Directors
M.P. Hosking FCPA
N.T.C. LaBrooy FCPA
G. Taranto CA
M.W. Hardacre CPA
D.A. Szepfalusy CPA
C.K. Abbott CA
Consultants
G.W. Seers FCPA

Client Newsletter – June 2025

Our services

SWON provides a comprehensive range of business advice and accounting services, with specialists in the areas of taxation, business services, audit and assurance services and financial planning. Our long history of commitment to service excellence and client satisfaction has contributed to our current leadership status. We can optimise your company's profitability through:

- budgeting and planning
- preparation of financial statements
- business and ownership structures
- trusts, asset protection and estate planning
- family business advice
- superannuation advice
- retirement planning
- access to professional accounting staff
- bookkeeping services

Features

Celebrating 40 Years of Excellence 2
Changes at SWON 2
New individual tax rates and thresholds for 2024–25 3
Medicare levy low-income threshold 3
Super Guarantee 3
ATO denies deductions for interest charges 3
Energy rebate extended 3
Cheaper home batteries 3
$20k instant asset write off threshold 3
Changes to PAYG withholding cycles 4
Changes to Payroll Tax threshold 4
Taxable payments annual report 5
Banning foreign purchases of established dwellings 5
Luxury car tax rate and thresholds 5
Bolstering superannuation 6
Threshold for tax-free retirement super increases 6
Superannuation on Parental Leave Pay 7
Superannuation balances above $3 million 7
From air fryers to swimwear - tax deductions to avoid 7
Reminders 8
Director ID 8
Changes to the TPB code 9
Using PAYG instalments to manage your tax 9
Keeping your details up-to-date - A friendly reminder 9
Peninsula Financial Group - Market update 10
TPB fact sheet – information for clients 11

Celebrating 40 Years of Excellence

We are proud to celebrate a truly remarkable milestone: Senior Partner Mark Hosking is marking 40 years of dedicated service with Shepard Webster & O'Neill this July.

Mark joined the firm in 1985, becoming Partner in 1989 and over the past four decades, he has become an integral part of SWON's growth, success, and culture. His leadership, wisdom, and unwavering commitment have left an indelible mark on the firm and on the many colleagues, clients, and professionals he has worked with along the way.

Please join us in congratulating Mark on this incredible achievement. His contributions continue to inspire and shape the future of our firm.

Here's to 40 years of excellence—and many more to come!

Changes at SWON

After a wonderful 38 years at Shepard Webster & O'Neill, including 28 years as one of the firm's most valued Principals, Nigel La Brooy has announced he is retiring on 30th June 2025.

To ensure a seamless transition, Nigel has briefed his fellow SWON Partners to continue managing his client's tax services in the future.

Thank you very much Nigel for your loyal service.

New individual tax rates and thresholds for 2024–25

Thresholds in 2024–25 ($)	Rates in 2024–25 (%)
0 – 18,200	Tax free
18,201 – 45,000	16
45,001 – 135,000	30
135,001 – 190,000	37
Over 190,000	45

Medicare levy low-income threshold

	As at 30 June 2024 ($)	From 1 July 2024 ($)
Singles	26,000	**27,222**
Families	43,846	**45,907**
Single - Seniors & pensioners	41,089	**43,020**
Family - Seniors & pensioners	57,198	**59,886**
Family - for each dependent child/student	4,027	**4,216**

Super Guarantee

Increases to 12% from 1 July 2025:

Year	Rate %
1 July 2025 – 30 June 2026	12.00
1 July 2026 – 30 June 2027	12.00
1 July 2027 – 30 June 2028 and onwards	12.00

ATO denies deductions for interest charges

From 1 July 2025 taxpayers will no longer be able to claim for ATO general interest charges (GIC) and shortfall interest charges (SIC).

As the deductions will be denied, any GIC or SIC that is later remitted will no longer need to be included as assessable income.

Energy rebate extended

The 2025-26 federal budget extended energy rebates. From 1 July 2025, households and small business will be eligible for a further $150 energy rebate until the end of the 2025 calendar year. The rebates will automatically apply to electricity bills in quarterly instalments.

Cheaper home batteries

The Government has committed to reducing the cost of home batteries from 1 July 2025. Through the scheme, households will be able to purchase a typical battery with a 30% discount on installed costs – saving around $4,000 on a typical battery. The initiative extends the existing Small-scale Renewable Energy Scheme.

