Directors
M.P. Hosking FCPA
G. Taranto CA
M.W. Hardacre CPA
C.K. Abbott CA
Consultants
G.W. Seers FCPA

Client Newsletter – June 2026

Our Services

SWON provides a comprehensive range of business advice and accounting services, with specialists in the areas of taxation, business 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:

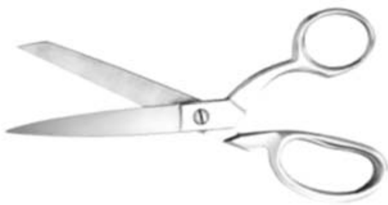
- Budgeting and planning
- Preparation of financial statements
- Business and ownership structures
- Trusts, asset protection and estate planning
- Family business advice
- Superannuation advice
- Retirement planning
- Access to professional accounting staff
- Bookkeeping services

Features

Individual Tax Rates & Thresholds for 2025–26

Thresholds in 2025–26 ($)	Rates in 2025–26 (%)
0 – 18,200	Tax free
18,201 – 45,000	16
45,001 – 135,000	30
135,001 – 190,000	37
Over 190,000	45

Income Tax Cuts



Legislation has been passed to ensure that the 16% tax rate on taxable income between $18,201 and $45,000 will drop to 15% from 1 July 2026. The rate will then drop to 14% from 1 July 2027.

Medicare Levy Low-Income Threshold

	As at 30 June 2025 ($)	From 1 July 2025 ($)
Singles	27,222	**28,011**
Families	45,907	**47,238**
Single - Seniors & pensioners	43,020	**44,268**
Family - Seniors & pensioners	59,886	**61,623**
Family - for each dependent child/student	4,216	**4,338**

Super Guarantee

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

'Payday' Super – Fundamental Changes for Employers from 1 July 2026

Payday Super is a significant reform to the Australian superannuation system that requires employers to pay their employees' Superannuation Guarantee (SG) contributions at the same time they pay their salary and wages. This change is now law and is scheduled to commence on 1 July 2026.

Key Changes for Employers

- Payment Timing: Super must be paid on every payday. Contributions must reach the employee's super fund within 7 business days of that payday.
- Calculation Base: The amount is calculated as 12% of an employee's Qualifying Earnings (QE). This new term includes ordinary time earnings, commissions, and salary sacrifice amounts.
- Single Touch Payroll (STP): Employers will be required to report both QE and total super liability through STP-enabled software each pay cycle.
- Retirement of Clearing House: The ATO Small Business Superannuation Clearing House (SBSCH) will close on 30th June 2026. Businesses using this service must transition to alternative payroll solutions before then.
- Late Payment Penalties: Missing the 7-business-day deadline triggers the

...Continues over

Superannuation Guarantee Charge (SGC), which includes:

- The unpaid super amount.
- Daily compounding interest calculated at the General Interest Charge (GIC) rate. This interest begins accruing the day after the 7-day contribution due date.
- An administrative uplift penalty (up to 60% of the shortfall)

- Post-Assessment Penalties (If debt remains unpaid)

  If the ATO issues a formal assessment and the debt is not settled promptly, further charges apply:

  - Continued General Interest Charge: GIC continues to accrue on any outstanding shortfall, notional earnings, and the administrative uplift until paid in full (p. 3).
  - SG Charge Payment Penalty: An additional penalty of up to 50% of the total outstanding unpaid SG charge if it is not paid within 28 days of the notice of assessment

Exceptions

- New Employees: For a new employee's first contribution, the deadline is extended to 20 business days after their first payday.
- Out-of-cycle Payments: Super for one-off payments like bonuses or commissions is due 7 business days after the next regular payday

Practical steps to take

To ensure your business is fully compliant with Payday Super before the 1 July 2026 start date, you

should focus on upgrading your technology, cleansing your data, and adjusting your financial workflows.

1. Confirm, upgrade and test the payroll software. Does your current software support Payday Super?
2. Confirm your employee superannuation details. Clean up Employee and Contractor data. Late payments are often caused by incorrect data which returns contributions. Under the 7-day rule there will very little time to correct errors.
3. Complete a small trial run before the 1st of July switch over.
4. Company process – Discuss the company process for Payday Super with your Payroll Officer for the transition period (April, May, June) and the process as at 1st July 2026.

