



## What's new?

### Income tax thresholds/amounts

Various income tax thresholds and amounts changed on 1 July 2025. Some of the more common business-related ones are listed below.

| Item  | Threshold/amount for 2024–25                               | Threshold/amount for 2025–26                               |
|---|--|--|
| <b>GDP adjustment factor</b>                            | 6%   | 4%   |
| <b>Instant asset write-off</b>                          | \$20,000   | \$1,000 (see below)  |
| <b>Reasonable meal expenses – employee truck driver</b> | Breakfast – \$30.35<br>Lunch – \$34.65<br>Dinner – \$59.75 | Breakfast – \$31.15<br>Lunch – \$35.55<br>Dinner – \$61.30 |
| <b>Reasonable meal expenses – other employees</b>       | See Taxation Determination TD 2024/3                       | See Taxation Determination TD 2025/4                       |
| <b>Overtime meal allowance – reasonable amount</b>      | \$37.65  | \$38.65  |
| <b>Superannuation guarantee charge percentage</b>       | 11.5%  | 12%  |

|  |           |           |
|--|-----------|-----------|
| <b>Superannuation guarantee maximum contribution base (earnings per quarter)</b> | \$65,070  | \$62,500* |
| <b>Division 7A benchmark interest rate</b>                                       | 8.77%     | 8.37%     |
| <b>CGT improvements</b>  | \$182,665 | \$187,962 |

\* The indexed amount of the maximum contribution base for 2025–26 would normally have been \$68,060. However, this would result in concessional superannuation contributions in excess of the \$30,000 cap ( $(\$68,060 \times 12\%) \times 4 = \$32,668$  per year). Accordingly, the maximum contribution base is capped at \$62,500 per quarter ( $(\$62,500 \times 12\%) \times 4 = \$30,000$  per year).

The following thresholds from 2024–25 remain unchanged for 2025–26:

- car limit (depreciation) – \$69,674; and
- cents per km rate (car expense deductions) – 88 cents per km.

## Instant asset write-off

Are you a sole trader? The instant asset write-off (**IAWO**) allows a small business (aggregated annual turnover of less than \$10 million) to claim an immediate deduction for the cost of eligible depreciating assets that cost less than the applicable threshold. The IAWO threshold was \$20,000 for 2023–24 and 2024–25, and has reverted to \$1,000 from 1 July 2025. The Government has proposed to temporarily increase the threshold to \$20,000 for 2025–26 but this measure is not yet law.

The \$1,000 threshold applies where a depreciating asset is first used, or installed ready for use, on or after 1 July 2025 (even if acquired before that date).

The \$1,000 threshold also applies to the ‘second element’ costs incurred on or after 1 July 2025 (including in respect of an asset that was first used, or installed ready for use, before 1 July 2025). ‘Second element’ costs are essentially costs incurred after the asset is acquired that bring the asset to its present condition (e.g. the cost of post-acquisition modifications) and location (e.g. transport costs).

### Tip!

Talk to your tax adviser if you want more information about these amounts and thresholds.



## Tax time again!

The due date for lodging your income tax return for the 2024–25 income year is 31 October 2025. However, if you use a registered tax agent to lodge your return, the due date for lodgment is likely to be later than 31 October, possibly even as late as May next year.

### Lodging a tax return

#### *Are you a sole trader?*

- Even if your income is below the tax-free threshold of \$18,200, you still need to lodge a tax return.
- Do you pay Pay as you go (**PAYG**) instalments? Lodge your activity statements and pay all your PAYG instalments before you lodge your tax return so your income tax assessment takes into account the instalments you have paid throughout the year.

#### *Are you a partnership?*

If you operate your business in a partnership, the partnership lodges the partnership tax return, reporting the partnership's net income or loss (assessable income less allowable deductions).

As an individual partner, you include in your individual tax return:

- your share of any partnership net income or loss;
- any other assessable income, such as salary and wages, dividends and rental income.