$20k instant asset write-off threshold

In the 2024-25 Federal Budget, the government announced the extension of the $20,000 instant asset write-off threshold for small business for a further year to 2024-25.

The concession enables businesses with an aggregated turnover of less than $10 million to immediately deduct the full cost of eligible depreciating assets costing less than $20,000.

While the increased threshold for the instant asset write-off to $20,000 has finally been passed for the income year ending 30 June 2025, there was no mention of any further extensions of the increased instant asset write-off threshold past 30 June 2025 in the 2025-26 Federal Budget. If there are no further amendments to the rules then the instant asset write-off threshold will return to $1,000 after 30 June 2025.

Changes to PAYG withholding cycles

The ATO is notifying taxpayers that their pay as you go (PAYG) withholding cycle may change from 1 July 2025.

Employers with annual withholding amounts between $25,000 and $1 million (medium withholder status) are required to report on activity statements and pay monthly.

Employers with annual withholding amounts more than $1 million (large withholder status) are required to pay electronically within 6–8 days from the day they withheld the relevant amount, such as when they pay staff. The ATO will provide a new Payment Reference Number (**PRN**) ending in 70 to quote when paying on the set payment days.

If an employer's withholding status is changing, it's important that changes are made to payroll software before 1 July 2025 to align the withholding reporting and payments with the new due dates.

Employers can request to stay on their existing cycle if they estimate the 2025–26 PAYG withholding amount will be less than the relevant threshold. To do this, you need to send the ATO a request to remain on a lower withholding cycle form within 21 days from the issue date of their letter, providing reasons and outlining changes in circumstances and the estimated amount of withholding in 2025–26.

Changes to Payroll Tax threshold

From 1 July 2025, the payroll tax free threshold will be lifted from $900,000 to $1,000,000 for annual returns, and from $75,000 to $83,333 for monthly returns.

From 1 July 2024, employers and groups with total annual taxable Australian wages between $3,000,000 and $5,000,000 are eligible for a reduced deduction, where the deduction is subject to a degree of phasing out.

The phase out rate for the financial year commencing on 1 July 2025 and each subsequent financial year it is 50%.

What the changes mean for you:

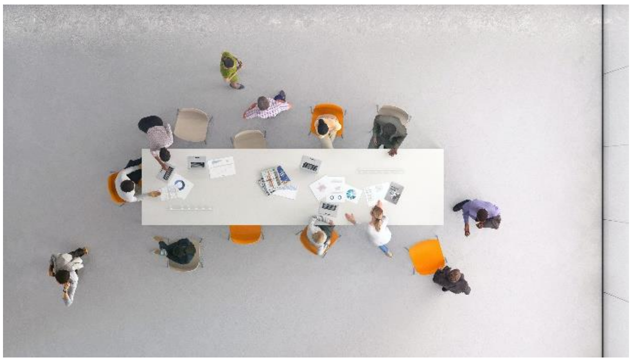
Employers with Australian wages below $3 million are entitled to the entire threshold of $1,000,000 (from 1 July 2025), unless the employer also pays wages interstate, or has employed for less than the full financial year.

In these instances, the threshold amount reduces to reflect the portion of Victorian over Australian wages and/or the portion of the year the employer has employed.

For example, if an employer has employed for half the year, they are entitled to half the threshold, or if an employer's Victorian wages are 30% of total Australian wages, they are entitled to 30% of the threshold, and so on.

Employers with Australian wages between $3 million and $5 million will reduce to the point where the threshold is zero once Australian wages exceed $5 million.

Employers with Australian wages above $5 million will not receive any tax-free threshold.



Taxable payments annual report

A reminder for businesses that pay contractors for services which fall within the scope of the taxable payments reporting system (TPRS) that they may need to lodge

a taxable payments annual report (TPAR) by 28 August each year. TPRS services include the following:

- Building and construction
- Courier and road freight
- Cleaning
- Information technology
- Security, investigation or surveillance

If you don't need to lodge a TPAR, or you no longer pay contractors for TPRS services, you can submit a non-lodgement advice form.

From 22 March 2025, the ATO applies penalties to businesses that haven't lodged their TPAR from 2024 or previous years and have been issued three reminder letters about their overdue TPAR.

Banning foreign purchases of established dwellings

On 16 February 2025, the Government announced that it will impose a temporary ban on foreign purchases of established dwellings for at least 2 years and crack down on land banking.

