

Welcome to Gibson & Partners' Newsletter April 2026

AI may be handy for simple money questions, but it's no substitute for professional advice

Artificial intelligence tools are becoming increasingly popular for answering money-related questions. While these tools can be helpful for summarising information and helping you work out what to research next, convenience doesn't equal accuracy. Tax and super rules can be detailed, exceptions matter, and the right answer often depends on your own circumstances. If you act on incorrect information, the consequences can be serious.

Where AI can be useful

Publicly available general-purpose AI tools can be handy for broad, educational questions such as:

- "How does compound interest work?"
- "What does capital gains tax mean in simple terms?"
- "What is salary sacrifice?"
- "What's the difference between concessional and non-concessional super contributions?"

Used this way, AI can act as a starting point to help you understand terminology and prepare for conversations with your professional adviser.

Where extra caution's needed

The situation changes when questions shift from general information to something that sounds like personal advice. Questions like "Can I claim this expense as a tax deduction?" or "How much should I put into super this year?" depend heavily on your individual circumstances, and AI tools aren't the place to ask them.

There are several reasons AI-generated answers can go wrong. First, AI can simply be incorrect. The ATO specifically warns that you may receive false or inaccurate information from AI tools, even while the responses sound confident and reassuring.

Secondly, AI's likely to miss important details that affect your specific situation. AI tools can't understand your complete financial position, objectives or risk tolerance well enough to make decisions for you.

Thirdly, AI tools aren't designed to provide regulated personal advice. Anyone providing personal financial advice must hold an Australian financial services licence, and providers giving tax advice services to retail clients for a fee must be registered with ASIC.

You should also consider privacy when using AI tools. It's not usually possible to know how publicly available AI tools use the information you type into them, or who might see it in future, so avoid entering your Tax File Number, myGov sign-in details, bank account details, or copies of notices of assessment and identification documents into your query.

Using AI more safely

If you choose to use AI for money-related questions, treat it as a starting point for explanation rather than for decision-making. Always check answers against official sources like the ATO, ASIC's

Moneysmart website and advice from trusted, qualified professionals. Remember that AI can sound confident even when the information it gives you is incorrect.

Keep personal information out of your chat wherever possible, and consider using AI to prepare questions for your professional adviser rather than seeking direct recommendations from the tool itself.

If your question is, “Can I claim this?”, “Does this apply to me?” or “What’s the best option in my situation?”, it’s time to consult a qualified professional. Contact us for advice tailored to your needs and circumstances.

It's logbook check-in time

Many people assume that once they've completed a logbook for their car, they're set for the next five years when it comes to work-related car expenses. However, this common misconception could mean you're claiming more (or less) than you can at tax time.

While logbooks can remain valid for five years, certain life changes require you to start fresh with a new one. Relying on an outdated logbook that no longer reflects your actual work-related travel patterns can lead to incorrect claims.

You'll need a new logbook if you change jobs, move to a new house or workplace or there are changes to your pattern of car use for work purposes.

If you're claiming work-related car expenses for two or more vehicles, you must keep a separate logbook for each car, making sure these logbooks cover the same period for consistent record-keeping.

If you buy a new car during the income year and want to continue relying on your previous car's logbook, you must make a written nomination before lodging your tax return.

TIP: If your employer provides your car or you salary sacrifice a car using a novated lease, you can't claim work-related car expenses using the logbook or cents per kilometre methods. This is because you don't own the car.

Electric and plug-in hybrid vehicles

If you use the EV home charging rate of 4.2 cents per kilometre (5.47 cents for 2026–2027) for a reasonable estimate based on odometer readings, you can't claim any commercial charging costs. For plug-in hybrid vehicles, a specific formula must be used to calculate home charging expenses.

Keeping accurate logbooks and records is essential for claiming the correct amount of work-related car expenses. If you've experienced any changes to your work situation, living arrangements or car usage patterns, talk to us to review whether your current logbook still accurately reflects your circumstances.

Will increased deeming rates affect your Seniors Health Card?

If you hold a Commonwealth Seniors Health Card or receive Centrelink benefits, deeming rate changes could impact your assessed income and benefit eligibility without any change to your actual financial circumstances.

From 20 March 2026, social security deeming rates have increased. The lower deeming rate will rise from 0.75% to 1.25%, and the upper rate from 2.75% to 3.25%. These rates apply to full and part pensioners, as well as self-funded retirees who hold a Commonwealth Seniors Health Card. The rates will be applied automatically by Services Australia.

Deeming rates are a simplified method used by Centrelink to assess income from your financial investments. Rather than tracking the actual returns from each investment, the government assumes your financial assets earn a set percentage return (the deeming rate).

Under deeming, your financial investments are assumed to earn income at the prescribed rates, regardless of what you actually earn. The lower rate applies to financial assets up to \$64,200 for

singles and \$106,200 for couples (combined). The upper rate applies to balances above these thresholds.

Higher deeming rates can increase your assessed income even when your financial position hasn't changed. Rate changes may affect:

- Commonwealth Seniors Health Card eligibility if your adjusted taxable income plus deemed income exceeds the threshold;
- Age Pension payments for those subject to income testing;
- some aged care fees, as higher deemed income can lead to higher means-tested care fees; and
- other income-tested benefits or concessions.