The partnership does not pay income tax on the income it earns. Instead, you and each of the partners pay tax on the share of net partnership income you receive.

### *Are you a trust?*

- If you operate your business through a trust, the trust reports its net income or loss (this is the trust's assessable income less allowable deductions).
- The trustee is required to lodge a trust tax return.
- If you are a beneficiary of the trust, you report on your individual tax return any income you receive from the trust.

### **Tip!**

A registered tax agent can help you with your tax return.

## **Tax losses**

A tax loss arises when the total deductions you can claim, excluding gifts, donations and personal superannuation contributions, are greater than your total income for an income year.

If you make a tax loss, you may be able to:

- offset the loss in the same income year against other assessable income; or
- carry forward the loss and claim it as a business deduction in a later income year.

Make sure you have all the correct records.

### **Tip!**

Talk to your tax adviser about the best way to utilise tax losses and what records you should keep.

## **Non-commercial loss rules**

If you are a sole trader or in a partnership and want to utilise a tax loss, first check if the business activity meets at least one of the commerciality tests under the non-commercial loss rules. (Those rules do not apply to losses made by primary producers and professional artists whose income from other sources is less than \$40,000.)

If you meet at least one of the commerciality tests, then you can offset the loss against other assessable income (such as salary or investment income) in the same income year.

If you do not meet the commerciality tests, you can carry the loss forward to future income years. For example, you may be able to offset it when you next make a profit.

Non-commercial losses made by an individual with adjusted taxable income exceeding \$250,000 are quarantined.

### *Tip!*

The non-commercial loss rules are complicated. Talk to your tax adviser if you have any doubts about whether a business activity satisfies any of the commerciality tests.

## Personal services income

If you operate your business through a company or a trust, income earned by the company or trust from the provision of your personal services (personal services income (**PSI**)) will be attributed to you unless:

- the company or trust is carrying on a personal services business (**PSB**); or
- the PSI was promptly paid to you as salary or wages.

The company or trust will be conducting a PSB if at least one of a number of tests are satisfied. These are the results test (the most important test), the unrelated clients test, the employment test and the business premises test.

If 80% or more of your PSI (with certain exceptions) is income from one client (or the client and their associate(s)) and the results test is not met, the company or trust will need to obtain a PSB determination from the ATO.

The company or trust cannot deduct amounts that relate to gaining or producing your PSI, unless you could have deducted the amount as an individual or the company or trust received the PSI in the course of conducting a PSB.

Even if you do not use a company or trust to derive your PSI, there are limitations on the deductions that you may claim against your PSI. For example, you may not be able to deduct certain home office expenses or occupancy expenses such as mortgage interest or rent.

### *Tip!*

The PSI rules are complicated, especially if you provide your services through a company or trust. Talk to your tax adviser if you have any questions.

## Company tax rate

The standard company tax rate is 30%.

The tax rate of 25% for the 2025–26 income year applies to companies that are ‘base rate entities’. A company is a base rate entity if:

- it has an aggregated annual turnover of less than \$50 million; and
- no more than 80% of the company’s assessable income is ‘base rate entity passive income’ (such as dividends, rent, interest, royalties and net capital gains).

The 25% rate has applied since the 2021–22 income year.

A company that has an aggregated annual turnover of \$50 million or more, or more than 80% of the company’s assessable income is ‘base rate entity passive income’, will be taxed at the standard tax rate of 30%.

### **Small business tax offset**

If you are a sole trader, an individual who is a partner in a business partnership or an individual who is a beneficiary of a trust that carries on a business, you may qualify for the small business tax offset if the business’ aggregated annual turnover is less than \$5 million (this lower threshold applies instead of the general small business turnover threshold of \$10 million). The offset is not available to an individual acting as a trustee.

The offset for the 2024–25 and 2025–26 income years is equal to 16% of the income tax payable on the taxable income that qualifies as the individual’s net small business income. The amount of the offset is capped at \$1,000.



