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2026 Business Tax Return Checklist

Name of taxpayer: _____

Preferred contact no _____ Email: _____

Please ensure you have all the information needed to complete the Return, as having to put your Return aside can cause unnecessary delays in completion. The checklist is a guide to assist in this task, which although by no means exhaustive, should prove useful.

Client Records Required	Information Provided/Notes
Stock on Hand at 30 th June & the basis of valuation i.e. cost, market value etc.	
Accounting information, including any trial balance, profit & loss and balance sheet (if applicable)	
Accrued expenses (e.g. audit fees and bonuses) and unearned revenue	
Asset register detailing depreciating assets bought and sold or scrapped during the year and any other capital assets purchased during the year	
Bank statements (<i>Reconciled in Software</i>)	
Cashbook (if maintained)	
CGT register (if maintained)	
Cheque butts and deposit books (if maintained)	
Copies of Instalment Activity Statements and/or Business Activity Statements lodged for the income year	
Copies of invoices for fees paid to registered tax agent or auditor (if another firm provided services)	
Copies of invoices or documentation for material amounts or which relate to extraordinary transactions plus Purchase of assets	
Copies of sell notes and settlement statements for shares purchased and sold (including original contract notes and settlement statements, if possible)	
Copies of sell notes for units in managed funds purchased and sold (including original purchase notes, if possible)	
Details of any investments purchased during the year	
Details of any leases entered into and terminated during the year	
Details of provision for long service leave, annual leave or any other provision or reserve	

Single Touch Payroll (STP) Finalisation Report/Payroll reconciliation reports	
Insurance Payout for your business or business premises	
Superannuation Reconciliation	
Transactions involving Crypto currency (eg Bitcoin, NFT's)	
Education & Training expenses	
Balance of Petty Cash as of 30 th June 2026	
Details of work-in-progress (at cost basis) (if applicable)	
Distribution statements, annual tax statements and capital gains statements from managed funds	
Dividend statements	
Documentation relating to acquisition or disposal of CGT assets (e.g. purchase contracts and sale contracts)	
Listing of trade creditors with amounts owing	
Listing of trade debtors with amounts outstanding	
Rental statements	
Statements from lenders detailing the opening and closing balances of existing loans during the financial year (and any repayments made)	
Details of government grants received during the year i.e. Solar; Heating & Cooling; Upgrade/Repairs; Disaster Loans	
Details of employee/s training with registered organisations. i.e First Aid certificate etc	

NOTE: *To ensure that you will obtain the maximum deductions to which you are entitled, and in consideration of the penalty provisions, **full details of any claims should be provided and supporting documentation be available. Documentation must comprise receipts, dockets, diary notations and extensive details of any estimates.***

ALL TAX REFUNDS WILL NOW ONLY ISSUE DIRECTLY TO A BANK ACCOUNT. PLEASE BRING YOUR BANK ACCOUNT DETAILS TO APPOINTMENT.

What's new

Federal Budget 2026-27

The Government handed down the 2026–27 Federal Budget on 12 May 2026, which included a broad range of significant proposed tax reform measures. Some of the key announcements that are relevant for partnerships include:

- Proposed changes to negative gearing, limiting deductions for residential property investments to new builds from 1 July 2027
- Pre-CGT assets acquired before 20 September 1985 intended to be brought within the CGT net, targeting gains accruing from 1 July 2027.
- The replacement of the 50% CGT discount with inflation adjusted indexation from 1 July 2027, together with the introduction of a proposed minimum 30% tax rate on capital gains. This also includes a proposed measure to bring pre-CGT assets acquired before 20 September 1985 within the CGT net targeting any gains accruing from 1 July 2027.

Since the Budget was handed down, legislation relating to some of the key tax measures has now been introduced into Parliament on 28 May 2026 but they are not yet law and the final form of the rules might end up changing.

We recommend that you avoid making significant restructuring or transaction decisions based solely on the current announcements without speaking with us first. We will continue to monitor developments and provide updates as further detail becomes available.

ATO interest charges

General Interest Charges (GIC) and Shortfall Interest Charges (SIC) imposed by the ATO are no longer tax-deductible if they are incurred from 1 July 2025.

As these amounts are no longer deductible, the actual cost associated with ATO interest charges will be higher now for many taxpayers. This means that the costs associated with leaving tax debts outstanding will often be higher, making it even more important to let us know if you are struggling to pay debts that are owed to the ATO.

The ATO still retains discretion to remit GIC and SIC in appropriate, but this isn't guaranteed and you should never assume that the ATO will release you from interest charges.

