WP WRIGHTPARTNERS PTY LTD
ACCOUNTANTS AND REGISTERED TAX AGENTS

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2026 Sole Trader 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.

Information	Information Provided	Not Applicable
Income		
Accounts data file (MYOB, Quickbooks, access to Xero)	☐	☐
Debtors & creditors reconciliation	☐	☐
Stock take if applicable (or if your business is a Small Business Entity, use the simplified trading stock rules)	☐	☐
30 June bank statements on all relevant loan documents	☐	☐
Documents on new assets bought or sold, including the date you entered the contract and the date the asset was first used or installed ready for use	☐	☐
Payroll reconciliation	☐	☐
Superannuation reconciliation	☐	☐
Cash book (if applicable)	☐	☐
30 June statements on any investment or operating accounts	☐	☐
Buy/sell contract notes for shares and Crypto Currency (if any shares were sold) including Crypto Currency transaction history.	☐	☐
Spouses Taxable Income	☐	☐
Other Deductions		
Receipts for donations of $2 and over to registered charities	☐	☐
Expenditure incurred in managing tax affairs (e.g. tax agent’s fees)	☐	☐
Expenditure incurred in earning interest, dividend and other investment income (e.g. investment advice fees)	☐	☐
Income protection insurance premiums	☐	☐
Rental Properties		
Date when property was purchased, including details of co-ownership if applicable	☐	☐

Information	Information Provided	Not Applicable
Period property was rented out during the income year	☐	☐
Records detailing rental income (annual statement from property agent, if engaging services of an agent)	☐	☐
Loan statements for property showing interest paid for the income year	☐	☐
Expenses incurred such as water rates charges, land tax and insurance premiums	☐	☐
Details of depreciable assets bought or disposed of during the year	☐	☐
Details of any capital works on the property: Quantity Surveyor's Depreciation report.	☐	☐
If the property was disposed of during the income year, information relating to dates and costs associated with the disposal of the property	☐	☐
Offsets/Rebates		
Details of any superannuation contributions for spouse	☐	☐
Details of dependants, including their age, occupation and income	☐	☐
Other Information		
Copies of Instalment Activity Statements lodged	☐	☐
Any other information that you think is relevant	☐	☐

To claim a work-related deduction:

- You must have spent the money yourself and was not reimbursed.
- It must directly relate to earning your income and be apportioned for any private use.
- You must have a record to prove it. (Note: Bank & Credit Card Statements are insufficient records on their own).

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

Medicare levy low-income threshold

The Medicare levy low-income thresholds for singles, families, seniors and pensioners will be retrospectively increased from 1 July 2025. This means that you will be able to earn more before having to pay the 2% Medicare Levy.

Threshold	2024-25	2025-26
Singles	$27,222	$28,011
Family	$45,907	$47,238
Single seniors & pensioners	$43,020	$44,268
Family seniors & pensioners	$59,886	$61,623
Each dependent child or student (increase to family threshold)	$4,216	$4,338

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 individuals include:

- A proposed $1,000 instant deduction for work-related expenses from the 2026–27 income year
- The introduction of the Working Australians Tax Offset, providing a permanent annual $250 tax offset to eligible Australian workers
- Proposed changes to negative gearing, limiting deductions for residential property investments to new builds 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

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.

$1,000 instant deduction for work-related expenses

As noted above, the Government is planning to introduce an optional standard deduction for work-related expenses from the 2026–27 income year onwards.

Under the proposed rules, you may choose to claim a fixed deduction of $1,000 for certain work-related expenses without needing to keep receipts or other substantiation records for those expenses. The measure is intended to simplify the tax return process and reduce compliance costs for taxpayers with relatively low levels of deductible work-related expenses.

Importantly, the proposed deduction is optional. If your actual deductible work-related expenses exceed $1,000, you would still be able to claim your actual expenses under the existing deduction and substantiation rules.

Where you choose to use the standard deduction:

- You would not need to substantiate the first $1,000 of eligible work-related expenses;
- You would generally be prevented from separately claiming deductions for expenses covered by the standard deduction; and
- Certain deductions outside the standard deduction may still remain claimable where specifically allowed under the legislation.

The standard deduction is primarily targeted at employees and other individuals earning labour income. Individuals who only derive other types of business or investment income are not expected to benefit from the measure.

The proposed deduction does not provide an immediate cash payment. Any tax benefit would still only arise when you lodge your income tax return and the return is assessed by the ATO.

This measure is not yet law and further amendments might still occur as the Bill progresses through Parliament.

Concessional superannuation contribution

The concessional contributions cap is the maximum amount of before-tax contributions you can contribute to your super each year without contributions being subject to extra tax.