## From the ATO

### PAYGW reminders for activity statement lodgments

To help employers meet their withholding obligations, the ATO will be sending some employers a reminder to lodge their activity statements. If you have a registered tax agent, the agent will also be notified.

The reminder will include the amounts the ATO has on record, such as:

- PAYG withheld amounts reported through Single Touch Payroll (**STP**);
- any other pre-filled amounts, including GST instalments and PAYG instalments (instalment amount option).

The reminders will provide a timeframe for an employer to review and, if necessary, correct the amounts the ATO has on record for them and lodge their activity statements.

If an activity statement is not lodged by this date, the ATO:

- will consider the amounts it has on record are correct and complete;
- will add these amounts to the employer's account, as they are due and payable; and
- may finalise their activity statement and consider it lodged unless they have any other obligations, such as GST, to report.

If an employer does not make any changes to correct the data or lodge by the due date and the activity statement has been finalised in ATO systems, they will need to adjust these amounts by lodging a revised activity statement. If the information is correct, they will not need to take any further action.

## Getting it right – a focus on property and construction

The property and construction industry is a major contributor to Australia's economy, with businesses ranging from sole traders to large businesses. It is also one of the top industries the ATO receives tip-offs about, particularly regarding tax and superannuation compliance concerns.

Common issues seen by the ATO include:

- failure to report all income, whether received in cash or money deposited into bank accounts;
- incorrectly classifying income from property development;
- contractors omitting income reported to the ATO through the taxable payments reporting system;
- overclaiming expenses and GST credits;
- incorrectly reporting expenses that are private in nature as business expenses, or not apportioning an expense correctly for business and personal use;
- not registering for GST when required;
- using business funds and assets to support an individual's personal lifestyle, tax-free.

### *How to get it right*

If you run a business in property or construction, or otherwise operate as a builder, contractor or tradie, it is important to make sure you are reporting correctly and meeting your tax obligations.

To get it right, you need to report all assessable business income, including cash income and any money deposited to your business and private accounts that is related to your business activities. You also need to correctly report your expenses and business deductions, including correct apportionment of expenses if the asset was used for both business and private purposes.

If the ATO suspects you may have omitted income or overclaimed expenses in your tax return or business activity statements (BAS), it may:

- contact you or your tax professional to request you fix a mistake or amend your tax return or adjust or fix your BAS;
- contact you or your tax professional to better understand your circumstances and potentially request you to amend your tax return or BAS;
- conduct a review or audit of your business — penalties and interest may apply.

## Amending a lodged TPAR

Businesses who make payments to contractors may need to report these payments and lodge a Taxable payments annual report (**TPAR**).

Contractors can include subcontractors, consultants and independent contractors. They can operate as sole traders (individuals), companies, partnerships or trusts.

A TPAR must be lodged by 28 August each year.

You can amend a lodged TPAR form and update the payee (contractors) amounts and details reported. The lodged amendment may take up to 28 days to process.

Incorrectly reported amounts include:

- total GST;
- gross amount paid;
- total tax withheld where the Australian business number (ABN) was not quoted.

Include all the details for each payee that you are amending. The details must be exactly as they appeared in the original lodgment, except the amended amounts for the payee.

If the report was lodged online using business software, generate an amended report using the software.

If the report was not lodged using business software, lodge an amended TPAR form, either online or in paper form.

### **Tip!**

Your tax adviser can lodge TPAR amendments on your behalf.

## **Paying superannuation guarantee**

As an employer, it is compulsory for your business to pay eligible employees superannuation guarantee (**SG**) at least quarterly.

The SG percentage is the minimum SG rate your business must pay for each eligible employee. From 1 July 2025, this is 12% of their ordinary time earnings (**OTE**) for the quarter. Your business may be required to pay SG at a higher rate under an award or agreement.

If your business does not pay the required SG amount by the quarterly due date, it must pay the SG charge. Salary and wages are used to work out the SG charge. Salary and wages are similar to OTE but also include any overtime payments.