Transitioning away from the ATO Clearing House

The ATO recommends that you begin transitioning away from the Small Business Superannuation Clearing House (SBSCH) now, with the goal of being fully moved to an alternative provider before the service closes permanently on 30th June 2026.

1. Download Your Records

   The last day of access to transaction history and employee data is the 30th June 2026.

2. Choose an Alternative Provider

   - Existing Payroll Software: Check if your current software (e.g., Xero, MYOB) has built-in auto-super payment functions.
   - Super Fund Portals: Many large super funds (like AustralianSuper's Employer Portal) offer free integrated clearing houses for their registered employers.
   - Commercial Clearing Houses: Review providers listed on the ATO’s SuperStream Product Register.

For further information please refer to the ATO [Payday Super Fact Sheet](#).

Ending Card Surcharges: What You Need to Know Before 1 October 2026

The Reserve Bank of Australia (RBA) has confirmed that all surcharges on credit and debit card payments across EFTPOS, Mastercard and Visa will be banned from 1 October 2026.

This represents one of the most significant updates to Australia's payments landscape in years and will have a direct impact on businesses and consumers.

Why this matters

Australians pay an estimated $1.6 billion in card surcharges every year. At the same time, businesses collectively bear even higher card-acceptance costs behind the scenes. Under the new rules, total merchant payment costs are expected to fall by around $910 million per year, with small businesses likely to see the largest percentage savings.

For many businesses this will mean simpler pricing, fewer compliance headaches and potentially better margins, but it also means some preparation is needed.

What's changing?

The RBA's reform package has three key components:

1. Surcharges banned

From 1 October 2026, businesses cannot add any surcharge percentage or flat fee for payments made using EFTPOS, Mastercard, Visa or related networks. Customers must see and pay one final price, whether they purchase online, at the counter, or via mobile payment.

2. Lower interchange fees

Interchange fees (the wholesale fees charged between banks when a customer pays by card) will be reduced, with new caps for foreign-issued cards. This should directly lower the cost that a business needs to pay to accept card payments.

3. Greater transparency

Banks, card schemes and payment providers must publish clearer information about fees and margins.

They must also demonstrate how reductions in wholesale fees are being passed through to retailers. This gives businesses more power to compare providers and negotiate.

What your business should do now

1. Review your merchant fees

Look at your recent statements and determine:

- How much you currently pay in card-acceptance fees; and
- Whether you have been relying on surcharges to offset part of those costs.

If surcharges are part of your pricing strategy, you may need to adjust prices to maintain margins, where commercially appropriate.

2. Speak to your payment provider

With lower interchange fees coming and more transparency required, it's a good time to negotiate:

- Better merchant service fees
- Updated pricing plans
- POS or terminal upgrades

Small businesses often pay closer to the current fee caps, so they stand to gain the most.

Update your pricing and POS systems

You'll need to remove:

- Surcharge signage
- Online checkout surcharges
- Automatic percentage add-ons

...Continues over

3. Build changes into your cash flow

Lower merchant fees won't appear immediately, but most businesses should see reduced costs flow through during the 2026–27 financial year. This is a good time to revisit budgets, especially for cafés, retailers, trades and service-based operators that have a high proportion of small card transactions.

4. Watch customer behaviour

Businesses might find that the removal of surcharges encourages more customers to pay by card. Higher card usage is often positive for convenience and transaction speed, but keep an eye on total acceptance costs as patterns shift.

The broader commercial picture

This reform levels the playing field to some extent.

Businesses that never applied surcharges will simply benefit from lower underlying fees. Those that did add a surcharge will enjoy simpler operations, less admin and fewer compliance risks. Over time, the changes should encourage more competition among payment providers, potentially leading to better products and lower fees across the market.

There may be secondary adjustments (for example, banks reviewing rewards programs), but the combined effort of the RBA and ACCC aims to ensure that cost savings are passed through fairly and transparently.

Final thoughts

This is ultimately a practical reform: Fewer add-ons at the checkout, simpler pricing for customers, and lower complexity for businesses.

Some businesses will see this as an opportunity to improve margins, streamline processes and enhance the customer experience.