Account-based income streams that commenced on or after 1 January 2015 are subject to deeming for social security income test purposes. Where deeming applies, your actual pension payments are ignored for assessment purposes.

This particularly affects Commonwealth Seniors Health Card holders and age pensioners who are subject to income testing.

You may want to:

- review your current Centrelink entitlements and income assessments;
- calculate how the new deeming rates might affect your benefits or fees; and
- consider whether any adjustments to your financial arrangements are appropriate.

STP penalties are under the ATO's microscope

Single Touch Payroll (STP) and super fund member reporting are now established parts of Australia's tax and super framework, and the ATO has signalled clearer guidance on how penalties may be applied when reporting is late, incomplete, incorrect or in the wrong format.

For employers, the key message is that STP isn't just a payroll process. It's now a critical data source used across the tax and super systems, including employee income statements, activity statement processes and the ATO's compliance work on super guarantee. STP information is shared among government agencies and used in real time, which is one reason accurate reporting matters more than ever.

Employers

In practice, the ATO is setting out a firmer administrative approach to obligations that already exist.

Employers' STP obligations are already clear. When you pay employees, you need to report payroll information through STP-enabled software, including salaries and wages, PAYG withholding and super liability information. You're generally required to lodge a pay event on or before payday, and by 14 July each year you also need to make an end-of-year finalisation declaration through STP. Unless you're covered by a deferral or exemption, you should now be reporting through STP Phase 2.

The ATO is explicit that penalties can apply. Employers that haven't started STP reporting, or have not transitioned to STP Phase 2 and aren't covered by a deferral or exemption, may be subject to failure to lodge penalties. More broadly, a failure to lodge on time penalty can apply where a required return, statement or report isn't lodged by the due date, although the ATO also says it generally considers your circumstances and often doesn't apply penalties in isolated cases of late lodgment.

Superannuation funds

Employer reporting and fund reporting now work together. Super funds must report member account transactions and attributes under the ATO's reporting protocols, and penalties may apply if a fund fails to lodge required information on time, provides a false or misleading statement, omits information for a member or fails to keep adequate and correct records. Penalties won't apply for a false or misleading statement where reasonable care was taken.

For employers, this reporting environment means mistakes are more visible. If your business's payroll records, STP reporting and super payments don't line up, that can create issues not only for ATO compliance activity, but also for what your employees see in myGov and in their super records.

What should you do now?

First, treat STP as a live compliance obligation, not an end-of-year tidy-up. Report on or before payday and finalise by 14 July.

Second, make sure you're using the correct STP Phase 2 reporting format if you're required to do so. The ATO has specifically identified incorrect format reporting as an issue that reduces the effectiveness of event-based reporting.

Third, reconcile your payroll regularly. The ATO recommends checking payroll totals, STP year-to-date figures and BAS reporting, and making sure you have strong payroll governance, documented processes and periodic reviews of controls.

Fourth, fix errors early – timely correction and early engagement matter. If you're having difficulty meeting obligations, contact us or the ATO as soon as possible rather than waiting for the problem to grow.

Major super tax changes now law

Parliament has passed two key Bills, delivering significant changes to Australia's superannuation system that will reshape how high-balance accounts are taxed and boost support for low-income earners.

Division 296 tax

This change will affect fewer than 0.5% of current superannuation members – approximately 80,000 Australians with extremely large super balances. For the vast majority, superannuation tax arrangements will remain unchanged.

The new Division 296 tax, commencing 1 July 2026, targets earnings on large superannuation balances through a two-tiered system for earnings on balances exceeding \$3 million:

- the current 15% tax rate remains for earnings on balances up to \$3 million;
- earnings on the super portion between \$3 million and \$10 million will be taxed at an effective 30% rate; and
- earnings on amounts above \$10 million will face a 40% effective tax rate.

These thresholds will be indexed to the Consumer Price Index to keep pace with inflation. The new tax applies only to future realised earnings, not unrealised capital gains on unsold assets.

Importantly, for the first year only, liability is determined based on your total super balance at 30 June 2027, rather than at the start of the year.

Total super balance calculations

Less publicised but equally important are changes to how total superannuation balances (TSB) are calculated. The new framework introduces a "TSB value" concept, with each superannuation interest having its own TSB value. Your total TSB becomes the sum of all these values across your Australian superannuation interests.

This applies from 1 July 2026 and affects all tax purposes where TSB is relevant, not just Division 296 calculations.

LISTO increases

From 1 July 2027, the maximum LISTO increases from \$500 to \$810, while the eligibility threshold rises from \$37,000 to \$45,000. The new framework links both amounts to existing tax thresholds and rates, meaning they will automatically adjust when marginal tax rates or superannuation guarantee rates change.

These changes represent the most significant superannuation tax reforms in years. If you have a large superannuation balance, the window before 30 June 2027 provides time to consider your options. Low-income earners will benefit from enhanced LISTO support from 2027.