Practice Update

Please read this update and contact this office if you have any queries

JULY 2025

Changes to car thresholds from 1 July

The **car limit** for the 2026 income year is $69,674. This is the highest value that a taxpayer can use to calculate depreciation on a car where they use the car for work or business purposes and they first use or lease the car in the 2026 income year.

If a taxpayer is buying a car and the price is more than the car limit, the highest input tax **(GST) credit** they can claim (except in certain circumstances) is one-eleventh of the car limit. For the 2026 income year, the highest input tax credit they can claim is $6,334 (i.e., one-eleventh of $69,674).

The **luxury car tax ('LCT')** threshold for the 2026 income year is $91,387 for fuel-efficient vehicles, and $80,567 for all other luxury vehicles.

Input tax credits need to be claimed within the four year time limit. A taxpayer cannot claim an input tax credit for luxury car tax when they buy a luxury car, even if they use it for business purposes.

Reminder of June 2025 Quarter Superannuation Guarantee ('SG')

Employers are reminded that employee super contributions for the quarter ending 30 June 2025 must be received by the relevant super funds by Monday, 28 July 2025. If the correct amount of SG is not paid by an employer on time, they will be liable to pay the SG charge, which includes a penalty and interest component.

The SG rate has increased to 12% from 1 July 2025.

Taking charge of upcoming employer obligations

As the end of the financial year has just past, the ATO is reminding employers that they should check what they need to do and take note of the following upcoming key dates.

Pay as you go ('PAYG') withholding — From **1 July 2025**, some withholding schedules and tax tables will be updated (but not all).

Employers should use the correct tax tables or the 'tax withheld calculator' on the ATO's website to work out how much to withhold from their employees' payments. They should update their payroll software to withhold, report and pay the correct amount of tax.

Single touch payroll ('STP') reporting — Employers should complete an STP finalisation declaration by **14 July 2025**, and also lodge a finalisation declaration for all employees they have paid and reported through STP, so they have the right information to lodge their income tax returns.

Employers should also 'finalise' all employees they have paid in the financial year, even those they have not paid for a while, such as terminated employees.

Finally, employers who change payroll software providers should finalise their records before they change, to ensure they and their employees have accurate information during tax time.

*Editor: As noted above, employers also need to pay all SG contributions for the June 2025 quarter by **28 July 2025**.*

Notice of data exchange for skilled visa program compliance

The Department of Home Affairs will obtain data from the ATO to identify whether business sponsors are complying with their sponsorship obligations (e.g., paying visa holders correctly) and whether temporary skilled visa holders are complying with their visa conditions (e.g., to work only for an approved employer).

The Department will provide to the ATO biographical details (including name, address and date of birth) of clients who are, or were in the three most recent financial years, holders of Skills in Demand or Temporary Skills Shortage (subclasses 457 and 482) primary visas.

These details will be electronically matched against ATO data holdings. Where there is an identity match, the ATO will return Single Touch Payroll employment data for the relevant individual(s) to the Department.

It is estimated that records will be shared relating to around **58,000 individuals**.

TBAR for June quarter due 28 July

All SMSFs must report relevant transfer balance account ('TBA') events using transfer balance account reporting ('TBAR'). All events must be reported regardless of the member's total superannuation balance.

Editor: TBA events include starting or commuting a retirement phase pension.

TBARs for the June quarter are due by **28 July 2025**. If no TBA event occurred during the quarter, no lodgment is required.

If an SMSF does not lodge a TBAR by the due date, it may result in compliance action and penalties and could also negatively impact a member's TBA.

Beware of tax advice from 'finfluencers'

The Tax Practitioners Board ('TPB') warns that the number of 'finfluencers' is on the rise. These are influencers who offer financial advice, including tax advice, on various social media platforms such as Instagram and TikTok.

Unfortunately, they do not always have the necessary qualifications to give out this advice or provide all the information taxpayers need to make a fully informed decision. This can result in taxpayers suffering serious financial harm.

The main way 'finfluencers' make their money is by getting paid by companies that want to promote their financial products through the 'finfluencers' social media platform.

Therefore, taxpayers who are going to use someone to help them manage their tax affairs should make sure they are registered with the TPB by checking the TPB Register.

Taxpayer's claim for home office and car expenses successful

The Administrative Review Tribunal ('ART') recently held that a taxpayer was entitled to claim deductions for home office and car expenses incurred during the COVID-19 pandemic.

The taxpayer was employed full time by the ABC producing the ABC Sport Digital Radio station ('Digital Role') and producing ABC live sports broadcasts, mainly NRL football ('Live Role').

During the 2021 income year, because of restrictions imposed in response to the COVID-19 pandemic, the taxpayer undertook all of his Digital Role from a second bedroom in his apartment (his home office) which he was renting with his wife, and he undertook most of his Live Role from the ABC's Southbank Studios in Melbourne.

The taxpayer claimed deductions for **occupation expenses** (being the proportion of rent for his apartment referable to the use of his home office in performing his Digital Role), and for **car expenses** incurred in driving between his home and the ABC studios at Southbank on days when he performed both roles.

The ART allowed the taxpayer's claims for occupation expenses in full, as the COVID-19 restrictions required him to earn most of his income at his home, and so a proportion of rent was incurred in gaining his assessable income.

The ART also allowed the car expenses in full on the basis that on the days when the taxpayer *"closed his laptop at home, picked up his car keys and drove to the Southbank Studios . . . he was at work the entire time and his travel was therefore 'on work' . . ."*

Please note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.