 2022-23 financial year ([ATO link](#))
- **Cents per kilometre method rate** increased 78 cents for the 2022-23 financial year ([ATO link](#))
- **Item 10: Gross Interest** has a new Reason Code added being "Foreign resident" where an ATO Interest prefill amount has been varied
- **Medicare levy thresholds** updated for 2022-23 financial year
- **Item 1: Salary and Wage occupation codes and Non Resident Foreign Income occupation code and rates** updated for 2023
- **Item T5: Invalid and Carer Tax Offset changes for 2022-23 financial year:** ([ATO link](#))
  - Maximum Invalid and Carer Tax Offset amount increased to \$2,943 (from \$2,833)
  - Dependent's Adjusted Taxable Income increase to \$12,054 (from \$11,614)
  - Adjusted taxable income test increased to \$104,432 (from \$100,900)
- **Item A3: Government super contributions** lower income threshold increased to \$42,016 and higher income threshold increased to \$57,016 . The Maximum entitlement of \$500 remains unchanged ([ATO link](#))

#### Co-contribution income thresholds

**Table 24: Co-contribution income thresholds**

Year	Maximum entitlement	Lower income threshold	Higher income threshold
2023–24	\$500	\$43,445	\$58,445
2022–23	\$500	\$42,016	\$57,016
2021–22	\$500	\$41,112	\$56,112



- Item 4: ETP Lump Sum low cap increased to \$230,000 ([ATO link](#)) and Untax plan cap amount increased to \$1,650,000 ([ATO link](#))

**Table 9: Low rate cap amount**

Income year	Amount of cap
2023–24	\$235,000
2022–23	\$230,000
2021–22	\$225,000

**Table 10: Untaxed plan cap amount**

Income year	Amount of cap
2023–24	° \$1,705,000
2022–23	\$1,650,000
2021–22	\$1,615,000

- Study and training loan repayment thresholds and rates updated for 2022-23 financial year ([ATO link](#))

**2022 - 2023 repayment income thresholds and rates**

Repayment income (RI)	Repayment rate
Below \$48,361	Nil
\$48,361 – \$55,836	1.0%
\$55,837 – \$59,186	2.0%
\$59,187 – \$62,738	2.5%
\$62,739 – \$66,502	3.0%
\$66,503 – \$70,492	3.5%
\$70,493 – \$74,722	4.0%
\$74,723 – \$79,206	4.5%
\$79,207 – \$83,958	5.0%
\$83,959 – \$88,996	5.5%
\$88,997 – \$94,336	6.0%
\$94,337 – \$99,996	6.5%
\$99,997 – \$105,996	7.0%
\$105,997 – \$112,355	7.5%
\$112,356 – \$119,097	8.0%
\$119,098 – \$126,243	8.5%
\$126,244 – \$133,818	9.0%
\$133,819 – \$141,847	9.5%
\$141,848 and above	10%

Multiple returns: Company | Trust | Partnership | Individual | Ledger

- Luxury car limit increased to \$64,741 ([ATO link](#))

**Table 2: Yearly car limit**

Financial year	Car limit	ATO reference
2022–23	\$64,741	The indexation factor is 1.066, calculated as 413.8 divided by 388.1.
2021–22	\$60,733	The indexation factor is 1.027, calculated as 388.1 divided by 377.9.
2020–21	\$59,136	The indexation factor is 1.027, calculated as 377.9 divided by 368.1.
2019–20	\$57,581	No indexation – the indexation factor is 0.987 calculated as 368.1 divided by 373.0. (Note: Annual Taxation Determinations for the car limit are no longer published.)
2018–19	\$57,581	<a href="#">TD 2018/6</a>