From 1 July 2026, the concessional contributions cap is $32,500.

Electric vehicle home charging rate

If you own and use an electric vehicle (EV) or a plug-in hybrid electric vehicle (PHEV) to produce your income, you may be able to use the ATO's EV home charging rate to calculate the cost of charging your vehicle at home.

You can use the EV home charging rate of 4.2 cents per kilometre to calculate your electricity costs for the year ending 30 June 2026 where you:

- Use your electric vehicle for earning assessable income
- Incur electricity costs when charging your vehicle at home
- Keep the required records for the income year, and
- Claim your car expenses using either the logbook method or your actual work-related vehicle expenses.

This rate increases to 5.47 cents per kilometre from 1 July 2026 onwards.

If you use a PHEV then the rates above aren't applicable, but the ATO does have a formula that can be used to calculate the home electricity costs for a PHEV. The 7-step formula can be found in PCG 2024/2.

Alternatively, you may choose to calculate and claim the actual electricity costs incurred in charging your EV or PHEV, but you would need appropriate records to support this.

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.

Rental properties

The ATO has recently finalised new guidance for residential rental properties through TR 2026/1, PCG 2026/2 and PCG 2026/3. The new guidance reflects a much stricter approach to rental property claims, particularly for holiday homes and properties with some private use.

The ATO's focus is now on ensuring that tax deductions are only available where a property is genuinely being used to earn rental income, rather than mainly being held for private enjoyment or recreation.

Under the new approach, the ATO will closely examine holiday homes and mixed-use properties to determine whether they are primarily being used to produce assessable income across the relevant year. If the ATO considers that a property is mainly being used or held by the owner, family members, or friends for private purposes, deductions such as interest on loans, council rates, land tax, insurance, and depreciation may be denied completely, even if the property is genuinely used to generate some income during the year.

To support deduction claims, property owners need to demonstrate that the property was genuinely available for rent and primarily held for income-producing purposes. The ATO may review factors such as:

- Whether the property was blocked out during peak holiday periods or school holidays;
- Whether rental prices were set artificially high to discourage bookings;
- Whether unreasonable booking conditions were imposed; and
- The actual level of rental occupancy achieved during the year.

Where a property is held mainly to produce income but there is some private use, expenses must be apportioned on a fair and reasonable basis. This generally means claims need to be reduced based on the period or area used privately, with appropriate records maintained to support the calculation.

The ATO has also clarified that all rental income must be declared, including income earned through short-stay platforms such as Airbnb or informal arrangements with family and friends. However, where a property is rented to related parties at below-market rates, deductions relating to that period are generally limited to the amount of rental income received. This means losses cannot usually be generated from non-commercial rental arrangements.

For business

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.

Only the business portion of the expenditure can be claimed and you must retain records to substantiate any deductions that are claimed.

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

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.

Work from home expenses

If you work from home, there are two methods to claim your working from home running expenses:

- The actual expense method;
- The revised short-cut method.

If you are using the revised short-cut method, then a rate of 70 cents per hour applies to energy expenses (electricity and gas), internet expenses, mobile and home phone expenses, and stationery and computer consumables for the year ending 30 June 2026. You can separately claim other costs, such as depreciation on computers or other running costs not referred to above.

To use the revised short-cut method, you will need a record of all of the hours you worked from home. The ATO has warned that it will not accept estimates or a sample diary over a four-week period when using this method. For example, if you normally work from home on Mondays but one day you have an in-person meeting outside of your home, your diary should show that you did not work from home for at least a portion of that day.

You also need to keep a copy of at least one document for each running cost you have incurred during the year which is covered by the fixed rate method. This could include invoices, bills or credit card statements. Where bills are in the name of one member of a household but the cost is shared, each member of the household who contributes to the payment of that expense will be taken to have incurred it. For example, a husband and wife, or flatmates where they jointly contribute to costs.

Home based businesses

If you operate a business from home, you might be able to claim occupancy expenses as well such as interest on a home loan or rent. However, occupancy costs are not automatically deductible just because you perform some work from home in connection with the business.

Also remember that if occupancy costs can be claimed in relation to your home, this could have capital gains tax implications on the sale of the property and you might not qualify for a full exemption under the main residence rules.

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
- Providing business assets for personal use without recognising the relevant tax consequences
- Failing to identify fringe benefits provided to employees or family members
- 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, 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

Having trouble with tax debt?

If you are having trouble paying your 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. This is especially important now that GIC and SIC amounts aren't deductible any more.

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 services
- Information technology (IT) services
- Road freight 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, 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.

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, a director's minute confirming 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 or company sponsored 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.