

JUNE 2025

NEWSLETTER

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Super Guarantee Rate set to increase from 1 July 2025

The rate for superannuation contributions required to be paid by employers under the Super Guarantee Charge will **increase**

12%

from 11.5% to 12% on 1 July 2025. All employers should ensure that they have made necessary adjustments to their payroll system by 1 July 2025.

Super Guarantee Payments and Contributions

It is important to ensure you allow enough time for the payment to **be received** by the fund before the quarterly due dates, as listed below. **Please allow at least a week for your payment to be processed (though check with the fund).**

Quarter ended June 2025 - due by 28 July 2025
Quarter ended September 2025 - due by 28 October 2025
Quarter ended December 2025 - due by 28 January 2026
Quarter ended March 2026 - due by 28 April 2026

Have you missed a Super Guarantee Contribution? If you did not pay the correct amount of Super Guarantee Contributions (SGC) for your employees on time, i.e. received by the fund 28 days after the end of each quarter, you will need to pay the SGC surcharge by lodging an SGC statement to the ATO. Penalties for failure to lodge and pay SGC can be up to 200% of the SGC. You will also lose the tax deduction.

To count as a tax deduction in the 2024/25 year, the super guarantee must have been paid on time and have been processed by the super fund **before** 30 June 2025.

Have you checked your MyGov account recently?

More and more correspondence from the ATO is being sent digitally rather than by paper. We recommend checking your myGov account regularly to ensure nothing is missed. **Visit the App Store**



\$20,000 small business instant asset write-off

The instant asset write-off threshold is less than \$20,000 for the year ended 30 June 2025. Small businesses with an aggregated turnover of less than \$10 million, can immediately deduct the full cost of eligible depreciating assets costing less than \$20,000 that are acquired prior to 30 June 2025, i.e. the asset value needs to be \$19,999.99 or less. The \$20,000 limit applies on a per asset basis, thus small business can instantly write-off multiple assets under this threshold. The rules only apply to assets that fall within the definition of the depreciation provisions. Expenditure on capital improvements to buildings that fall within the scope of the capital works rules do not qualify. Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business depreciation pool and depreciated at 15% in the first income year and 30% each income year after that whilst used for business purposes.

Income tax rates for 2024/25 and 2025/26

Detailed below are the tax rates that apply to individuals who are Australian residents for tax purposes.

2024/25 & 2025/26 Income Tax Rates

Taxable income	Marginal tax rate	Tax payable
0 – \$18,200	0%	Nil
\$18,201 – \$45,000	16%	16c for each \$1 over \$18,200
\$45,001 – \$135,000	30%	\$4,288 plus 30c for each \$1 over \$45,000
\$135,001 – \$190,000	37%	\$31,288 plus 37c for each \$1 over \$135,000
\$190,001 and over	45%	\$51,638 plus 45c for each \$1 over \$190,000

The Medicare Levy of 2% is in addition to the above rates.

New tax cuts will apply as follows:

- ◆ From 1 July 2026, the 16% rate will be reduced to 15%.
- ◆ From 1 July 2027, the 15% rate will be reduced to 14%.

Changes to General Interest Charge (GIC) and Shortfall Interest Charge (SIC) deductions

Taxpayers will be restricted from claiming deductions for both General interest Charges and Shortfall Interest Charges incurred on or after 1 July 2025. Under the amendments, the ATO still has discretion to remit interest charges where it is fair and reasonable to do so.

Payday super

Payday super has been announced but is not yet law. It is proposed that from **1 July 2026** employers will be required to pay their employees super at the same time as their salary and wages, as opposed to each quarter.

2024/25 and 2025/26 super contribution caps

<u>Concessional</u> (i.e. tax deductible) Members aged between 67 and 74 need to meet the work test. Generally members 75 and over are not able to make personal contributions. You may be eligible to carry forward unused concessional contributions.	\$30,000
<u>Non-Concessional</u> (i.e. not tax deductible) Subject to your total superannuation balance and age limits.	\$120,000

To our farmers



Have you purchased equipment or livestock on account or by finance this financial year? Let us know - and send us your statements. Purchases of livestock on account can be declared *in the quarter the purchase occurred*, not when payment is made. GST on purchases of equipment on finance can usually be claimed *in the quarter the purchase / finance was signed*, not when making the first repayment. Get a jump on the end of year and send us your livestock numbers as at 30 June 2025, Farm Management Deposit (FMD) and loan statements and invoices for P&E purchases.

Remember your annual not-for-profit (NFP) self-review return

In order for a NFP entity to qualify as a tax exempt entity and maintain that income tax exempt status there are certain conditions that need to be satisfied.