Payday super starts on 1 July 2026

From 1 July 2026, employers need to pay superannuation guarantee (SG) contributions at the same time as wages, rather than weeks or months later. Employers will have 7 business days from payday to ensure contributions hit employees' super funds.

If payments are late, the Superannuation Guarantee Charge (SGC) will apply - that means paying the missed super plus an interest and administration penalty. Once SGC has been assessed, additional interest and penalties may apply if the SGC liability isn't paid in full. Unlike the existing system, SGC amounts will normally be deductible to employers, although penalties for late payment of SGC won't be deductible.

On top of this, the ATO will retire the Small Business Superannuation Clearing House (SBSCH) platform from 1 July 2026 for all users and alternative options should be sought.

The ATO will take a "risk-based" approach for the first year, focusing on education and helping businesses transition smoothly. If you pay on time, you'll likely be flagged as low risk, meaning fewer compliance checks.

Instant write-off for depreciating assets

The instant asset write-off threshold is \$20,000 for the 2025-26 year.

Businesses that have aggregated annual turnover of less than \$10 million that use the simplified depreciation rules may be able to use the instant asset write-off rules to immediately deduct the business portion of the cost of eligible assets. Key things to remember include:

- The full cost of the asset must be less than \$20,000 after taking off GST credits that can be claimed.
- To claim the deduction in the 2026 tax return the asset normally needs to be first used or installed ready for use for a taxable purpose between 1 July 2025 and 30 June 2026.
- New and second-hand assets can qualify, subject to some specific exclusions and limits.
- If you claimed an immediate deduction for an asset's cost under the instant asset write-off rules in an earlier income year, you can also immediately deduct the first improvement cost for that asset if it is incurred between 1 July 2025 and 30 June 2026 and is less than \$20,000.
- The \$20,000 limit applies on a per-asset basis, so you can instantly write off multiple assets as long as the cost of each asset is less than the limit.

The Government has announced that it is planning to permanently increase the instant asset write-off threshold to \$20,000 from the 2027 income year onwards, but legislation for this has not yet been released.

Areas of ATO scrutiny

Profits of professional services firms

If your partnership operates a professional services firm, it is important to understand the implications of the ATO's finalised guidance on the profits of professional services firms.

The ATO takes a strong stance on how the profits of professional services firms are structured and how profits flow through to the professionals involved. The ATO is specifically concerned with structures designed to divert income so the professional ends up receiving very little income directly for their work, reducing their taxable income.

If these structures appear to be in place to divert income to create a tax benefit for the professional, Part IVA may apply. Part IVA is an integrity rule that allows the Commissioner to remove any tax benefit received by a taxpayer where they entered into an arrangement in a contrived manner in order to obtain a tax benefit. Part IVA may apply to schemes designed to ensure that the professional is not appropriately rewarded for the services they provide to the business, or that they receive a reward which is substantially less than the value of those services.

The ATO guidance sets out a series of tests to identify a practitioner's risk level, looking at the structure of the business and how profits are distributed, and whether the structure has any high-risk features.

With the guidance finalised some time ago, the ATO has now been reaching out to taxpayers to review how they line up against its guidelines. For professional services firms, it is important to understand the risk level for each principal practitioner separately.

If you are concerned about your position, please contact us.

Contractor payments

The ATO is paying attention to contractors who may not be reporting all of their income, especially in industries included in the Taxable Payments Reporting System (TPRS). These industries include building and construction, courier, cleaning, information technology (IT), road freight, and security, investigation or surveillance services.

Businesses operating in these sectors are required to lodge a Taxable Payments Annual Report (TPAR), which outlines payments made to contractors. The ATO uses this information to match against income declared in contractors' tax returns.

In some cases, contractors might unintentionally understate their income. This can occur when pre-filled data from the ATO is not used. For example, a contractor such as a carpenter might miss including some income from clients who reported payments through TPAR. In such situations, the ATO may issue an amended assessment and penalties may apply depending on the circumstances.

When a mismatch is identified, the ATO usually contacts the contractor or their tax professional to encourage them to review and, if needed, amend their tax return. If this is not addressed, the matter might progress to a compliance review or audit, and interest and penalties could be applied based on the nature of the discrepancy.

Succession planning tax risks

The ATO has increased its focus on succession planning, especially for privately owned and wealthy groups. The ATO is focusing on private groups that incorrectly recognise the tax consequences of transactions or structures to minimise or avoid tax when undertaking succession planning.