From 1 April 2025 to 31 March 2027, foreign persons, including temporary residents and foreign-owned companies, cannot apply to buy an established dwelling in Australia unless an exception applies.

Other existing exceptions remain in place, such as for purchases by:

- Permanent residents
- New Zealand citizens
- Spouses of Australian citizens, permanent residents or New Zealand citizens (when purchased as joint tenants)

A review will be undertaken to determine if the ban should be extended beyond 31 March 2027.

Luxury car tax rate and thresholds

The definition of fuel-efficient vehicles will change from 1 July 2025 for the purpose of the luxury car tax rules, due to amendments contained in the *Treasury Laws Amendment (Tax Incentives and Integrity) Act 2025*. Indexation rates applying to thresholds for fuel-efficient vehicles and other vehicles will be aligned.

The luxury car tax (**LCT**) threshold for the 2024-25 income year is $91,387 for fuel-efficient vehicles and $80,567 for other vehicles.

The indexation factor for the 2024–25 income year for fuel-efficient vehicles is 1.023, and 1.047 for other vehicles.

From 1 July 2025, a fuel-efficient car is defined as a vehicle that has a fuel consumption that does not exceed 3.5 litres per 100 kilometres as a combined rating under the vehicle standards in force under section 12 of the *Road Vehicle Standards Act 2018*.

Prior to 1 July 2025, a fuel-efficient car was defined as a vehicle with a fuel consumption that doesn't exceed 7 litres per 100 kilometres.

The pre-1 July 2025 definition will apply to a car, if, before 1 July 2025:

- An entity made a supply or importation of the car, and
- The car was used in Australia for a purpose other than a purpose mentioned in subsection 9-5(1) of the LCT Act

Bolstering superannuation

If growing your superannuation is a strategy you are pursuing, and your total superannuation balance allows it, you could make a one-off deductible contribution to your superannuation if you have not used your $30,000 cap. This cap includes superannuation guarantee paid by your employer, amounts you have salary sacrificed into super and any amounts you have contributed personally that will be claimed as a tax deduction.

If your total superannuation balance on 30 June 2024 was below $500,000 you might be able to access any unused concessional cap amounts from the last five years in 2024-25 as a personal contribution. For example, if you were $8,000 under the cap in each of the last 5 years, you could contribute an additional $40,000 and take the tax deduction in this financial year at your personal tax rate.

To make a deductible contribution to your superannuation, you need to be aged under 75, lodge a notice of intent to claim a deduction in the approved form (check with your superannuation fund), and receive an acknowledgement from your fund before you lodge your tax return. For those aged between 67 and 74, you can only claim a deduction on a personal contribution to super if you meet the work test (i.e., work at least 40 hours during a consecutive 30-day period in the income year, although some special exemptions might apply).

If your spouse's assessable income is less than $37,000 and you both meet the eligibility criteria, you could contribute to their superannuation and claim a $540 tax offset.

If you are likely to face a tax bill this year and you made a capital gain on shares or property you sold, then making a larger personal superannuation might help to offset the tax you owe.

Threshold for tax-free retirement super increases

The amount of money that can be transferred to a tax-free retirement account will increase to $2m on 1 July 2025.

Each year, advisers await the December inflation statistics to be released. The reason is simple, the transfer balance cap – the amount that can be transferred to a tax-free retirement account – is indexed to the Consumer Price Index (CPI) released each December. If inflation goes up, the general transfer balance cap is indexed in increments of $100,000 at the start of the financial year.

In December 2024, the inflation rate triggered an increase in the cap from $1.9m to $2m.

The complexity with the transfer balance cap is that each person has an individual transfer balance cap. If you have started a retirement income stream, when indexation occurs, any increase only applies to your unused transfer balance cap.

If you are considering retiring, either fully or partially, indexation of the transfer balance cap provides a one-off opportunity to increase the amount of money you can transfer to your tax-free retirement account. That is, if you start taking a retirement income stream for the first time in June 2025, your transfer balance cap will be $1.9m but if you wait until July 2025 your transfer balance cap will be $2m, an extra tax-free $100,000.

If you are already taking a retirement income stream, indexation applies to your unused transfer balance cap - so you might not benefit from the full $100,000 increase on 1 July 2025.

You can view your personal transfer balance cap, available cap space, and transfer balance account transactions online through the ATO link in myGov.

