



Quarterly Update

Summer 2025



ATO Update

Dual Cab Utes and FBT

The ATO wishes to dispel the 'common myth' that Dual Cab Utes are automatically exempt from fringe benefits tax ('FBT'). If an employer provides Dual Cab Utes to staff to complete their duties and the vehicle is available for personal use, then the benefit may be subject to FBT.

By understanding how their employees use their Dual Cab Utes, employers can work out if FBT applies and meet their FBT obligations.

To qualify for an exemption, the Dual Cab Ute must be an 'eligible vehicle'. That is, it must be designed to carry a load of one tonne or more, or more than eight passengers (including the driver), or a load under one tonne and not primarily designed for carrying passengers.

The Dual Cab Ute must also only be used for limited private use (i.e., minor, infrequent and irregular), such as the occasional trip to the tip or helping a mate move house.

If an employee's personal use of the Dual Cab Ute does not meet **both** of the above exemption conditions, then the employer will be liable for FBT.

ATO warning regarding private use of work vehicles and FBT

Employers that supply work vehicles to their employees need to check how the work vehicles are used and whether any exemptions apply to determine if they attract fringe benefits tax ('FBT').

FBT generally applies when a work vehicle is **made available** for private use, even if it is not **actually** used. Private use includes any travel not directly related to the employee's job.

Exemptions may apply depending on the vehicle's specifications and the nature of the private use.

The most common issues the ATO sees include the following:

- incorrectly treating private use as business use;
- assuming Dual Cab Utes are exempt from FBT — exemptions only apply if the vehicle is eligible for the specific FBT exemption and private use is limited;
- incorrectly classifying vehicles;
- poor record keeping that does not support the claims or the FBT calculations made; and
- not reporting or paying on time.

Office Christmas Closure

With the Christmas holidays fast approaching, we would like to share our holiday closure schedule with you. Please advise us well before the office is closed if you require any work or reports urgently . During the Christmas break if an urgent matter arises our Directors can be contacted on their mobile phones:

Dallas	0439 482 806
Sharon	0438 325 122

Our office will be closing at 5:00pm on Friday 19<sup>th</sup> December 2025, and will re-open at 8:30am on Monday 5<sup>th</sup> January 2026.

*We wish to thank all our clients and friends for your ongoing support and wish you a safe and enjoyable Festive Season.*

Staff Update

To assist you with planning appointments we wish to advise of the following staff members work changes:

Cherese Mackley

Cherese will be returning Wednesday 7th January as she is now working a 3 day week Wednesday to Fridays.

Dallas Landwehr

Dallas will be working part time from home during January and will be back in the office on the 29<sup>th</sup> January. He is contactable via email over this period.

Sharon Robertson

Sharon will be in the office on the 5<sup>th</sup> January for the day then back on leave from the 6<sup>th</sup> January to the 14<sup>th</sup> January.

Rodney Taylor

Rod will be on leave from 19<sup>th</sup> January and return to the office on 6<sup>th</sup> February.

Justin Rethus

Justin will return to the office on Tuesday 6<sup>th</sup> January. Justin is also having leave on the 16<sup>th</sup> February to 2<sup>nd</sup> March.

Michelle Schier

Michelle is having an extended Christmas break and returning Monday 12<sup>th</sup> January.

Essential Tips for busy and quiet Businesses this summer

Whether you are ramping up or slowing down, our summer business checklist has all the tips you need to make the most of the holiday period.

Find out how to prepare for the summer rush with hiring tips and insurance advice. If you're looking to take that much needed break, we've got tips on how to notify your customers, leave someone else in charge or close temporarily.

Stay summer ready

In this issue

- Dual Cab Utes and FBT,
  - ATO warning regarding private use of work vehicles FBT,
  - Office Christmas Closure,
  - Staff Update,
  - Essential tips for busy and quiet businesses this summer,
  - Welcome and Farewell
- P.1
- ATO reminder: Business expenses that can (and cannot) be claimed,
  - Employees incorrectly treated as independent contractors,
  - ATO's new approach to holiday home expenses,
  - How to make the most of your HECS-HELP refund,
  - New ATO data-matching programs,
  - Correctly dealing with rental property repairs,
  - Alternative providers to the SBSCH,
- P.2

Welcome and Farewell

We are pleased to welcome Emily Moore, who has recently joined the BCH Accounting team.

