AYLMORE & ASSOCIATES
CHARTERED ACCOUNTANTS

Practice Update

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

AUGUST 2025

Paid parental leave changes have now commenced

As from 1 July 2025, the amount of Paid Parental Leave available to families increased to 24 weeks, and the amount of Paid Parental Leave that parents can take off at the same time has also increased from two weeks to four weeks.

Superannuation will now also be paid on Government Paid Parental Leave from 1 July 2025, at the new super guarantee rate of 12%, paid as a contribution to their nominated superannuation fund.

Parents will also benefit from an increase in the weekly payment rate of Paid Parental Leave, increasing from $915.80 to $948.10 (in line with the increase to the National Minimum wage). This means a total increase of $775.20 over the 24-week entitlement.

ASIC warning about pushy sales tactics urging quick super switches

ASIC is warning Australians to be on 'red alert' for high-pressure sales tactics, click bait advertising and promises of unrealistic returns which encourage people to switch superannuation into risky investments.

The warning comes amid increasing concerns from ASIC that people are being enticed to invest their retirement savings in complex and risky schemes.

ASIC Deputy Chair Sarah Court said the start of a new financial year was often the trigger for people to check their super fund's performance, and urged consumers to be extra cautious.

"When it comes to sales calls about super switching, there are some big red flags people should be alert to — being asked to make a quick decision is one of the most obvious. Remember, a good deal won't vanish overnight."

She said that these calls *"don't have the hallmarks of a typical scam. The caller will seemingly have your best interests at heart, and they say they want to help you find a better super product or locate lost super for free."*

Consumers should always ask questions about salespeople's connections to funds, particularly in circumstances where a particular fund appears in the pitch, as there may be a commission arrangement.
"If you are unsure or are feeling pressured, just hang up."

ATO warns of common Division 7A errors

The ATO reminds shareholders of private companies that understanding how Division 7A of the tax legislation applies is crucial to avoiding costly tax consequences when accessing the company's money or other benefits.

When Division 7A applies, the recipient of a payment, loan or other benefit can be deemed to have been paid an unfranked dividend that will be included in their assessable income.

While Division 7A can be complex, most errors the ATO sees that result in its application are simple in nature, including:

- shareholders not recognising that a company's money is not their money, and they cannot access it for personal use without tax consequences;
- loans being made without complying loan agreements; and

- applying the wrong benchmark interest rate when calculating Division 7A loan repayments.

These errors are often the result of common myths about Division 7A and how it works.

To support taxpayers' understanding of their tax obligations when managing private company money, the ATO has launched new content: *'Division 7A Myths debunked'* on its website.

This page debunks common myths about Division 7A, breaking them into topics such as 'business structure', 'record keeping', and 'payments to other entities'.

Taxpayers who need to lodge a TPAR

Taxpayers may need to lodge a *Taxable payments annual report* ('TPAR') online by **28 August** if they have paid contractors to provide any of the following services on their behalf:

- building and construction;
- cleaning;
- courier and road freight;
- information technology; or
- security, investigation or surveillance.

If the ATO is expecting a TPAR from a taxpayer who does not need to lodge one, they can complete a *'TPAR non-lodgment advice form'* by 28 August.

Taxpayers who no longer pay contractors can also use this form to tell the ATO they will not need to lodge a TPAR in the future (although if their circumstances change they may need to lodge a TPAR).

Editor: Please contact our office if you need assistance with completing and/or lodging a TPAR.

Note that paper lodgments of TPARs will no longer be accepted after 28 August 2025.

Changes to tax return amendment period for business

Businesses with an annual aggregated turnover of less than $50 million now have up to four years from the date of their tax return assessment to request amendments (increased from two years). This applies to assessments for the 2024/25 and later income years.

If businesses make a mistake on a tax return and need to request an amendment, they should lodge their requests well before the end of the amendment period to make sure the ATO can process it within the time limit.

They should keep accurate and complete records to support their amendment request.

Taxpayer's claim for travel expenses denied

In a recent decision, the Administrative Review Tribunal ('ART') denied an offshore worker's claim for work-related travel expenses, although it did allow his claim for home office expenses.

During the relevant period, the taxpayer resided in Queensland with his family, while his employment as an engineer was primarily based at an offshore facility located off the coast of Western Australia.

In his tax return for the 2022 income year, the taxpayer claimed work-related expenses of over $30,000, relating to accommodation, meal and incidental expenses for stays in Perth, Darwin and Broome between rotations on the offshore facility.

The ART noted that the taxpayer's permanent work location was the offshore facility. It accordingly largely disallowed the work-related expenses on the basis that they were *"either preliminary to the commencement of those (employment) duties, or occurred after employment duties had ceased, and the (taxpayer) was on leave."*

The ART also did not accept the taxpayer's claim for travel-related expenses with reference to the substantiation exception, as the allowances he received were not 'travel allowances'.

However, the ART did accept the taxpayer's claim for home office expenses of $579, noting that *"As an engineer, he is required to engage in continuing professional development and the Masters and other studies completed in the home office were for this purpose."*

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.