Situations that attract the ATO's attention include:

- Entities failing to recognise that a CGT event happened when they have restructured or transferred an asset
- Entities incorrectly applying tax concessions or rollover relief
- Entities adopting complex structures or entering into an arrangement to access tax concessions or rollovers that are not otherwise available
- Entities failing to review the pre-CGT status of assets after an event that affects the beneficial ownership of such assets
- Transferring wealth through loans, payments or forgiveness of debt and failing to consider the application of Division 7A
- The use of trusts where there are amendments to the trust deed, such as changes to the trustee or appointor, adding or removing beneficiaries and amending the vesting date, and trusts have made family trust elections or interposed entity elections, and are distributing outside the family group
- Entities inappropriately using self-managed super funds to access a lower rate of tax.

Please let us know if you would like assistance with putting a succession plan in place or you would like us to review an existing succession plan. So many complex issues can arise in this area and prior planning can be crucial to determine potential tax risks before they are triggered.

Lifestyle assets

The ATO is continuing to monitor situations where personal or lifestyle assets are incorrectly treated as business assets for tax purposes.

This commonly arises where activities that are more recreational or hobby-like in nature are reported as carrying on a business, particularly where significant assets are being acquired or improved but the business is reporting little or no income. In these cases, the ATO may question whether there is a genuine commercial business activity being conducted.

Examples can include luxury motor vehicles, boats, holiday properties, aircraft, farm assets or other high-value items that are partly or predominantly used for private purposes.

The ATO has highlighted a number of areas that may attract scrutiny, including:

- Claiming business deductions for assets or expenses that are largely private in nature
- Claiming GST credits on vehicles and other assets without correctly apportioning private use
- Failing to recognise the application of Division 7A or identify fringe benefits where assets have been provided to a shareholder or employee
- Where entities within a related group purchase or hold assets primarily for the private benefit of owners or associates.

You should ensure that any deductions or GST credits claimed are appropriately supported by business use records, such as logbooks, invoices and contemporaneous documentation. Where an asset is used partly for private purposes and not subject to fringe benefits tax, only the business-related portion is generally deductible or eligible for GST credits.

The ATO is increasingly using data matching and financial analysis to identify situations where reported income does not appear consistent with the acquisition, maintenance or improvement of lifestyle assets.

GST refund claims

The ATO has confirmed that it will continue to closely monitor GST refund claims during the 2026 tax time period, particularly arrangements that are designed to improperly obtain GST refunds through artificial or contrived transactions within related entities or private groups.

The ATO is concerned with situations where transactions are structured primarily to generate GST refunds rather than reflecting genuine commercial activity.

Examples of arrangements attracting ATO scrutiny include:

- False or inflated invoices between related entities
- Mismatched accounting methods used to accelerate GST refunds
- Large or unusual transactions where there is little or no real economic activity
- Arrangements involving the non-payment or delayed payment of GST liabilities.

The ATO has stated that its compliance activities are increasingly supported by data analytics, intelligence gathering and cross-checking of GST reporting between related parties. This means the ATO is able to identify unusual GST refund patterns and review arrangements at an earlier stage.

You should ensure that all GST claims are supported by genuine business transactions, valid tax invoices and appropriate records. GST reporting should accurately reflect the underlying commercial activity and entities should use accounting methods consistently and correctly.

Where related-party transactions occur, it is important that the arrangements are commercially supportable, properly documented and conducted on arm's length terms. Artificial arrangements entered into primarily to obtain GST refunds may attract ATO review, penalties and interest charges.

Financial 'housekeeping'

Payment deferrals

If any partners of the partnership are having trouble paying their tax liability, please let us know as soon as possible so we can negotiate a deferral or payment plan with the ATO on your behalf.

Reporting payments to contractors

The taxable payments reporting system requires businesses in certain industries to report payments they make to contractors (individual and total for the year) to the ATO. 'Payment' means any form of consideration including non-cash benefits and constructive payments. Taxable payments reporting is required for:

- Building and construction services
- Cleaning services
- Courier and road freight services
- Information technology (IT) services
- Security, investigation or surveillance services
- Mixed services (providing one or more of the services listed above)

The annual report is due by 28 August 2026.

Before you roll-over your software...

Before rolling over your accounting software for the new financial year, make sure you:

- Prepare your financial year-end accounts. This way, any problems can be rectified and you have a 'clean slate' for the 2026-27 year. Once rolled over, the software cannot be amended.
- Do not finalise end of financial year payroll until you are sure that your STP finalisation declaration is correct. Always perform a payroll back-up before you roll over the year.

Employee reporting

Single touch payroll

For payments to employees through single touch payroll (STP), a finalisation declaration generally needs to be made by 14 July 2026. However, there are some exceptions to this.

