BDS HUON

JULY 2026

# TAX INSIGHT
## PRACTICE UPDATE

Timely news and updates to help you manage your tax and business affairs.

### GOVERNMENT'S TAX REFORM PACKAGE

The Government has recently legislated several of the tax reform measures announced in the 2026 Federal Budget (and in later media releases). These include, among other things:

- Replacing the CGT discount with cost base indexation and a 30% minimum tax on gains accruing from 1 July 2027 (including gains on pre-CGT assets);
- Increasing the small business turnover threshold for the 50% active asset reduction from $2 million to $10 million;
- Limiting negative gearing for residential property to new residential dwellings from 1 July 2027 (subject to transitional rules); and
- Introducing the Working Australians Tax Offset from 1 July 2027, and the $1,000 instant tax deduction for work-related expenses from 1 July 2026.

After a round of consultation, the Government has also announced further proposed measures, broadly including (among others):

- A new targeted CGT discount for investors in innovative start-ups;
- Barring SMSFs from utilising future limited recourse borrowing arrangements ('LRBAs') to acquire residential property; and
- Exempting income of discretionary testamentary trusts from the minimum tax proposed for trusts.

**WHAT THIS MEANS FOR YOU**

These reforms start at different times. Speak with us now to understand how they may affect you and your plans.

### CHANGES TO CAR THRESHOLDS FROM 1 JULY 2026

The car limit for the 2027 income year is $69,883. This is the highest value that a taxpayer can use to calculate depreciation on a car where they use the car for work or business purposes (and they first use or lease the car in the 2027 income year).

**MAXIMUM GST CREDIT**

**$6,353**

The maximum GST credit that can generally be claimed for the creditable acquisition of a car above the limit is $6,353 (i.e., one-eleventh of $69,883).

**LUXURY CAR TAX (LCT) THRESHOLD FOR 2027 INCOME YEAR**

| | |
|---|---|
| Fuel-efficient vehicles | $91,661 |
| All other luxury vehicles | $80,809 |

**PLANNING TIP**

The thresholds are indexed annually. If you are purchasing or leasing a vehicle for business, speak with us before signing the purchase contract.



### WHAT'S NEW FOR SMALL BUSINESS?

The ATO is reminding business taxpayers of recent changes they should keep in mind this Tax Time, including the following:

**PAYDAY SUPER FROM 1 JULY 2026**

- Employers will need to pay super to an employee's nominated super fund each payday, and it must reach the fund within 7 business days after payday (unless a longer timeframe applies, such as for new employees).
- Employers must also report both qualifying earnings and super liability through STP reporting.
- If super is not received by the fund, in full and on time, the super guarantee charge applies.

**$20,000 INSTANT ASSET WRITE-OFF**

Businesses with an aggregated turnover of less than $10 million may be able to immediately deduct the business portion of eligible assets costing less than $20,000, where the asset was first used or installed ready for use between 1 July 2025 and 30 June 2026.

**INTEREST CHARGES NO LONGER DEDUCTIBLE**

Businesses cannot claim a deduction for General Interest Charge (GIC) or Shortfall Interest Charge (SIC) incurred from the 2025/26 income year.

**PLUG-IN HYBRID VEHICLE CHANGES**

From 1 April 2025 (i.e., from the 2026 FBT year), plug-in hybrid electric vehicles are no longer treated as zero or low emissions vehicles for the purposes of the FBT exemption.

**FUEL EXCISE RELIEF EXTENDED FOR JULY**

The Government has announced a further temporary extension of fuel excise relief for July, together with a reduction in the Heavy Vehicle Road User Charge.

The Government says these measures will make petrol and diesel 16 cents per litre cheaper than they otherwise would have been during July.

**KEY ACTIONS FOR BUSINESS**

- Ensure payday super processes are in place.
- Review asset purchases before 30 June to maximise deductions.
- Review loan arrangements in light of non-deductible interest charges.
- Review your FBT position for plug-in hybrid vehicles.



### CHECK FOR ATO-HELD SUPER

The ATO is reminding taxpayers that they may have superannuation money held by the ATO.

This can include:

- unclaimed super money received from super funds (for example, inactive low-balance accounts);
- employer super guarantee amounts that could not be paid to a fund; and
- certain government super contributions.

Taxpayers can check for ATO-held super through myGov, ATO online services or the ATO app.

### OTHER REMINDERS

**Lodgement & Payment Due Dates**
Individuals: 31 October 2026
Trusts & Companies: 28 February 2027

**Keep Good Records**
Maintain records for at least 5 years from the date of lodgement.

**Check Your Details**
Ensure your contact details, bank accounts and TFN are up to date with the ATO.

### ATO APP ALERTS AND SUPER VERIFICATION

The ATO has added an extra verification step for super transfer and consolidation requests made through the ATO's online services.

This step is the latest ATO app security feature that helps protect against fraudulent activity.

If a taxpayer has registered their device using the ATO app, they will need to verify requests to transfer or consolidate super before the request is submitted (from May 2026).

**EDITOR'S NOTE**

The ATO has also advised that, on 5 June 2026, a large number of ATO messages were sent about changes to bank account details.

The ATO notes that these messages were caused by a planned internal system update, and no action is required because of that message alone. The ATO nonetheless recommends that taxpayers review any real-time ATO app alerts, check their details, and act quickly if something looks wrong.



### DENTAL CLINIC LIABLE FOR SUPER GUARANTEE CHARGE

The Administrative Review Tribunal ('ART') recently considered whether an oral health therapist engaged by a dental clinic was an 'employee' for super guarantee purposes.

The clinic argued that the therapist was not an employee but was instead an independent contractor and, as such, the clinic was not liable for the super guarantee charge.

**The ART disagreed, and held that the therapist was an employee under the extended definition.**

**IN PARTICULAR, THE ART FOUND THAT:**

- the contract contained features consistent with an "employment" arrangement;
- the therapist was part of a regulated profession and could not practise independently;
- the purpose of the contract was to engage the therapist personally to work as a member of an integrated team (rather than to provide her with the use of the clinic and its facilities); and
- the therapist was paid as a percentage of the fees billed by the clinic to patients.

**EDITOR'S NOTE**

The extended definition of 'employee' for these purposes includes a person who works under a contract that is wholly or principally for the labour of the person.

**WHY THIS MATTERS**

Many businesses incorrectly classify workers as contractors. If the working arrangement is principally for labour, Super Guarantee obligations may still apply.

**NEED ADVICE?**

If you are unsure whether your contractors are correctly classified, contact our office before the ATO contacts you.

**WE ARE HERE TO HELP**

If you would like to discuss how these recent changes may affect you or your business, please contact our office.

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