From the 2023/24 income year, non-charitable NFPs with an active ABN are required to lodge an annual NFP self-review return with the ATO. When the return is being completed the

NFP must answer Yes or No to the question: "Does the organisation have and follow clauses in its governing documents that prohibit the distribution of income or assets to members while it is operating and winding up?" This requirement needs to be satisfied in order for the NFP to self-assess its position as a tax exempt entity.

If a NFP's governing documents don't have these clauses as a transitional arrangement, the ATO is allowing NFPs until 30 June 2025 to update their governing documents. Failing to do this will mean that the organisation cannot self-assess as income tax exempt from 1 July 2024 for the 2025 income year, which would lead to the organisation being treated as a taxable entity that might then need to lodge a tax return.

Landlords

If you own an investment property, it is essential to understand that deductions for expenses can only be claimed when the property is in the course of earning income. That is, the property needs to be rented or genuinely available for rent to claim expenses. If the property is being used by family and friends or taken off the market or listed for less than market rental rate you may not be able to claim some or all of the expenses incurred. This tax season, the ATO is actively focusing on:

- ◆ Refinancing and redrawing loans, e.g. for private use.
- ◆ The difference between repairs and maintenance and capital improvements.
- ◆ Co-owned property.

Cash management is king

Managing cash flow should be an ongoing focus for business owners. External factors such as economic uncertainty, increased regulatory scrutiny, supply chain disruptions and rising operating costs have recently had significant impact on many businesses. So, what can you do to improve your cash flow?

- ◆ Fully understand your invoicing process, including quoting, and be very clear with your clients about the terms of your invoice, including late payment penalties.
- ◆ Examine and understand your financial statements beyond the profit & loss statement. Monitor where your money is being spent to see if there are areas to cut costs. Know your gross profit margin and monitor price hikes from suppliers.
- ◆ Complete cash flow projections to help plan to meet your commitments.



Employee vs Contractor

How a worker is classified, if an employee or a contractor, determines who is responsible for paying taxes, whether you need to provide benefits such as superannuation and leave, and carries legal responsibilities. The primary difference between an employee and a contractor is how the worker interacts with the business:

- ◆ **Employees** work **in** the business and are part of its operations.
- ◆ **Contractors** work **for** the business but maintain their own separate operations.

The contract between the business and the worker is an important part of determining the status of the worker. Some key questions the ATO will consider include:

- ◆ Who has control?
- ◆ How integrated is the worker into the business?
- ◆ How they are paid? E.g. hourly vs for a specific outcome.
- ◆ Subcontracting.
- ◆ Tools & equipment – who provides these items?
- ◆ Risk.
- ◆ Goodwill.

For businesses, classifying workers correctly helps avoid fines and ensures compliance with tax, employment laws and superannuation.

Investment and Capital Gains Tax (CGT)



Assessing your CGT strategy and calculating your CGT bill at the end of the financial year is an important step in your tax planning. Items to consider:

- ◆ **Small business capital write-off:** As discussed earlier, the instant asset write-off has been increased to under \$20,000 for the year ended 30 June 2025.
- ◆ **CGT cost base:** Ensure all amounts that can be included in calculating the cost base of CGT assets have been identified, including:
 - ◆ money paid for the CGT asset
 - ◆ incidental costs of acquiring the asset such as marketing, search fees or borrowing expenses
 - ◆ costs of owning the asset including repairs and insurance premiums (unless previously deducted)
 - ◆ capital costs to increase or preserve the value of your asset or to install or move it
 - ◆ costs of preserving or defending ownership of the CGT asset.
- ◆ **Date of CGT events:** Ensure you identify the correct date of your CGT events, e.g. the date the contract is signed.
- ◆ **CGT discount:** Capital gains realised by individuals and trusts can be discounted 50% and one-third by super funds where the asset was held for at least 12 months.
- ◆ Active assets may be entitled to further CGT concessions.
- ◆ **Pre-CGT:** Where assets were acquired prior to 20 September 1985 they may not be subject to CGT.

Farm management deposits (FMDs)

If you are a primary producer with an uneven income flow, a farm management deposit (FMD) account may help



average out your income tax payable. FMD accounts allow primary producers to make tax deductible deposits during years of good cash flow and withdraw them during leaner years. To receive the tax benefits from having an FMD account, you need to meet certain requirements.

Your eligibility

To be eligible to claim a deduction for a deposit to an FMD account, you must:

- ◆ be an individual (including a partner in a partnership, or beneficiary of a trust).
- ◆ be carrying on a primary production business.
- ◆ have no more than \$100,000 in taxable non-primary production income in the income year you make the deposit.
- ◆ hold no more than \$800,000 in total in FMDs.

Companies and other entities are not eligible for an FMD. You can't make a deposit jointly with another person.