### *How much SG to pay?*

To manually work out how much SG to pay for a quarter, multiply an employee's OTE (before tax) by the SG rate.

The SG rate applied is based on when you pay your eligible workers, not when they earned their income. If you are paying superannuation at a higher rate, use that rate.

For employees who started during the quarter, work out their SG based on any OTE in the quarter.

Note that you do not have to pay SG for your employee's earnings above the quarterly maximum contribution base (\$62,500 of earnings per quarter for the 2025–26 income year).

### *What is OTE?*

OTE is the amount your business pays employees for their ordinary hours of work and includes paid leave, commissions, bonuses, over-award payments, shift loadings, payments on a piece-rate basis and directors' fees. Workers' compensation payments are also included in OTE if they are salary or wages paid in respect of ordinary hours of work.

An employee's ordinary hours are those ordinary hours specified in an award or agreement. If the award or agreement does not specify an employee's ordinary hours, their ordinary hours will be the regular or customary hours worked by the employee.

If you cannot determine their regular or customary hours of work (such as for some casual workers), the actual hours the employee works are their ordinary hours of work.

An employee's actual hours of work may vary over a longer period of time under an award or agreement, for example over a fortnight or a month. In these cases, the ordinary hours of work per week will equate to the hours stipulated in an award or agreement, provided the total hours worked within the period do not exceed the total hours specified in the award or agreement. In these cases, there may be weeks where the ordinary hours worked are higher than the average, but the payment for these hours is still OTE.

The ATO provides a couple of examples.

### *Example: ordinary hours of work not stated*

Kim works in a call centre. Under her contract, she works a minimum number of hours per week. She also works extra shifts when needed, though there is no clear pattern to this.

No award or agreement specifies Kim's ordinary hours of work and she is not paid overtime rates for her extra shifts.

All of Kim's wages are OTE. As there are no stipulated ordinary hours of work, and no pattern of regular or usual hours, Kim's ordinary hours of work are all the hours she actually works.

### *Example: piece-rates where no ordinary hours stated*

Evan works part time as a fruit picker for Golden Fruit Farm Pty Ltd. He is paid 15 cents for every kilogram of apples he picks. No ordinary hours are specified in any award or agreement.

Evan picks 5,000 kilograms of apples in his 30 working hours in the week and is paid \$750 by Golden Fruit Farm Pty Ltd, as the piece rate amount is higher than his minimum wage guarantee under the Horticulture Award.

The \$750 paid to Evan is OTE. As his ordinary hours of work are not specified in any award or agreement, his ordinary hours of work are the hours that he actually works.

### *What is not OTE?*

Not all amounts paid to employees are OTE.

Lump sum payments of unused sick leave, annual leave and long service leave on termination of employment are not OTE.

Overtime payments are generally not OTE, provided the employee's ordinary hours of work are clearly identified in the award or agreement. If you cannot distinctly identify overtime amounts, all the hours actually worked are included in the employee's ordinary hours of work in the award or agreement.

These rules also apply if the payments are calculated as an annualised or lump sum component of a total salary package. Overtime payments must be clearly identifiable. Otherwise, all hours worked are considered ordinary hours of work.

### *Death of an employee*

Where an employee has died, your business will need to pay any outstanding salary or wages, allowances, bonuses or similar payments to the employee's legal personal representative (**LPR**).

When this happens:

- any payments that were OTE for the employee are still OTE; and
- SG contributions for the OTE are required.

Your business may pay the SG to the employee's superannuation fund or to the deceased employee's LPR. If the SG is paid to the LPR, the payment will be treated as though it has been paid to a complying superannuation fund.



## Paying superannuation contributions

Your business needs to pay and report super electronically to ensure it meets *SuperStream* requirements.

SG payments must be made to and received by complying superannuation funds or retirement savings accounts (**RSAs**) by the quarterly due dates to avoid the SG charge. The SG due dates are 28 days after the end of each quarter (see the following table).

