

DECEMBER 2025 TAX NEWSLETTER



Welcome to our December 2025 newsletter—packed with key tax deadlines, updates, and tips to help you stay compliant and informed.

Alternative providers to the Small Business Superannuation Clearing House ('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.

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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.

Reminder of December 2025 Quarter Superannuation Guarantee ('SG')

As noted in the above article, employee super contributions for the quarter ending 31 December 2025 must be received by the relevant super funds by 28 January 2026.

If the correct amount of SG is not paid by an employer on time, they will be liable to pay the SG charge, which includes a penalty and interest component.

The SG rate is 12% for the 2026 income year (increased from 11.5% for the 2025 income year).

Dental expenses are private expenses

The ATO has been seeing a number of deduction claims for dental expenses this tax time. Dental expenses, including preventative and necessary dental treatment, medical expenses and other costs relating to client's personal appearance (such as teeth whitening, makeup, skin care, shaving products and haircuts) are not deductible.

These expenses are generally private expenses, even if an employer expects an employee to maintain a certain appearance, or pays them an allowance to cover grooming expenses.

Taxpayers should remember that they can only claim an expense that **directly** relates to earning their income. Private expenses cannot be claimed as a deduction.

Taxpayers should have written evidence of all their expenses, and be able to show a direct connection with those expenses to their employment income.

Australians call out tax dodgers in record numbers

The ATO has hit a major milestone of over 300,000 tip-offs from the community about tax avoidance and other dishonest behaviours since 1 July 2019. In the 2024/25 financial year alone, almost 50,000 red flags were raised by members of the community who spotted something suspicious.

Most of the tip-offs received related to shadow economy activity, coming from customers, employees, other businesses, and even family and friends.

This year, Australians reported businesses and individuals who:

- ☐ did not declare their income;
- ☐ demanded or paid for work in cash to avoid tax;
- ☐ lived lifestyles that did not match their known income; and
- ☐ failed to report all sales.

The top three industries seeing a surge in 'red flags' this financial year are:

- building and construction;
- cafes and restaurants; and
- hairdressing and beauty services.

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.

Please contact our office if you want more information regarding this new development.

ATO warns about barter credit tax scheme

The ATO is warning the community to steer clear of an emerging tax scheme involving barter credits — a type of alternative currency used in some business networks.

A tax scheme that involves artificially inflating deductions for donations of barter credits to deductible gift recipients ('DGRs') is on the rise. While it may seem enticing, promoters and taxpayers could face potentially significant consequences if they are involved.

The ATO is concerned that such schemes are being enabled by several barter exchanges that are allowing participants to access barter credits with a nominal face value that is much more than any payments actually made to the exchange. Participants then donate these barter credits to a DGR and claim a larger tax deduction than they are entitled to.

Those involved may have to repay the tax, plus face heavy penalties, interest and legal action.

Super on Payday: Fundamental Changes for Employers

If you run a business, you already know the juggling act that comes with managing the payroll process — paying staff on time, managing cash flow, and staying compliant. From 1 July 2026, there's a major change coming that will reshape how you handle superannuation contributions for staff.

It's called Payday Super, and it became law on 4 November 2025. The new rules are designed to close Australia's \$6.25 billion unpaid super gap and make sure employees — especially casual and part-time workers — get their retirement savings when they get paid.

What's Changing?

From 1 July 2026, you'll need to pay superannuation guarantee (SG) contributions at the same time as wages, rather than weeks or months later. Employers will have seven 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 change isn't just about compliance — it's about impact. The Government estimates the earlier payments could boost an average worker's retirement balance by around \$7,700.

Why It's Good for Business

This reform might sound like extra admin, and it might take a bit of getting used to, but it can actually simplify your payroll process and strengthen your reputation as an employer.