We recommend reviewing your payment arrangements in the coming months.

Our New Digital Signature Platform - Fuse Sign

We are transitioning to a streamlined easy-to-use electronic signing platform via FuseSign.

One of our highest priorities is getting documentation out to our clients as quickly and securely as possible and with FuseSign we can achieve both of these effortlessly, while providing you with the best experience possible.

Once we have prepared your document bundle within the new platform, there are a few simple steps to review and sign. Follow the steps below:

1. Firstly, you'll receive a document bundle link via an email. This will come from a FuseSign email address on behalf of our office.
2. In the body of the email there will be a link to open your secure document bundle.
3. To validate you are viewing and/or signing the documents, you will receive a personal SMS verification code to your mobile number for you to enter.
4. You will then be presented with an online view of your documents to review and digitally sign.
5. Click the Sign Document button and follow the prompts to sign your documents.
6. Once your documents have been authorised and signed, you will receive an automated email as soon as all parties have finalised their signing actions in the bundle.

If at any time you are unsure how to proceed with signing your document bundle or have any other questions or feedback as we transition to FuseSign, please call our office and we'll be more than happy to assist.

FuseSign

Changes to Payroll Tax Threshold

From 1 July 2025, the payroll tax free threshold was 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.

Luxury Car Tax Rate and Thresholds

The definition of fuel-efficient vehicles changed on 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.

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

SMSF Year End Reminder — What to Check Before 30 June

The end of the financial year is fast approaching. For SMSF members and trustees, a few timely checks now can avoid headaches later and help preserve valuable tax and contribution opportunities. Below is a checklist of the things members and trustees should consider before 30 June.

Contributions — timing matters

- Get contributions into the fund by 30 June: For both tax deductibility and contribution cap purposes, cash and electronic transfers generally need to be received by the SMSF's bank account on or before 30 June.

  When transferring amounts between different banks allow extra days for bank processing times.

- Personal deductible contributions: If you want to claim a tax deduction for a personal contribution, you must notify the fund and receive the fund's acknowledgement by the required deadline (usually before the earlier of lodging the tax return or 30 June the following year).

- If you're looking to start a pension early in the new year, you'll need to get your notice of intent to claim a deduction processed even earlier (i.e. before you start the pension). Otherwise, you may miss out on the opportunity to claim a deduction for the contribution made.

Contribution strategies you might use

- Carry forward concessional amounts: Eligible members with lower total super balances (less than $500,000) at 30 June in the prior year may be able to use unused concessional caps from previous years to make larger deductible contributions this year.

  This may be useful if you have a larger capital gain in your personal name for the 2025/26 financial year.

- SMSF-only 28-day allocation rule: SMSFs can temporarily hold a June contribution in an unallocated reserve and allocate it to a member in July so it counts for the following year's caps but this must be done correctly, documented in minutes and the fund's deed must allow it.

  Commonly referred to as a contribution reserving strategy. Again, this may allow members to take advantage of claiming a larger tax deduction this year.

Superannuation Contribution Caps to Increase from 1 July 2026

Following the release of the December 2025 quarter average weekly ordinary times earnings (AWOTE) the annual concessional contribution (CC) cap will increase from $30,000 to $32,500 from 1 July 2026. The annual non-concessional contribution (NCC) cap will also increase to $130,000.

When considering contribution opportunities some individuals may have higher caps due to the carry forward CC rules or the NCC bring forward rules, while others with higher super balances may have a reduced or nil NCC cap. This will depend on your total superannuation balance (TSB) at the prior 30 June.

...Continues over

Concessional contributions

Concessional contributions are pre-tax contributions and can include compulsory superannuation guarantee (SG), voluntary salary sacrifice contributions and personal deductible contributions.

Non-concessional contributions are post-tax contributions. Although there typically isn't an immediate tax saving on NCCs the superannuation accumulation (pre-retirement) tax rate of 15% is typically lower than many people's marginal tax rate and the tax rate on superannuation earnings and drawdowns may be tax-free in retirement (subject to a pension transfer balance cap of $2,100,000 from 1 July 2026). It can also be possible to bring forward 2 years of your NCC contribution cap and contribute 3 years at one time ($390,000 from 1 July 2026). However, the rules are complex and your TSB and any prior NCC contributions in the current and prior two financial years need to be considered.