Emily completed her Bachelor of Business (Accounting) in 2022. After starting her career in Public Practice and building a solid foundation, she went on to work as an Accountant within a private Company, before returning to Public Practice with BCH last month.

With strong personal connection to farming and agriculture, Emily brings both industry insight and a genuine passion for supporting clients in the agricultural sector.

We're excited to have Emily with us and look forward to the valuable contributions she will make to our team and clients.

Farewell to Madi Hofmaier

We extend our warmest farewell to Madi Hofmaier, who has recently left the BCH team. Madi has been a valued member of our organisation, and her contributions and positivity will be greatly missed.

We wish Madi all the very best for the future and hope the next chapter brings her every success and happiness.



ATO Reminder: Business expenses that can (and cannot) be claimed

Taxpayers can claim a tax deduction for most business expenses, provided they meet the ATO's three 'golden rules':

- The expense must be for business use, not for private use.
- If the expense is for a mix of business and private use, they can only claim the portion that is used for business.
- They must have records to prove their claim.

The ATO also wants business taxpayers to remember that there are some expenses that they **cannot** claim, including entertainment expenses, traffic fines, and expenses that relate to earning non-assessable income.

Employees incorrectly treated as independent contractors

The ATO is warning businesses that if they incorrectly treat an employee as an independent contractor, then they risk receiving penalties and charges, including:

- **PAYG withholding penalty** for failing to deduct tax from worker payments and send it to the ATO;
- **Super guarantee charge** ('SGC'), which is more than the super that would have been paid if the worker was classified correctly. SGC consists of a super guarantee shortfall amount, nominal interest, and an administration fee; and
- **Additional SG penalties**, including a penalty amount of up to 200% of the SGC.

'Sham contracting' may also contravene the *Fair Work Act 2009*. Courts can impose penalties against a business or person that incorrectly informs an employee that they are an independent contractor.

ATO’s new approach to holiday home expenses

The ATO has announced that it will take a somewhat different approach in relation to expenses that are claimed in relation to holiday homes.

Broadly, the ATO now takes the view that, if a taxpayer's rental property is also their holiday home, certain deductions relating to holding it will be completely denied (rather than being apportioned).

Expenses relating to ownership and use of the holiday home (e.g., interest, rates and maintenance) will not be deductible, unless the holiday home is 'mainly' used to produce assessable income.

Whether a holiday home is used 'mainly' to produce assessable income will be determined based on a consideration of a number of factors.

However, this will generally not apply to expenses incurred in relation to holiday homes that are rental properties before 1 July 2026, if those expenses are incurred under an arrangement entered into prior to 12 November 2025.

How to make the most of your HECS-HELP Refund

A year on from the government’s proposal to reduce all HECS-HELP balances by 20%, millions of current and former students are beginning to see deductions applied.

“This is the biggest cut to student debt in Australian history,” says Jason Clare, the minister for education.

“It means millions of young Australians will have thousands of dollars taken off their back.”

The policy, which will see roughly \$16 billion in debt wiped out, applies to Australians who had an outstanding HECS-HELP balance or other eligible debt on June 1, 2025.

On the average \$27,600 balance the reduction will equate to \$5,520, though the department of education has a [debt reduction calculator](#) for those wanting to see how their own balance will change.

How are reductions being applied?

Reductions are being processed automatically by the Australian Taxation Office (ATO), meaning that those eligible won’t need to apply.

Current and former students have been told to expect a text, email or a message in their myGov inbox from the ATO when the reduction has been applied, though people have been warned to update their contact information if it’s out of date.

In terms of timing, some people started receiving their reductions last week. The government expects that by the end of this week, more than three million Australians will have had their debt cut.

The ATO says that it’s aiming to have most of the reductions processed by the end of December, but that more complex cases aren’t likely to be processed until early next year.

What if you paid off your student debt after June 1?

While many will see their existing balance reduced, a smaller group of people who had an outstanding HECS-HELP debt on June 1, but have since paid it off, will be in line to receive a refund from the ATO.

The ATO says that those eligible for a refund will receive it in their bank account linked to the tax office, unless someone has any [outstanding debt with the ATO](#) or another government agency, in which case the refund will be used to pay that off.