- Less admin – Paying super when you run payroll means no more quarterly payment crunches.
- Fewer compliance risks – ATO data-matching will pick up issues faster, helping you avoid penalties before they snowball.
- Stronger employee trust – Staff can see their super growing in real time, which might help with engagement and retention.
- Smoother cash flow management – Paying smaller, regular amounts of super is often easier to manage than large quarterly sums.

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.

How to Get Ready — Practical Steps to Take Now

You've got time before the rules kick in, but the smart move is to prepare early. Here's how:

1. Check your payroll software.

Most modern systems (like Xero, MYOB, or QuickBooks) already support payday-aligned super. Confirm your setup and check if any updates or integrations are needed.

2. Map your pay cycles.

Note how often you pay staff (weekly, fortnightly, monthly) and calculate the seven-day payment window for each.

3. Brief your team.

Make sure whoever manages payroll understands the changes. The ATO has free online resources and webinars to help.

4. Plan your cash flow.

Consider shifting from quarterly to more regular payments now to get used to the timing. Smaller, frequent super payments can reduce cash flow shocks.

5. Monitor and review.

Set up a monthly check to ensure super contributions have cleared correctly. Keep an eye on ATO updates as final guidance is released.

If you outsource payroll, contact your provider soon — many are already updating systems for Payday Super and can help you make a seamless switch.

The Bottom Line

Payday Super isn't just a compliance change — it's an opportunity to make your payroll more efficient, your staff happier, and your business more compliant with less effort. With the laws now passed and just over 6 months to prepare, it's time to get ahead of the curve.

If you'd like help reviewing your payroll setup or planning the transition, get in touch with our team — we can help you make sure your business is ready to go when Payday Super commences.

Unlocking Tax Savings: Can Your MBA (or Other Studies) Pay Off at Tax Time?

If you've invested in further study — an MBA, a leadership course, or a postgraduate qualification — you might be wondering: can this help at tax time?

For many professionals, the answer is yes — but only if the right boxes are ticked. The ATO's rules on self-education expenses are strict, and the line between "deductible" and "non-deductible" can be thin. Getting it right could mean thousands back in your pocket; getting it wrong could mean an ATO adjustment, plus interest and penalties.

Let's unpack how it works with a real-world example and some practical takeaways.

The Scenario: Sarah's MBA

Sarah works in the Department of Defence and recently completed an MBA through a private provider. Her employer supported her studies with a \$40,000 study allowance, and the course fees totalled \$18,000. She deferred payment using the FEE-HELP loan system and declared the allowance as taxable income in her return.

Now she's asking:

Can I claim a deduction for my MBA fees?

Does it matter that I used FEE-HELP?

Does the employer allowance change things?

The Type of Loan Matters

First, not all funding for education courses is treated equally.

HECS-HELP - no deduction:

If your course is a Commonwealth supported place (most undergraduate and some postgraduate university programs), you can't claim a deduction. There is specific legislation in the tax system which denies deductions for fees covered by HECS-HELP — even if you pay them upfront and even if the course is closely related to your work.

FEE-HELP - potential deduction:

If you're in a full-fee course, your tuition fees might be deductible if the study directly relates to your current employment or business activities. The ATO doesn't allow a deduction for loan repayments later on — just the course fees themselves.

Practical tip:

Check your course statement or loan confirmation to see if you're under HECS-HELP or FEE-HELP. Only FEE-HELP (or private payment) gives you potential deductibility.

The "Nexus" Test — Linking Study to Your Current Work

Even if the funding passes the first test, the purpose of the study is key. The ATO will only allow deductions if the course maintains or improves the skills you already use in your job, or is likely to increase your income in that same role.

It won't apply if you're studying to move into a new field or start a different career.

The ATO issued a detailed ruling on this topic in 2024 which provides some clear examples:

Allowed: A store manager doing an MBA to strengthen leadership and business operations skills.

Denied: A sales rep doing an MBA to change careers into consulting — the link to the current role was too weak.