There may be NCC opportunities this financial year if your TSB was below $2,000,000 on 30 June 2025.

If you would like to understand how superannuation contributions may reduce your current and future tax bill, please reach out to us.

Threshold for Tax-free Retirement Super Increases

The amount of money that can be transferred to a tax-free retirement account will increase to $2.1 million on 1 July 2026.

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.

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 2026, your transfer balance cap will be $2 million but if you wait until July 2026 your transfer balance cap will be $2.1 million, 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 2026.

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 Balances Above $3 million

From 1 July 2026, Division 296 tax, aimed at people with superannuation balances above $3 million comes into effect. The goal is to reduce generous tax concessions for high-balance super accounts while leaving most Australians unaffected.

Key Thresholds

The tax applies when an individual's total super balance (TSB) exceeds:

- $3 million: Additional 15% tax on earnings above this level.

...Continues over

- $10 million: Additional 25% tax on earnings above this level.

This means the effective tax rates on super earnings become:

- Up to $3 million: 15% (current standard super tax)
- $3 million –$10 million: 30% total tax
- Above $10 million: 40% total tax

The thresholds will be indexed over time.

Some people are excluded even if their balance exceeds the threshold, such as child recipients of death benefit pensions and Individuals receiving personal injury compensation contributions

How the Tax Works

- The tax is assessed on the individual, not directly on the super fund.
- The ATO will calculate the member's share of "Division 296 earnings" based on the fund's taxable income and various adjustments.
- SMSFs may require actuarial calculations to determine each member's attributable earnings.
- Individuals can either:
  - Pay the tax personally, or
  - Elect to have it paid from their super account.

Estate Planning Impact

If someone dies during a year in which they started with more than $3 million in super, a Division 296 assessment may still arise for that year. This means estate planning strategies may need reviewing.

Practical Implications

People with balances near or above the thresholds should:

- Seek financial advice.
- Model future tax impacts.
- Review whether assets should remain in super.
- Consider CGT elections and reporting requirements.
- Plan for cashflow and administrative obligations.

Overall, the reform targets high super balances rather than changing super tax rules for the broader population.

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.

Practical Help for Businesses Impacted by Fuel Disruptions

With global fuel supply chains still under strain from conflict in the Middle East, many Australian businesses are feeling the impact through higher operating costs, delayed deliveries and pressure on cash flow.

To help stabilise affected sectors, Treasurer Jim Chalmers and the ATO have announced a package designed to give businesses immediate breathing room and reduce administrative burden during a volatile period.

Importantly, this is not a broad stimulus program. The assistance is practical, temporary and delivered directly through the ATO. If your business has been affected by fuel supply issues, whether through higher input costs, transport delays or reduced margins, the ATO now has discretion to offer flexible, case-by-case support.

What relief is available?

1. More flexible payment plans

   The ATO can help you spread existing tax debts over a manageable timeframe. This keeps cash in your business for wages, stock purchases, fleet costs and other essential operations.

2. Remission of interest and penalties

   Where payment delays are linked to fuel disruptions, the ATO can cancel general interest charges (GIC) and late-payment penalties. This prevents a temporary cash-flow issue from escalating into a much larger debt.

3. Easier variation of PAYG instalments

   If revenue has dropped due to increased fuel expenses or supply slowdowns, you can reduce your quarterly PAYG instalments so they reflect your current trading reality. This can create meaningful short-term cash savings.

4. Reduced compliance activity

   For the most affected industries, the ATO is temporarily scaling back audits and review activity. This allows you to focus on operations, staffing and customer commitments rather than responding to information requests.

5. Temporary pause on debt recovery

   Where appropriate, the ATO may pause recovery action while your business stabilises. This can be critical for businesses facing short-term pressures that are outside their control.

How to access the relief

You don't have to deal with the ATO on your own. We can help with assessing your situation, determining which measures might apply and lodge the necessary submissions.

In many cases, a short explanation of how fuel disruptions have affected your business supported by basic financial information is enough to start the process.

At this stage the ATO fuel response payment plan is available by application until 30 June 2026.