Refunds are also being processed separately to reductions, so the ATO has noted that most should be paid by the end of January.

Have HECS-HELP repayment thresholds changed?

Beyond seeing their debt reduced by 20% Australians with existing student loans are likely to benefit from recent changes to repayments.

For the 2025-26 financial year the [minimum threshold](#) for compulsory HECS-HELP repayments has been lifted from \$56,156 to \$67,000.

Repayments are also now based on income above the \$67,000 threshold, rather than on someone’s total income.

For someone earning \$70,000, the changes mean that they will see their compulsory repayments reduced by \$1300 a year, according to the government.

New ATO Data-Matching Programs

The ATO acquires and uses data for pre-filling, detecting dishonest or fraudulent behaviour, and identifying areas where it can educate taxpayers to help them understand their tax obligations.

When data does not match, the ATO may contact tax agents and their clients to find out why.

Rental Income Data-Matching

Over the coming months, the ATO will be sending letters where its data indicates:

- tax returns including rental income may need to be lodged for specific years; or
- rental income should be included in previously lodged tax returns.

Correctly Dealing with Rental Property Repairs

Taxpayers who have had work done on their rental property should ensure the expense is categorised correctly to avoid errors when completing their tax return.

A deduction for 'repairs and maintenance' expenses can be claimed for work done to remedy, or prevent defects, damage or deterioration from using the property to earn income. These expenses can be claimed in the year they were incurred.

However, some 'capital' expenditure may not be immediately deductible, such as for 'initial repairs', 'capital works', 'improvements' and depreciating assets.

**Initial repairs** include fixing any pre-existing damage or deterioration that existed at the time of purchasing the property, even if the damage or deterioration was unknown to the taxpayer at the time of purchase.

Initial repairs are treated as part of the acquisition cost and included in the cost base of the property for CGT purposes, unless they are capital works or depreciating assets.

**Capital works** are structural improvements, alterations and extensions to the property, and can generally be claimed at 2.5% p.a. over 40 years.

Capital works deductions can only be claimed **after** the work has been completed, regardless of when the taxpayer pays the deposit and instalments.

**Improvements or renovations** that are structural are also capital works. Work that goes beyond remedying defects, damage or deterioration that improves the function of the property is regarded as an improvement.

**Repairs to an 'entirety'** are capital and cannot be claimed as repairs. Repairs to an entirety generally involve the replacement or reconstruction of something separately identifiable as a capital item.

**Depreciating assets** are treated as follows:

- ◆ Deductions for 'new' assets must generally be claimed over time according to their effective life.
- ◆ Second-hand depreciating assets generally cannot be deducted.

Alternative Providers to the SBSCH

Employers should start preparing for the permanent closure of the Small Business Superannuation Clearing House ('SBSCH') on 1 July 2026.

By acting now to find an alternative service, employers will:

- have an established process in place to pay super guarantee ('SG') for the March and June quarters (if they currently pay quarterly);
- reduce the risk of late payment of SG for the June 2026 quarter due date (28 July), as the SBSCH will be already closed;
- have more time to set up their business cash flow to enable frequent payments of SG; and
- have finalised payments and downloaded any reports from the SBSCH before it closes permanently.

Employers that are still using the SBSCH should be aware of the following key dates.

- ◆ **10 December 2025** — Super payments, along with instructions, must be received by 5.30 pm AEDT on this date. The ATO says payments received after this time will be processed from 2 January 2026.
- ◆ **28 January 2026** — December 2025 SG quarterly payments due date.
- ◆ **February to March 2026** — Employers should move to an alternative option to the SBSCH.
- ◆ **28 April 2026** — March 2026 SG quarterly payments due date.
- ◆ **30 June 2026** — Final day for employers to use the service, make any final payments and download reports.
- ◆ **1 July 2026** — SBSCH is no longer available.

Employers may already have other options readily available so they can exit from using the SBSCH ahead of time.

They should check their existing software and payroll packages, as they may already include super functions they can use to pay SG.

Otherwise, employers can look for options from super funds or digital service providers offering payroll services, software or commercial clearing houses.

**Disclaimer:** 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. If you no longer wish to receive any client@lerts from BCH Accountants contact [info@bchaccountants.com.au](mailto:info@bchaccountants.com.au) and insert **UNSUBSCRIBE** in the subject.