For Sarah, the deduction depends on whether her MBA subjects (like strategy, policy or management) build directly on her current Defence role. The fact that her employer funded the course helps demonstrate relevance, but it's not proof on its own.

In some cases you might find that specific subjects or modules are sufficiently linked with current income earning activities, while other subjects are too general in nature for the fees to be deductible.

Employer Allowances and HELP Repayments

The \$40,000 allowance Sarah received is assessable income — it's taxed just like salary. But that doesn't stop her from claiming eligible self-education deductions for the course fees.

HELP loan repayments later on are not deductible — they're simply a repayment of debt. The timing of the deduction is based on when the course expense was incurred (not when the loan is repaid).

Making It Practical

If you're planning further study or reviewing a recent course, here's how to make sure you get it right:

Check your loan type — FEE-HELP or private fees can be deductible; HECS-HELP cannot.

Gather evidence — Keep course outlines, job descriptions, and any correspondence showing the study supports your current work.

Claim what's relevant — You can only claim expenses directly connected to your current job (fees, books, and possibly travel).

Be ready for review — Large claims often attract ATO attention. A private ruling can provide peace of mind if the amount is significant.

Key Takeaways

For many professionals, postgraduate studies like an MBA can deliver both career and tax benefits — but only if they relate directly to your current role.

Handled correctly, self-education deductions can return thousands in tax savings. For Sarah, that could mean a refund of over \$5,000 on an \$18,000 course.

If you're considering further study, talk to us before you enrol or claim. A quick chat could ensure your next qualification delivers the best return — professionally and financially.

Know the Rules Before You Break Them: Why SMSF Education Matters More Than Ever

Running, or deciding to set up a self-managed super fund (SMSF) gives you control, but it also brings legal responsibilities. The *Superannuation Industry (Supervision) Act 1993* (SISA) contains detailed rules on trustee duties, investments, borrowing, payments and recordkeeping. Simply put, you cannot identify or avoid breaches you don't know exist. For trustees, this should mean education is not optional but rather, is essential for risk management.

Why understanding SISA matters

- You can't comply with what you don't know: Many common breaches arise from misunderstanding basic SISA duties (for example, sole purpose, arm's length dealings, or in-house asset limits). Awareness of the rules is the first step to spotting a problem early.
- Early identification reduces harm: Knowing what to look for, incorrect benefit payments, related party transactions that aren't on commercial terms, or records that are incomplete, lets you seek advice before small errors become reportable contraventions.
- Education protects members: The consequences of a breach can include loss of tax concessions, penalties and remediation costs that reduce retirement savings for members.

The ATO's Focus on Education — What Trustees Need to Know

The ATO has recently published a draft Practice Statement (PS LA 2025/D2) explaining when it might issue an education direction under section 160 of SISA. These directions give the ATO power to require trustees (or directors of corporate trustees) to complete specified education, where trustees' knowledge or behaviour poses a risk to compliance. The draft statement sets out the ATO's approach and the kinds of circumstances that may lead to an education direction.

However, trustees should not wait for an ATO directive before getting educated – such a directive means the trustees have already breached the rules. The draft Practice Statement is intended to support compliance and public confidence, but it is not a substitute for proactive trustee learning. Acting early and voluntarily is both safer for trustees and viewed more favourably by regulators.

Practical Steps Trustees Can Consider: Use ATO's official SMSF guidance

Start with the ATO's SMSF courses on the lifecycle of an SMSF, setting up, running and winding up. These courses are written for trustees and prospective trustees:

- Setting up an SMSF: <https://smallbusiness.taxsuperandyou.gov.au/setting-up-a-self-managed-super-fund-smsf>
- Running an SMSF: <https://smallbusiness.taxsuperandyou.gov.au/running-a-self-managed-super-fund-smsf>
- Winding up an SMSF: <https://smallbusiness.taxsuperandyou.gov.au/winding-self-managed-super-fund-smsf>

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Complete the ATO's 'knowledge check'

The ATO provides an online "knowledge check" for each course designed to test trustee understanding. It's a useful starting point, but note a pass mark of 50% should not be taken as a guarantee of safety. Trustees should consider whether aiming for a much higher standard, even 100% comprehension of core duties, is a more appropriate target to reduce risk.