Why this matters commercially

For businesses in transport, logistics, manufacturing, agriculture and retail, fuel volatility can quickly erode profitability. The Treasurer's package is designed to improve short-term liquidity so you can:

1. maintain staffing and service levels
2. manage supplier payments
3. adjust pricing strategies
4. continue operating without the added stress of compounding tax liabilities.

Put simply, cash-flow relief now can help position your business to take advantage of improved conditions later.

[ATO Updates EV Home Charging Rate: What It Means for You]

The ATO has announced a significant update that will affect anyone using electric vehicles (EVs) or plug-in hybrid electric vehicles (PHEVs) for work or fleet purposes and where the vehicle is charged at the relevant individual's home.

From 1 April 2026 (for FBT purposes) or from 1 July 2026 (for income tax purposes), the ATO's standard home-charging electricity rate will increase from 4.20 to 5.47 cents per kilometre.

This rate acts as a simple, ATO-approved shortcut when your household electricity bill doesn't separately show EV-charging usage. For example, instead of tracking kilowatt hours or installing specialised equipment, you can simply apply the cents-per-kilometre rate to the number of kilometres travelled by the vehicle to determine the cost of electricity used in the vehicle.

The update reflects rising electricity costs and gives both businesses and individuals a more realistic amount for home charging costs.

Employers

If you provide EVs or PHEVs to employees, whether through a novated lease, company vehicle or salary packaging arrangement, the higher rate increases the electricity cost attributed to the vehicle. In practice, this can:

- Initially increase the taxable value of the benefit when using the operating cost method.
- Increase employee "recipient contributions", which directly lowers your FBT bill.
- Impact calculation of reportable fringe benefits amounts.

Individuals claiming work-related car expenses

If you use the logbook method to claim deductions, you can apply the new rate to the business-use portion of kilometres travelled from the start of the 2026–27 year onwards.

How to make the most of the Guideline

A few basic records are all the ATO requires:

- Odometer readings: Ideally at the start and end of each FBT or income year.
- A valid logbook showing business vs private travel (if using the operating cost/logbook method).
- At least one electricity bill to demonstrate that you actually incur home electricity costs.
- For PHEVs: Keep petrol receipts. You must separately calculate the petrol component using the manufacturer's hybrid-mode fuel consumption figure and apply the ATO home-charging rate only to the electric kilometres.

Tip: Many EVs now report the exact percentage of charging done at home vs public stations. Using this data makes claims more accurate and can potentially increase deductions.

Electric vehicle adoption is accelerating, and the new rate will improve the tax outcomes for many taxpayers, while keeping compliance simple. If you operate a fleet, offer salary packaging, or claim car expenses personally, now is a great time to model the impact.

FBT on Electric Cars

On 5 May 2026 the Government announced that the FBT exemption for electric cars would be gradually scaled back over the next few years, from 1 April 2027.

This measure is not yet law.

The FBT exemption for electric cars was introduced in the 2022-23 income year as part of a broader initiative to reduce the cost of electric vehicles and increase uptake.

While the exemption has been phased out for plug-in hybrid electric vehicles from 1 April 2025 (with pre-existing arrangements still qualifying for the exemption in some cases), a full FBT exemption still applies to battery electric vehicles and hydrogen fuel cell electric vehicles that are provided as fringe benefits to employees if certain conditions can be satisfied.

However, the Government is planning to progressively reduce the scope of the FBT exemption on the following basis:

- The FBT exemption will continue to operate in its current form until 31 March 2027.
- From 1 April 2027 to 31 March 2029 the full FBT exemption will only be available if the car costs $75,000 or less. Electric cars above this threshold but costing less than the luxury car tax (LCT) threshold for fuel-efficient cars will receive a 25% FBT discount.
- From 1 April 2029 all electric cars costing less than the LCT threshold will receive a 25% FBT discount.

The Government indicates that existing lease arrangements won't be impacted by these changes.

When an electric car is provided to an employee and it qualifies for concessional FBT treatment under these measures it will still be necessary for employers to calculate the reportable fringe benefits amount, ignoring the application of the FBT exemption or discount. This can impact on other areas of the tax and social security systems.