If you're eligible for an FMD, you may claim a deduction for the amount you deposit in that income year. The deposit amounts must **not** be more than your taxable primary production income for the income year.

Non-deductible deposits

You can't claim a deduction for a deposit withdrawn within 12 months unless an exception occurs. If your deposit is a **reinvestment** or **consolidation** it will not be treated as a deductible deposit. Your FMDs may contain both deductible and non-deductible deposits. As the FMD owner, it is your responsibility to keep track of the different amounts in your FMD. **Under the law, the non-deductible components of your deposit must be repaid first.**

If you stop being a primary producer, your FMDs are assessable in that year.

12-month rule

If you withdraw any part of a deposit within 12 months, you can't claim a tax deduction for that amount, unless certain conditions apply. Interest earned on FMDs are included in your assessable income.

ATO targeting unpaid tax and super

The ATO has begun targeting businesses that continue to ignore their unpaid tax and superannuation liabilities or are late lodging their BAS' or tax returns. Businesses that don't promptly engage with the ATO or set up a payment plan for unpaid GST, PAYG withholding or employee super obligations risk firmer actions and penalties by the ATO.

Working from home deductions

For those working from home there are two methods to calculate deductions:

- ◆ Fixed rate method: claim 70 cents per hour (for 2024/25 year) for additional running expenses such as electricity, internet and phone usage even if you don't have a dedicated home office. This method can only be used if you have recorded the actual number of hours you worked from home across the income year. A reasonable estimate isn't enough.
- ◆ Actual cost method: claim the actual expenses incurred, with records to substantiate the claims. This method potentially enables a larger deduction to be claimed, but the record keeping obligations are more onerous.



It's important to note that double dipping is not allowed. For instance, if you claim deductions using the fixed rate method you can't separately claim a deduction for your mobile phone costs.

Company tax rates

The tax rate for Base Rate Entities (BREs) is set at 25%. BREs are companies that have an aggregated turnover of less than \$50m and derive **80% or less** of their income from defined passive sources, such as rental income and interest. The tax rate for all other companies is 30%.

Primary Producer Declaration (PPD)

The introduction of the requirement to earn **more than 50%** of your income from Primary Production to be entitled to use a Primary Producer Declaration has been delayed again. The change will now come into effect from **1 November 2025**.

Reminder: Trust Resolutions

Trustees (or directors of a trustee company) need to decide on the distributions they plan to make by 30 June 2025 at the latest, if not earlier. Decisions made by the trustees should be **documented in writing by 30 June 2025**. If valid resolutions are not in place by 30 June 2025, the risk is that the trustee is taxed at the highest marginal rate.

End of Year 30 June 2025 – reminders & checklist



As part of completing your end of year accounting and tax obligations we usually require the following information. This is a brief, general list and not all items may be applicable to your circumstances.

Business & Wages

- ◆ End of Year (EOY) closing stock values/livestock numbers, including deaths and natural increase.

- ◆ Copies of bank, loan statements, new equipment finance agreements and schedules for the period 1 July 2024 to 30 June 2025.
- ◆ Full details of property sale/purchase contract notes, together with settlement and solicitors' invoices for each CGT event and other selling costs.
- ◆ Invoices for purchase or sale of depreciating assets.

Personal and Investments

- ◆ Annual agent rental statements for the year ending 30 June 2025, together with supporting invoices and notices for expenses, with full year loan statements if financed.
- ◆ Don't forget to provide and get an acknowledgement of advice from your super fund if you are claiming any personal super contributions. You need this acknowledgement before we can lodge your tax return.
- ◆ Details of your personal deductions, including donations.
- ◆ Share portfolio reports, with sale & purchase contract notes and dividend details for the year.
- ◆ EOY interest summary.
- ◆ Information for any unusual transactions.
- ◆ Work related expenses – claims must have a clear connection to income earning activities and be substantiated with records.

Be Alert to myGov Scams!



Scamming impacts people of all ages. According to recent research, people under the age of 50 are

overtaking older Australians as the most reported victims of scams. One of the most common tax scams now involves myGov accounts being accessed for personal data and to change bank accounts for fraudulent refunds. Once scammers have access to your myGov account they can do a lot of damage. Some simple steps may help you avoid this situation:

- ◆ Learn to spot fake messages.
- ◆ Always login to your myGov account directly to check on details alerted in messages rather than clicking on links.
- ◆ Don't log into your myGov account on free wifi networks.

What to do if you have been scammed?

- ◆ If you think you have been scammed, contact the Services Australia Scams and Identity Theft Helpdesk on 1800 941 126.
- ◆ To report a scam to the ATO contact them on 1800 008 540.
- ◆ Call our offices on 02 6852 1855 or 02 6862 1444.

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