Seek timely professional advice

If a knowledge check or your reading flags uncertainty, contact us early to discuss your concerns. Timely, qualified advice often transforms a potential contravention into a routine fix and may mitigate potential penalties or ATO enforcement action.

Document your learning and decisions

Keep records of training completed, who provided advice, and why investment or payment decisions were made. Good records are persuasive evidence of a trustee's intent to comply.

Final Word

SMSF trustees hold both opportunity and responsibility. Learning the SISA rules and the ATO's expectations is the most practical way to prevent costly mistakes. The ATO's draft Practice Statement shows the regulator is prepared to use education directions where trustees' knowledge gaps pose risks, but you shouldn't wait to be told. Build your knowledge, use the ATO's resources, complete the knowledge check, document what you learn, and seek professional help confidently and early. That approach better protects your fund and retirement outcomes.

Cash is Making a Comeback – Is Your Business Ready to Take It?

For years, businesses have been moving away from cash – and for good reason. Digital payments are quick, traceable, and cut down on the risk of theft or counting errors. But that tap-and-go world might soon have to make room again for notes and coins.

The Government has released draft regulations that would require certain retailers to accept cash payments, ensuring Australians can still buy essential goods like groceries and fuel – even when technology fails. The change aims to stop people from being excluded when power, internet, or card systems go down, or when they simply prefer to pay in cash.

Who Will Need to Accept Cash – and Who Won't

The new rules are targeted and, importantly, practical. They'll apply to fuel stations and grocery retailers, including both major supermarket chains and independent operators, but only for in-person transactions under \$500. That means you won't have to accept someone paying for a \$700 tyre replacement or bulk farm supplies in cash – it's about the everyday essentials.

If your business (or franchise group) has an annual turnover of less than \$10 million, you'll be exempt. That's good news for most small businesses such as family-run grocers, local cafés, and corner stores already managing tight margins and staffing challenges.

The regulations are expected to take effect from 1 January 2026, with a review after three years to see how the system is working in practice.

Why It's Happening

The move comes as part of a broader push to maintain access and fairness in Australia's payment system. The Government and industry groups have recognised that while most Australians are happy to tap their card or phone, around 10–15% still prefer to use cash – particularly older Australians and those in regional or remote areas.

There's also a resilience angle: during bushfires, floods, or power outages, card networks can go offline. In those moments, cash becomes essential.

What This Means for Your Business

For larger retailers, this change will mean dusting off cash-handling policies and reintroducing processes that many have phased out. That may include:

- Re-establishing cash floats and tills
- Staff training to handle and verify cash
- More frequent bank deposits and reconciliation procedures

For small businesses that fall under the \$10 million exemption, the key step will be to document your turnover clearly so you can demonstrate that the exemption applies. We can help ensure your records and structures support that.

There may also be commercial upside. Accepting cash could attract a segment of customers who've drifted away as stores went digital – especially in regional areas where cash use remains strong. A small business that promotes "cash welcome" could even gain new loyal customers who value convenience and personal service.

Preparing for the Change

With final regulations expected soon, it's worth starting to plan now. Review your payment policies, assess whether you're likely to be caught by the new rules, and budget for any setup or compliance costs.

If you're exempt, ensure your records are watertight. If not, look for ways to streamline cash handling – for example, by using digital cash counters or smart safes to reduce errors and time spent on reconciliations.

Looking Ahead

Cash isn't going away just yet. This reform is about maintaining choice, resilience, and fairness in how Australians pay – and ensuring businesses are ready when customers want to use it.

If you'd like help assessing how these rules could affect your operations or what the exemption means for your business, get in touch with our team.

Please note: 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.