AYLMORE & ASSOCIATES
CHARTERED ACCOUNTANTS

Practice Update

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

SEPTEMBER 2025

ATO to include tax 'debts on hold' in taxpayer account balances

From August 2025, the ATO is progressively including 'debts on hold' in relevant taxpayer ATO account balances.

Editor: A 'debt on hold' is an outstanding tax debt where the ATO has previously paused debt collection actions. Tax debts will generally be placed on hold where the ATO decides it is not cost effective to collect the debt at the time.

*The ATO is currently required by law to offset such 'debts on hold' against any refunds or credits the taxpayer is entitled to. The difficulty with these debts is that the ATO has **not** traditionally recorded them on taxpayer's ATO account balances.*

Taxpayers with 'debts on hold' of **$100 or more** will receive (or their tax agent will receive) a letter before it is added to their ATO account balance (which can be viewed in the ATO's online services or the statement of account).

Taxpayers with a 'debt on hold' of less than $100 will not receive a letter, but the debt will be included in their ATO account balance

The ATO has advised it will remit the general interest charge ('GIC') that is applied to 'debts on hold' for periods where they have **not** been included in account balances. This means that taxpayers have not been charged GIC for this period.

The ATO will stop remitting GIC six months from the day the taxpayer's 'debt on hold' is included in their account balance. After this, GIC will start to apply.

Bill to reduce student debt now law

Legislation has recently been enacted which delivers on the 2025/26 Federal Budget announcement to reduce student debts.

Pursuant to this legislation:

- there is a **one-off 20% reduction** to Higher Education Loan Program debts and other student loans that were **incurred on or before 1 June 2025**;
- the minimum repayment threshold is increased from $54,435 in the 2024/25 income year to **$67,000** in the **2025/26** income year (to continue to increase each year with the growth in wages); and
- a marginal repayment system is introduced where compulsory student loan repayments are calculated only on income above the new $67,000 threshold (rather than having it based on a percentage of the repayment income).

Getting the main residence exemption right

The ATO has the following tips for taxpayers in relation to the CGT main residence exemption.

- They should consider if they have bought or disposed of property in the past income year. If they have sold property, were they using it solely as their primary place of residence, earning income from it (rental or business), or was it vacant land?

- They should understand the applicable record keeping requirements in relation to property.
- If they have disposed of vacant land, they are **not** eligible for the main residence exemption, even if they had intended to build their main residence on the land.
- They are only eligible for the '6-year absence rule' if the property was their main residence before they rented it out.
- Broadly, they can only have one property as their main residence at a time - the only exception is the 6-month period when they move from one home to another.

Editor: If you need assistance with the above or with completing your tax return, please contact our office.

Small Business Superannuation Clearing House is closing

The Small Business Superannuation Clearing House ('SBSCH') will close on **1 July 2026**.

Editor: The SBSCH is a free online service provided by the Australian Government through the ATO.

The SBSCH can be used by employers to pay superannuation for all their employees through a single payment. The SBSCH will then distribute the money to each employee's superannuation fund according to the employer's instructions.

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 their existing software and payroll packages (which may already include super functions), or looking at options offered by super funds, commercial dealing houses, or other payroll software or providers.

ATO AFCX data-matching program

The ATO will acquire relevant account and transaction data from the Australian Financial Crimes Exchange ('AFCX') for the 2025 to 2027 income years, including the following:

- Client identification details (names, addresses, phone numbers, dates of birth, identity verification document details, IP addresses, etc); and
- Bank account transaction details (bank account details, transaction date and amount, IP addresses, etc).

The ATO estimates that records relating to approximately 70,000 individuals will be obtained each financial year.

The data collected under this program will be used to (among other things) safeguard taxpayer accounts from identity crime by implementing protective controls to enable pre-lodgment detection and application of treatments to victims of fraud.

PAYGW reminders for activity statement lodgments

The ATO will be sending **certain** employers a reminder to lodge their activity statements.

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

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

The ATO's reminders are intended to provide a timeframe for employers to review (and if necessary correct) the amounts the ATO has on record for them and lodge their activity statements.

If these selected employers do not lodge by the specified date, the ATO will consider the amounts it has on record are correct and complete, and it will add these amounts to the employer's account, meaning they will be due and payable.

The ATO may also finalise the employer's activity statement and consider it lodged unless the employer has any other obligations such as GST to report.

If employers do 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.

Please note: Many of the comments in this publication are general in nature. 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.