Loss Carry Back Regime to be Reintroduced for 2026 Year

The Federal Government will provide tax relief to businesses and start-ups by reintroducing loss carry back for income years commencing on or after 1 July 2026. The Government will allow companies with aggregated annual global turnover of less than $1 billion to carry back a tax loss and offset it against tax paid up to two years earlier.

The ability to carry back a loss will only apply to tax losses (not capital losses) and will be limited by the company's franking account balance.

This measure is not yet law.

$20,000 Instant Asset Write off Permanently Extended

The Government has announced that the cost threshold for the purpose of applying the instant asset write-off for small business entities will be permanently increased to $20,000 from 1 July 2026.

The instant asset write-off allows eligible small business entities with aggregated turnover of less than $10 million to claim an immediate deduction

...Continues over

for the full cost of depreciating assets which cost less than a specified dollar threshold. While the default threshold is $1,000, higher temporary thresholds have been implemented on a year-to year basis since 2015, often leading to confusion and uncertainty.

A permanent increase in the cost threshold to $20,000 should be welcome news to small business taxpayers who will have a greater level of confidence when it comes to investing in new plant or equipment or upgrading business assets.

In order to qualify for the immediate deduction, the cost of the asset must be less than $20,000, after subtracting any GST credits that can be claimed.

The cost threshold applies on an asset-by-asset basis, so an immediate deduction could potentially apply to multiple assets that are purchased for less than $20,000 in a particular income year, even if the aggregated cost of those assets is $20,000 or more.

Assets that cost $20,000 or more can continue to be added to a small business pool.

Just a quick reminder, the threshold for the current income year that ends on 30 June 2026 had already been increased to $20,000.

This measure is not yet law.

Negative Gearing Changes from 1 July 2027

The Government is planning to tighten up negative gearing on established residential properties. For properties purchased after 7:30pm AEST on 12 May 2026:

- Rental losses can only be offset against rental income or capital gains from other residential properties.
- Any remaining losses must be carried forward and applied only against future residential rental income or residential property capital gains.

Grandfathering applies. If you already own an established property or had exchanged contracts before Budget night, nothing changes in terms of negative gearing. You can continue to deduct losses against salary, business profits and other income sources until you sell the property.

The explanatory memorandum released with the legislation indicates that existing negative gearing rules will apply to properties that were acquired before Budget night, even if they weren't used as rental properties at that time. For example, if you own a property that is currently used as your private residence but you later move out and start using it to generate rental income then the Government is indicating that existing negative gearing rules can still be available. However, the position is more complex than this and there is a technical issue that could potentially change this outcome.

The new restrictions only apply to residential property, so losses relating to commercial property, shares and other asset classes should not be impacted. There are also carve-outs for commercial residential properties such as hotels, motels and boarding houses.

'New builds' remain fully eligible for current negative-gearing rules both before and after 1 July 2027, but final details of what will qualify as a 'new build' haven't been released yet. Additional carve-outs apply to build-to-rent projects and certain government-supported housing.

CGT Discount and Pre-CGT Exemption Replaced by Indexation and Minimum Tax Rate

From 1 July 2027, the Government is planning to revert to an indexation system based on the Consumer Price Index (CPI), much like the system that applied between 1985 and 1999. Indexation would only be available for assets that have been held for more than 12 months.

In addition to this, a minimum tax rate of 30% will apply to capital gains that accrue from 1 July 2027. There will be some exceptions to this for recipients of means-tested income support payments (e.g. Age Pension, JobSeeker).

Assets acquired before 20 September 1985 (referred to as pre-CGT assets) have historically been exempt from CGT, but this exemption will no longer apply from 1 July 2027.

Transitional rules will limit the impact of these changes for existing investments. The existing CGT discount and exemption for pre-CGT assets will continue to apply to the gains that accrued before 1 July 2027. Taxpayers will need to determine the value of existing assets on 1 July 2027 to enable CGT calculations to be undertaken.

The CGT changes apply to all asset classes, including property and shares. The changes will apply to individuals, trusts and assets held by partnerships.

Having said all that, investors in new residential properties will be able to choose to apply either the 50% CGT discount or cost base indexation and the minimum tax.

This measure is not yet law.