If you have a self-managed superannuation fund (SMSF), it is very important that your reporting obligations are up to date.

Superannuation on Parental Leave Pay

New legislation has been passed that enables the government to pay super guarantee equivalent payments on government funded Parental Leave Pay.

From 1 July 2025 the Government will pay superannuation on government funded Parental Leave Pay. This will be administered by the ATO.

An additional contribution of 12% of their Paid Parental Leave Pay will be made for eligible parents with babies born or adopted from 1 July 2025. The contribution will be paid as a lump sum, including an interest component to their nominated superannuation fund following the end of each financial year in which government funded Parental Leave Pay was paid.

Payments will commence from July 2026.

Superannuation balances above $3 million

The Australian Government has proposed that from 1 July 2025 tax concessions will be reduced for certain earnings for superannuation balances in excess of $3 million and will have a 30% concessional tax applied to future earnings.

This measure is not yet law.

From air fryers to swimwear - tax deductions to avoid

With the 2025 tax season fast approaching the Australian Taxation Office (ATO) is reminding taxpayers to be careful when claiming work related expenses. This is in reaction to a spate of claims that didn't quite pass the 'pub test'. To give you a few examples of what didn't get through...

- A mechanic attempting to claim an air fryer, microwave, two vacuum cleaners, TV, gaming console and gaming accessories as work related expenses
- A truck driver seeking to deduct swimwear purchased during transit due to hot weather

- A fashion industry manager attempting to claim over $10,000 in luxury branded clothing and accessories for work related events

These claims were deemed personal in nature and lacked a sufficient connection to income earning activities. The advice here would be - if in doubt leave it out or run it by us.

The ATO is focusing on areas where frequent errors occur including:

- Work related expenses: as above, claims must have a clear connection to income earning activities and be substantiated with records including receipts or invoices. Even if an expense seems to relate to income earning activities, it can't normally be claimed if it is a private expense. There are a wide range of common expenses that normally don't qualify as deductions

- Working from home deductions: taxpayers must prove they incurred additional expenses due to working from home. The ATO offers two methods for calculating these deductions: the fixed rate method and the actual cost method (more detail below)

....Continues over

- Multiple income sources: all sources of income, including side hustles or gig economy work must be declared. Each source may have different deductions available

For those working from home there are two methods to calculate deductions:

- Fixed rate method: claim 70 cents per hour for additional running expenses such as electricity, internet and phone usage even if you don't have a dedicated home office. This method can only be used if you have recorded the actual number of hours you worked from home across the income year. A reasonable estimate isn't enough

- Actual cost method: claim the actual expenses incurred, with records to substantiate the claims. This method potentially enables a larger deduction to be claimed, but the record keeping obligations are more onerous

It's important to note that double dipping is not allowed. For instance, if you claim deductions using the fixed rate method you can't separately claim a deduction for your mobile phone costs.

As always, if you're unsure or need help with your tax return please reach out.

Reminders

- **2025 Distribution Minutes**
Please ensure you sign and return any trustee distribution minutes/ resolutions by 30 June or earlier if required by your trust deed

- **End-of-year finalisation through STP**
A finalisation declaration for your arms-length employees is due by 14 July, the finalisation due date for closely held payees is 30 September. For small employers (under 20 employees) who only have closely held payees, the due date for end-of-year STP finalisation will be the payee's income tax return due date

- **Taxable payments annual report**
Businesses required to report contractor payments must do so by 28 August

- **Payroll tax annual reconciliations**
Must be completed and lodged with any amount owing by 21 July

- **WorkCover certified rateable remuneration** due by:
    - 27 October - if your remuneration is over $200,000 or
    - 22 March 2026 (if your remuneration is **under** $200,000)

Director ID

You need a Director ID if you're an eligible officer of:

- A company, registered Australian body, or registered foreign company under the Corporations Act 2001

- An Aboriginal and Torres Strait Islander corporation registered under the Corporations (Aboriginal and Torres Strait Islander) Act 2006

- An eligible officer is a person who is appointed as either:
    - A director
    - An alternate director who is acting in that capacity

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Fines of up to $16,500 are being issued to persons if they apply for a company without a valid Director ID.

If you are a company director without a Director ID, to avoid potential penalties, please apply for one via ABR website

Apply for your Director ID | Australian Business Registry Services (ABRS)

Once you have obtained your Director ID, please email the information to corporate@shepard.com.au or call 9781 2633 and advise the Director ID number and name to our receptionist.