Contributions are considered as 'paid' only on the date they are received by the superannuation fund (not when they are paid by the employer). This means your business may need to allow extra time for the payments to be received, which is especially relevant if using a commercial clearing house.

### *Quarterly due dates for superannuation guarantee payments*

| Quarter | Period                  | Payment due date |
|---------|-------------------------|------------------|
| 1       | 1 July – 30 September   | 28 October       |
| 2       | 1 October – 31 December | 28 January       |
| 3       | 1 January – 31 March    | 28 April         |
| 4       | 1 April – 30 June       | 28 July          |

When a due date falls on a weekend or public holiday, the payment can be made on the next working day.

Your business can choose to make payments more regularly than quarterly (for example, fortnightly or monthly). This is as long as your business' total SG obligation for the quarter is received by your employees' superannuation funds by the due date.

### *Member personal superannuation contributions*

If your business makes after-tax superannuation contributions on behalf of employees, the payments are referred to as personal superannuation contributions. Make sure these are paid promptly, in accordance with the employees' terms of employment and any legal requirement (for example, industrial award conditions).

Members' after-tax personal superannuation contributions do not count towards your business' SG obligations.

### *Other contractual requirements*

Meeting the SG obligations does not ensure your business is complying with other contractual or award requirements.

Some superannuation funds, awards and contracts require superannuation to be paid more regularly (for example, monthly). When your business registers with a superannuation fund with this requirement, you are agreeing to make contributions to that superannuation fund on that basis, whether monthly or otherwise.

### *SuperStream payment options*

*SuperStream* is the data standard your business must use to report and pay employee SG contributions to superannuation funds.

Under *SuperStream*, superannuation contributions for your employees must be paid electronically (electronic funds transfer or BPAY®). The associated data must also be sent electronically.

The data is in a standard format so it can be transmitted consistently across the superannuation system — between employers, funds, service providers and the ATO. It is linked to the payment by a unique payment reference number (**PRN**).

This means your business can make all contributions in a single transaction, even if they are going to multiple superannuation funds.

To meet the *SuperStream* requirements, your business needs to pay superannuation and send employee information electronically.

### *Payroll system*

If your business uses a payroll system, check with the software provider that it is *SuperStream*-compliant. The software may need to be updated.

Some payroll systems cover data and payments and some are data only. This means payments have to be made to each fund separately. Either way, the payment must be electronic (either electronic funds transfer or BPAY®).

### *Single Touch Payroll*

The introduction of Single Touch Payroll (**STP**) means that the ATO receives payroll information (tax and superannuation) on a payroll-event basis (weekly, fortnightly, monthly, other) through STP-enabled software.

Once an employer is STP-enabled, the range of employer benefits includes:

- the availability of some employer-related ATO forms (such as the TFN declaration and superannuation standard choice form) via ATO online services in myGov; and
- the availability of employee payroll information (tax and superannuation paid on their behalf) to employees via ATO online services in myGov.

Reporting payroll information using STP-enabled software is compulsory.

### *Your superannuation fund's online system*

Large superannuation funds have online payment services your business can use. Check with the superannuation fund for details.

### *Superannuation clearing house*

A clearing house pays superannuation to employees' superannuation funds. Your business sends a single electronic payment to the clearing house together with the contribution data for all employees. The clearing house does the rest.



If you have 19 or fewer employees, or a turnover of less than \$10 million a year, you can use the ATO's free Small Business Superannuation Clearing House. However, this service is closing soon (see below).

You can also choose from several commercial options or the superannuation fund may have a clearing house you can use. Talk to your superannuation fund to see what they offer.

Remember, even if making superannuation contributions is outsourced (in whole or in part), your business is still responsible for ensuring employees' superannuation contributions are paid correctly.

### *Payday Super*

The 'Payday Super' reforms were first announced on 2 May 2023, with significant changes proposed to superannuation payment arrangements. The key change will require employers to pay SG contributions in alignment with their pay cycles (that is, weekly, fortnightly or monthly), rather than quarterly, with effect from 1 July 2026.