Minimum 30% Tax for Discretionary Trusts

The Government has announced that from 1 July 2028, a minimum 30% tax rate will apply to distributions made by discretionary trusts.

Discretionary trusts (often referred to as family trusts) have become a widely used structure for both investment and business activities. One of the key features of a discretionary trust is that the trustee is typically given the power to decide how to allocate income and capital gains made by the trust across family members and related entities.

This flexibility means that discretionary trusts can be used as an effective tax planning tool in many cases. For example, income distributed to an adult child could potentially be tax-free if the child has no other income and distributions are capped at the tax-free threshold for individuals.

However, the Government has announced that from 1 July 2028 onwards the trustee of a discretionary trust will pay a minimum 30% tax on the taxable income of the trust. Individuals and other non-corporate beneficiaries will receive a non-refundable tax credit for the tax paid by the trustee.

The non-refundable credit will not be available for corporate beneficiaries (often referred to as bucket companies). It seems like the changes are being made partly to discourage trustees from distributing income to corporate beneficiaries.

The Government has indicated that a limited form of rollover relief will be available for three years

...Continues over

from 1 July 2027 for small businesses and others who wish to restructure out of a discretionary trust into a company or fixed trust. The rollover relief might help to minimise CGT and other income tax implications, but broader issues such as stamp duty will need to be carefully considered before any changes to an existing structure are implemented.

The minimum tax will not apply to fixed and widely held trusts, complying superannuation funds, special disability trusts, deceased estates and charitable trusts.

Some types of income such as primary production income, certain income relating to vulnerable minors, amounts that are subject to non-resident withholding tax and income from assets of testamentary trusts existing at 12 May 2026 will also be excluded.

This measure is not yet law.

$1,000 Standard Deduction for Work Related Expenses

During the 2025 federal election campaign the Labor party committed to introduce a $1,000 instant tax deduction for work-related expenses.

On 20 April 2026 Treasury released draft legislation on this proposal for public consultation.

The key feature of the proposal is that Australian residents will be able to claim a standard deduction from the 2026-27 income year onwards for work-related expenses, with the deduction being capped at the lower of $1,000 and the individual's assessable labour income. The normal substantiation rules would not apply when claiming the standard deduction.

Charitable donations, union fees and fees relating to professional association memberships would be claimed on top of the standard deduction.

Taxpayers who have incurred more than $1,000 in qualifying work-related expenses can instead choose to claim their actual expenditure as a deduction, but will need to substantiate these expenses.

The draft legislation contains some other proposed changes to the tax system including:

- Depreciating assets that are mainly used to generate labour income won't qualify for the low-value pooling rules.
- Modified rules will apply to determine the tax impact on the sale of assets used in producing labour income.
- An FBT exemption that currently applies when certain work-related items are provided to employees under a salary packaging arrangement will be removed.

This measure is not yet law.

Working Australians Tax Offset

The Government will provide a $250 'Working Australians Tax Offset' from the 2027–28 income year.

The offset will be a permanent feature of the tax system and is aimed at taxpayers who derive income from work, such as employees who receive salary or wages and sole traders who carry on a business.

The offset basically operates to increase the effective tax-free threshold for income derived from work by nearly $1,800 to $19,985 (or up to $24,985 for workers eligible for the Low-Income Tax Offset).

This measure is not yet law.

Over 65's Private Health Insurance Rebate Reduced

For qualifying individuals, a benefit is available to help cover the cost of private health insurance premiums. This is received either as a refundable tax offset or as a premium reduction.

The rebate amount depends on the age of the oldest person covered by the policy; and the taxpayer's and their spouse's "income for surcharge purposes" under the applicable means-testing rules.

In the 2026–27 Federal Budget, the Government announced that from 1 April 2027, the age-based increase to the Private Health Insurance (PHI) Rebate will be removed. As a result, individuals aged 65 and over will no longer receive higher rebate entitlements based on age.

It was announced that savings from this measure will be redirected toward aged care and dementia care services, with the aim of improving affordability and access to home care support.

This means that the PHI rebate will no longer provide progressively higher benefits to individuals aged 65–69 or those aged 70 and over, as they do under the current rebate structure.

This change is not yet law.