Changes to the TPB code

From 1 July 2025 there will be additional obligations on registered tax agents, as required by the Tax Practitioner's Board (TPB).

Tax agents have an obligation to keep existing and prospective clients informed on all relevant matters.

Please refer to the TPB information for clients fact sheet on page 11 of this newsletter that details obligations for both tax agents and their clients.

Using PAYG instalments to manage your tax

Whether you run your own business or earn investment income, planning ahead for your income tax is important to help you keep a healthy cash flow.

PAYG instalments help you do this and this is how it works:

1. You enter the PAYG instalments system. The ATO may enter you automatically, or you can voluntarily enter.
2. You make regular payments (instalments) during the year, usually once every 3 months. The amount you pay is based on your business and investment income.
3. When you lodge your tax return, the PAYG instalments you have paid during the year are offset against your tax, leaving you with little or no tax to pay.

If you receive an activity statement from the ATO, you must complete your activity statement and lodge it with the ATO by the due date.

If you receive an instalment notice and you:

- Pay the amount shown on the notice, you do not need to lodge it – just pay the instalment amount by the due date
- Want to vary the instalment amount, you need to complete and lodge the instalment notice with the ATO

If you need assistance navigating the PAYG instalments system, please contact us for guidance tailored to your individual circumstances to ensure you meet your tax obligations accurately.

Keeping your details up-to-date - A friendly reminder

As we continue to assist you with your tax obligations, we want to emphasise the importance of keeping your details up-to-date. Whether you're a long-term client or a recent addition to the SWON family, accurate information ensures that we can provide you with the best possible service.

Why Is It Essential?

1. **Smooth Communication**: Having your correct contact information allows us to communicate with you effectively. Whether it's sending you important ATO correspondence, advising you of changes to our practice, or general communication about your accounting and tax needs, we want to make sure our communications reach you promptly.

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2. **Personalisation**: When we know your preferences and circumstances, we can tailor our services and communications to meet your unique needs. Whether you prefer that we only communicate with you via email, or that invoices are sent to a particular person in your organisation, accurate details enhance your experience.

3. **Legal Compliance**: Various regulations require us to maintain accurate records. By keeping your details current, we ensure compliance and protect your privacy.

How Can You Help?

1. **Update Your Information**: If you've recently moved, changed your phone number, updated your email address, or changed your bank account details, please let us know.

2. **Regular Check-ins**: Consider reviewing your details periodically. Life changes and we want to stay informed about any updates in your life.

3. **Emergency Situations**: Accurate details are crucial during emergencies. Whether it's a medical situation or a natural disaster, having your correct information ensures we can assist you promptly.

We appreciate your trust in us and look forward to continuing our partnership. By keeping your details current, you help us to serve you better.

Market update

PENINSULA Financial Group

With Winter now upon us, it's time to embrace the joys of the cooler months of the year.

Now that the federal election is out of the way, and another financial year is drawing to a close, it's a perfect time to look back at all you've achieved over the past 12 months and focus on a fresh start for the financial year to come.

While market volatility continued, markets largely recovered from April's losses in May. However, the legal and economic uncertainty of US tariffs remain a key concern for global and local markets.

The end of the month saw the S&P/ASX 200 react positively at first to the news that a US federal judge had blocked the tariffs. When an appeals court temporarily stayed the tariffs hours later, a mini sell-off followed. The index has jumpstarted its way to a three-month high, not quite back to its best in February.

There was a sigh of relief all round when the Reserve Bank lowered interest rates in May by 25 basis points to 3.85%. The RBA's move came with a caveat that, while domestic demand "appears" to be recovering and real household incomes have picked up, the outlook is unclear because of both local and international developments.

Inflation was slightly higher than expected for the 12 months to April, but it remained within the RBA's target range and many economists are predicting another rate cut in July.

Australian Government

TAX PRACTITIONERS BOARD

INFORMATION FOR CLIENTS

YOUR OBLIGATIONS TO THE ATO AND YOUR TAX PRACTITIONER'S OBLIGATIONS TO YOU, THE TPB AND ATO

Your obligations are important

As a taxpayer, it is important you:

- are aware of your obligations to the Australian Taxation Office (ATO)
- understand your tax practitioner has obligations to you, the ATO and the Tax Practitioners Board (TPB).