Legislation to implement the reforms has not been introduced (draft legislation has been released).

We will keep you informed of developments.

## The ATO's Small Business Superannuation Clearing House is closing

As part of the Payday Super reforms, the Small Business Superannuation Clearing House (SBSCH) will close on 1 July 2026.

To support small businesses to transition to alternative services prior to this time, new users will be unable to register to use the service from 1 October 2025.

Existing users are encouraged to take steps now to transition to alternative options. These include reviewing existing software and payroll packages, which may already include superannuation functions, or looking at options offered by superannuation funds, commercial clearing houses, or other payroll software or providers.

## Independent contractor stapled superannuation fund request form

Employers or their authorised representatives can use the Contractor stapled superannuation fund request (NAT 75404) form:

- to request a stapled superannuation fund for an independent contractor to pay their SG contributions;
- for independent contractors engaged from 1 November 2021.

### *Stapled superannuation funds*

A stapled superannuation fund is an existing superannuation account linked, or 'stapled', to an individual so it follows them as they change jobs. This includes independent contractors who you pay mainly for their labour and who are employees for SG purposes.

You will need to request stapled superannuation fund details for independent contractors when:

- you need to make SG payments; and
- they are eligible to choose a superannuation fund, but don't.

Before you can request an independent contractor's stapled superannuation fund details, you need to establish an employment relationship.

Under STP, it is not mandatory to report independent contractors, but they can be reported voluntarily. If you do not include independent contractors in your STP reporting, you will not have an employment relationship with them in the ATO's systems.

### **Tip!**

Talk to your tax adviser if you are not sure whether your business should make superannuation contributions for independent contractors.

## Health services

Work-related medical examinations, medical screening, preventative-health care and counselling are exempt from fringe benefits tax (**FBT**).

Two recent class rulings state that the FBT exemption applies where an employer engages the services of CU Health to provide medical screenings, preventative health care and counselling to employees or the services of Totium Pty Ltd to provide health services to employees via The Exec Check program.

### *Tip!*

Talk to your tax adviser about the FBT consequences of providing benefits to employees.

## Claiming fuel tax credits when rates change

Fuel tax credits rates changed on:

- 1 July 2025 – for heavy vehicles travelling on public roads, due to an increase in the road user charge;
- 4 August 2025 – due to an increase in the consumer price index (**CPI**).

Different rates apply based on the type of fuel used, when your business acquired it and what activity it is used for.

If your business claims less than \$10,000 in fuel tax credits each year, the easiest way to work out the claim is to use the rate that applies at the end of the BAS period.

When completing the BAS, remember to:

- check you are apportioning correctly so you get all the fuel tax credits you are entitled to;
- keep records of your fuel purchases and how fuel is used in your business.

### *Tip!*

You can use a registered tax agent or BAS agent to lodge the BAS — you could get extra time to lodge and pay.

## Key tax dates

| Date                | Obligation   |
|---------------------|--|
| <b>22 Sep 2025*</b> | August monthly BAS due   |
| <b>30 Sep 2025</b>  | Finalisation declaration (for STP reporting purposes) for closely held payees where you have both closely held payees and arm's length employees               |
| <b>21 Oct 2025</b>  | September monthly BAS due<br>Payment of annual PAYG instalment for 2024–25   |
| <b>28 Oct 2025</b>  | September quarter BAS due<br>Payment of first PAYG instalment for 2025–26 by quarterly payers  |
| <b>31 Oct 2025</b>  | 2024–25 income tax return due  |
|                     | PAYG withholding annual reports due (no ABN withholding; interest, dividend and royalty payments paid to foreign residents; and payments to foreign residents) |

\*This is the next business day as the due date (21 September) falls on a Sunday.

### Note!

Talk to your registered tax agent to confirm the correct due dates for your own tax obligations. For example, you may have more time to lodge and pay if impacted by a natural disaster.