Helping Prevent Money Laundering and Financial Crime

From 1 July 2026, changes to Anti-Money Laundering and Counter-Terrorism Financing Act 2006 mean that we now have a legal obligation to verify your identity before we can provide services to you. These checks help protect the financial system and the community.

What this means for you

When we provide a service, you may be asked to:

- Verify your identity before using our services
- Explain how our services will be used
- Verify who owns or controls an account or business
- Keep your details up to date
- Provide additional information where required.

These checks are a standard legal requirement and apply to many customers and services.

Why this is necessary

Collecting this information helps us to:

- Protect customers and services from criminal abuse
- Support a safe and secure financial system
- Meet our legal obligations

Visit www.austrac.gov.au/general-public/why-you-might-be-asked-id for more information.

New ATO 'Verify Call' Feature: Instant Protection Against Phone Scams

As tax time approaches, so does the annual spike in scam calls pretending to be from the ATO. These calls are becoming increasingly convincing and increasingly costly for those who get caught by them.

The ATO has now launched a simple, powerful solution: The 'verify call' feature in the free ATO app. Rolled out in early April 2026, it allows you to confirm instantly and in real time whether the person calling you is genuinely from the ATO.

No guesswork. No pressure. No risk.

How the new feature works

If you receive a call from someone claiming to be from the ATO, you can verify it in under 30 seconds:

1. Open the ATO app and log in.
2. Tap 'Verify Call' on the main screen.
3. Within moments, you'll receive a clear notification confirming whether the call is genuine.

If you don't receive a confirmation, hang up immediately it's almost certainly a scam.

This tool gives taxpayers a practical, real-time defence against impersonation scams, which are now one of the most common fraud attempts in Australia. In July 2025 alone, the ATO received nearly 7,500 impersonation scam reports, and numbers always surge between April and July.

Scammers don't just waste your time they can redirect refunds, access your superannuation, or steal personal information that takes months (and sometimes thousands of dollars) to fix. That's why this new feature is such welcome relief.

Why this matters for individuals and businesses

Most scam calls succeed because they create urgency "pay now", "confirm your identity", "your tax file number is compromised". The verify call tool eliminates that pressure entirely. It lets you check the caller before you share any information.

Better still, it requires no special technology. If you have a smartphone and the ATO app installed, you're ready to go. Setting it up takes just a couple of minutes.

Add one more layer of protection: Strengthen your myID

For maximum security, we strongly recommend ensuring your myID (digital identity) is set to the highest identity-strength level, known as 'Strong'. This makes it significantly harder for anyone else to access your tax or super information online.

What you should do now

- Download or update the ATO app (available on Apple and Android).
- Register your device within the app.
- Check your myID settings in myGov and upgrade to 'Strong' if you haven't already.
- Practise using the verify call feature once, so you're confident before tax time arrives.

This is one of the most practical security upgrades the ATO has delivered in years and it genuinely makes life easier for taxpayers. Now is the perfect time to get set up, stay protected, and make this tax season as stress-free as possible.

If you ever have doubts about a call, email or message claiming to be from the ATO, contact us first. We can quickly check its validity through official channels.

Reminders

- **2026 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:
  - 24 October 2026 - if your remuneration is **over** $200,000, or
  - 20 March 2027 - if your remuneration is **under** $200,000

Market Update

As we step into the first month of winter and approach the end of the financial year, attention is turning to the resilience of the economy and households.

May delivered mixed signals for the Australian economy as inflation eased slightly to 4.2% in April from 4.6% in March, although underlying inflation edged higher from 3.3% to 3.4%. The softer-than-expected inflation data reduced expectations of further rate hikes in the near term.

Australian share markets were volatile. The ASX 200 moved within a relatively narrow range through the month, slipping slightly overall despite periods of strength linked to resources and AI-related stocks.

Globally, markets continued to be shaped by Middle East tensions and ongoing inflation concerns. US markets made some big gains with the S&P 500 hitting an all-time high in the final days of May.

Oil prices eased from April highs but remained elevated and volatile with renewed US air attacks in Iran risking high prices still.

Consumer sentiment improved modestly although households remain deeply pessimistic because of high interest rates and cost-of-living pressures. This pessimism is extending to the property market which is showing signs of a broad-based softening.