Your obligations as a client

It's your responsibility as a taxpayer to:

- be truthful with the information you provide your tax practitioner
- keep the required records and provide them to your tax practitioner on a timely basis, as required
- be co-operative with your tax practitioner's requests and meet their due date
- comply with the tax laws.

You must meet your obligations

If you do not meet your obligations:

- the ATO may impose administrative penalties (fines)
- interest charges may be applied
- in some cases, criminal prosecutions may be sought
- the ATO may initiate debt recovery.

What's required of your tax practitioner

Your tax practitioner's obligations require them to:

- act honestly and with integrity
- uphold and promote the ethical standards of the tax profession
- act lawfully in your best interests
- manage any conflicts of interest
- take reasonable care to ascertain your state of affairs and apply tax laws correctly
- keep your information confidential unless there is a legal duty to disclose
- provide services competently
- not knowingly obstruct the administration of the tax laws
- advise you of your rights and obligations under the tax laws
- account to you for money or other property on trust
- not make false or misleading statements to the TPB or ATO, and in some cases withdraw their engagement with you and notify the TPB or ATO of certain matters
- keep proper records
- keep you informed of certain matters so you can make informed decisions (see page 2)
- address any false or misleading statements they are responsible for
- engage with clients to address other false or misleading statements, exploring options to correct.

When your tax practitioner doesn't meet their obligations

If your tax practitioner fails to meet their obligations:

- their registration can be suspended or terminated, meaning they can't practice
- they could receive a caution or orders from the TPB – for example, undertaking education or working under the supervision of another registered tax practitioner
- fines may be imposed on them by the Federal Court
- your tax and superannuation matters may not be accurate
- you may be subject to enquiries or audits
- any tax shortfalls may attract penalties and interest
- you may have litigation options to review decisions and to recover debts
- in the case of fraud or criminality, penalties may lead to prosecutions.

Further information

For further information, see tpb.gov.au and ato.gov.au

Your tax practitioner must keep you informed of certain matters

1. Information about the TPB Register

To support you to make the right decisions about any tax practitioner, the TPB maintains a public register. You can identify registered BAS agents and tax agents, as well as those who are in your locality. The register also provides important information about higher risk cases, where the TPB has imposed serious sanctions on a tax practitioner.

You can find more information about the register at tpb.gov.au/help-using-tpb-register.

2. How to make a complaint to the TPB

The TPB welcomes all feedback which helps improve services and the regulatory system and provides critical intelligence and data. You can provide information or make a complaint about a tax practitioner to the TPB using a simple online form, myprofile.tpb.gov.au/complaints/ .

Complaints can also be made about unregistered preparers who are not complying with the law. All complaints and referrals are assessed by the TPB.

For more information about the complaints process see tpb.gov.au/complaints.

3. General information about rights, responsibilities and obligations

Your tax practitioner must advise you of their rights, responsibilities and obligations as a tax practitioner, including to you, and the obligations you have to them. These rights, responsibilities and obligations may arise under the tax law or because of the services they provide to you.

For a summary of key obligations relating to you and your tax practitioner see page 1. Your tax practitioner will provide you with additional information about these matters.

4. Prescribed events within the last 5 years

If certain prescribed events have occurred involving the tax practitioner within the last 5 years, they must advise you of this at the time you make enquiries to engage or re-engage them to provide tax agent services. Otherwise, the tax practitioner must notify you within 30 days of them becoming aware of the matter. Prescribed events include if the tax practitioner was:

- suspended or terminated by the TPB
- an undischarged bankrupt or went into external administration
- convicted of a serious taxation offence or an offence involving fraud or dishonesty
- serving or sentenced to a term of imprisonment in Australia for 6 months or more.

This disclosure obligation extends to prospective clients – for example, a taxpayer enquiring to engage a tax practitioner for the provision of tax agent services.

Tax practitioners are not required to disclose events that occurred before 1 July 2022.

5. Registration subject to conditions

Your tax practitioner must advise you if their registration is subject to conditions (for example, they can only provide tax services related to research and development or tax [financial] advice services).

The tax practitioner must notify you of this at the time you are making inquiries to engage or re-engage them to provide you with tax services. Otherwise, the tax practitioner must notify you within 30 days of them becoming aware of the matter.

What you should expect from your tax practitioner

They will ask you questions to better understand your situation.

They may ask you to provide evidence of any claims you make.

They will act honestly and not illegally.

They will advise you of your obligations under the tax laws.

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