If your business has 20 or more employees and some of them are closely held employees (relatives for example), then the finalisation declaration for the closely held employees needs to be made by 30 September.

If your business has 19 or fewer employees and they are only closely held employees, the finalisation declaration should be made by the due date for lodgement of the tax return of the relevant employee.

Employees will be able to access their Income Statement through their myGov account.

Closely held payees

Payments to closely held payees can be reported through STP in one of three ways:

- Reporting actual payments in real time - reporting each payment to a closely held payee on or before each pay event (essentially using STP 'as normal').
- Reporting actual payments quarterly - lodging a quarterly STP statement detailing these payments for the quarter, with the statement due when the activity statement is due.
- Reporting a reasonable estimate quarterly - lodging a quarterly STP statement estimating reasonable year-to-date amounts paid to employees, with the statement due when the activity statement is due.

Small employers that have arm's length employees must report STP information on or before each payday regardless of the method that is chosen for reporting payments to closely held payees.

If your business has closely held employees, it will be important to plan throughout the year to prevent problems occurring at year end.

Reportable Fringe Benefits

Where you have provided fringe benefits to your employees in excess of \$2,000, you need to report the FBT grossed-up amount. This is referred to as a 'Reportable Fringe Benefit Amount' (RFBA).

Do you need to do a stocktake?

Businesses that buy and sell stock generally need to do a stocktake at the end of each financial year as the increase or decrease in the value of stock is included when calculating the taxable income of your business.

If your business has an aggregated turnover below \$50 million you can use the simplified trading stock rules. Under these rules, you can choose not to conduct a stocktake for tax purposes if the difference in value between the opening value of your trading stock and a reasonable estimate of the closing value of trading stock at the end of the income year is less than \$5,000. You will need to record how you determined the value of trading stock on hand.

If you do need to complete a stocktake, you can choose one of three methods to value trading stock:

- **Cost price** – all costs connected with the stock including freight, customs duty, and if manufacturing, labour and materials, plus a portion of fixed and variable factory overheads, etc.
- **Market selling value** - the current value of the stock you sell in the normal course of business (but not at a reduced value when you are forced to sell it).
- **Replacement value** - the price of a substantially similar replacement item in a normal market on the last day of the income year.

A different basis can be chosen for each class of stock or for individual items within a particular class of stock. This provides an opportunity to minimise the trading stock adjustment at year-end. There is no need to use the same method every year; you can choose the most tax effective option each year. The most obvious example is where the stock can be valued below its purchase price because of market conditions or damage that has occurred to the stock. This should give rise to a deduction even though the loss has not yet been incurred.

Reduce your risks & minimise your tax

Top tax tips

1. Write-off bad debts

To be a bad debt, you need to have brought the income to account as assessable income and given up all attempts to recover the debt. It needs to be written off your debtors' ledger by 30 June. If you don't maintain a debtors' ledger, documenting the write-off is a good idea.

2. Review your asset register and scrap any obsolete plant

Check to see if obsolete plant and equipment is sitting on your depreciation schedule. Rather than depreciating a small amount each year, if the plant has become obsolete, scrap it and write it off before 30 June. Small business entities can choose to pool their assets and claim one deduction for each pool. This means you only have to do one calculation for the pool rather than for each asset.

3. Bring forward repairs, consumables, trade gifts or donations

To claim a deduction for the 2025-26 financial year, consider paying for any required repairs, replenishing consumable supplies, trade gifts or donations before 30 June.

4. Pay June quarter employee super contributions now

Pay June quarter super contributions this financial year if you want to claim a tax deduction in the current year. The next quarterly superannuation guarantee payment is due on 28 July 2026. However, some employers choose to make the payment early to bring forward the tax deduction instead of waiting another 12 months.

Don't forget yourself. Superannuation can be a great way to get tax relief and still build your personal wealth. Your personal contributions need to be received by the fund before 30 June to be deductible.

5. Realise any capital losses and reduce gains

Neutralise the tax effect of any capital gains you have made during the year by realising any capital losses – that is, sell the asset and lock in the capital loss. These need to be genuine transactions to be effective for tax purposes. If assets are transferred to related parties in order to crystallise a capital loss then this can draw the ATO's attention and anti-avoidance rules could be applied.

6. Raise management fees between entities by June 30

Where management fees are charged between related entities, make sure that the charges have been raised by 30 June. Where management charges are made, make sure they are commercially reasonable and documentation is in place to support the transactions. If any transactions are undertaken with international related parties then the transfer pricing rules need to be considered and the ATO's documentation expectations will be much greater. This is an area under increased scrutiny.