

SEPTEMBER 2025 TAX NEWSLETTER



ATO to include tax 'debts on hold' in taxpayer account balances

From August 2025, the ATO is progressively including 'debts on hold' in relevant taxpayer ATO account balances.

A 'debt on hold' is an outstanding tax debt where the ATO has previously paused debt collection actions. Tax debts will generally be placed on hold where the ATO decides it is not cost effective to collect the debt at the time.

The ATO is currently required by law to offset such 'debts on hold' against any refunds or credits the taxpayer is entitled to. The difficulty with these debts is that the ATO has **not** traditionally recorded them on taxpayer's ATO account balances.

Taxpayers with 'debts on hold' of **\$100 or more** will receive (or their tax agent will receive) a letter before it is added to their ATO account balance (which can be viewed in the ATO's online services or the statement of account).

Taxpayers with a 'debt on hold' of less than \$100 will not receive a letter, but the debt will be included in their ATO account balance

The ATO has advised it will remit the general interest charge ('GIC') that is applied to 'debts on hold' for periods where they have **not** been included in account balances. This means that taxpayers have not been charged GIC for this period.

The ATO will stop remitting GIC six months from the day the taxpayer's 'debt on hold' is included in their account balance. After this, GIC will start to apply.

Bill to reduce student debt now law

Legislation has recently been enacted which delivers on the 2025/26 Federal Budget announcement to reduce student debts.

Pursuant to this legislation:

- there is a **one-off 20% reduction** to Higher Education Loan Program debts and other student loans that were **incurred on or before 1 June 2025**;
- the minimum repayment threshold is increased from \$54,435 in the 2024/25 income year to **\$67,000** in the **2025/26** income year (to continue to increase each year with the growth in wages); and
- a marginal repayment system is introduced where compulsory student loan repayments are calculated only on income above the new \$67,000 threshold (rather than having it based on a percentage of the repayment income).

Getting the main residence exemption right

The ATO has the following tips for taxpayers in relation to the CGT main residence exemption.

- ◆ They should consider if they have bought or disposed of property in the past income year. If they have sold property, were they using it solely as their primary place of residence, earning income from it (rental or business), or was it vacant land?
- ◆ They should understand the applicable record keeping requirements in relation to property.
- ◆ If they have disposed of vacant land, they are **not** eligible for the main residence exemption, even if they had intended to build their main residence on the land.
- ◆ They are only eligible for the '6-year absence rule' if the property was their main residence before they rented it out.
- ◆ Broadly, they can only have one property as their main residence at a time - the only exception is the 6-month period when they move from one home to another.

If you need assistance with the above or with completing your tax return, please contact our office.

Small Business Superannuation Clearing House is closing

The Small Business Superannuation Clearing House ('SBSCH') will close on **1 July 2026**.

The SBSCH is a free online service provided by the Australian Government through the ATO.

The SBSCH can be used by employers to pay superannuation for all their employees through a single payment. The SBSCH will then distribute the money to each employee's superannuation fund according to the employer's instructions.

To support small businesses to transition to alternative services prior to this time, new users will be unable to register to use the service from 1 October 2025.

Existing users are encouraged to take steps now to transition to alternative options.

These include reviewing their existing software and payroll packages (which may already include super functions), or looking at options offered by super funds, commercial dealing houses, or other payroll software or providers.

ATO AFCX data-matching program

The ATO will acquire relevant account and transaction data from the Australian Financial Crimes Exchange ('AFCX') for the 2025 to 2027 income years, including the following:

- ❑ Client identification details (names, addresses, phone numbers, dates of birth, identity verification document details, IP addresses, etc); and
- ❑ Bank account transaction details (bank account details, transaction date and amount, IP addresses, etc).

The ATO estimates that records relating to approximately 70,000 individuals will be obtained each financial year.

The data collected under this program will be used to (among other things) safeguard taxpayer accounts from identity crime by implementing protective controls to enable pre-lodgment detection and application of treatments to victims of fraud.

PAYGW reminders for activity statement lodgments

The ATO will be sending **certain** employers a reminder to lodge their activity statements.

The reminder will include the amounts the ATO has on record for them, such as:

- ◆ PAYG withheld amounts reported through Single Touch Payroll; and
- ◆ any other pre-filled amounts, including GST instalments and PAYG instalments (instalment amount option).

The ATO's reminders are intended to provide a timeframe for employers to review (and if necessary correct) the amounts the ATO has on record for them and lodge their activity statements.

If these selected employers do not lodge by the specified date, the ATO will consider the amounts it has on record are correct and complete, and it will add these amounts to the employer's account, meaning they will be due and payable.

The ATO may also finalise the employer's activity statement and consider it lodged unless the employer has any other obligations such as GST to report.

If employers do not make any changes to correct the data or lodge by the due date and the activity statement has been finalised in ATO systems, they will need to adjust these amounts by lodging a revised activity statement.

If the information is correct, they will not need to take any further action.

Non-compete clauses: the next stage

Back in March this year the Government announced its intention to ban non-compete clauses for low and middle-income employees and consult on the use of non-compete clauses for those on higher incomes. The Government has indicated that the reforms in this area will take effect from 2027. This didn't come as a complete surprise as the Competition Review had already published an issues paper on the topic and the PC had also issued a report indicating that limiting the use of unreasonable restraint of trade clauses would have a material impact on wages for workers.

Treasury has since issued a consultation paper, seeking feedback in the following key areas:

- How the proposed ban on non-compete clauses should be implemented;
- Whether additional reforms are required to the use of post-employment restraints, including for high-income employees;
- Whether changes are needed to clarify how restrictions on concurrent employment should apply to part-time or casual employees; and
- Details necessary to implement the proposed ban on no-poach and wage-fixing agreements in the Competition and Consumer Act.

Treasury makes it clear that the Government is not planning to change the way the rules apply to restraints of trade outside employment arrangements (eg, on sale of a business) or change the use of confidentiality clauses in employment.

If the proposed reforms end up being implemented, then this could have a direct impact on a range of employers and their workers. Existing agreements will need to be reviewed and potentially updated. However, it is too early at the moment to guess how this will end up, we will keep you up to date as further information becomes available.

Superannuation guarantee: due dates and considerations for employees and employers

On 1 July 2025 the superannuation guarantee rate increased to 12% which is the final stage of a series of previously legislated increases. Employers currently need to make superannuation guarantee (SG) contributions for their employees by 28 days after the end of each quarter (28 October, 28 January, 28 April and 28 July). There is an extra day's allowance when these dates fall on a public holiday.

To comply with these rules the contribution must be in the employee's superannuation fund on or before this date, unless the employer is using the ATO small business superannuation clearing house (SBSCH).

The ATO has been applying considerable compliance resources in this space in recent years which can have an impact on both employees and employers.

Employers

To be eligible to claim a tax deduction on SG contributions the quarterly amount must be in the employee's super account on or before the above quarterly due dates. The only exception to this is where the employer is using the ATO SBSCH. In that case a contribution is considered made provided it has been received by the SBSCH on or before the due date.

Employers using commercial clearing houses should be mindful of turnaround times. Commercial clearing houses collect and distribute employee contributions and may be linked to accounting / payroll software or provided by some superannuation platforms. Anecdotally it seems that turnaround times for some clearing houses could be up to 14 days, so it is recommended that employers allow sufficient time before the quarterly deadlines when processing their employee SG contributions.

If these deadlines are missed (yes even by a day!) that will trigger a superannuation guarantee charge (SGC) requirement which will result in a loss of the tax deduction and other penalties. The SGC requirements are outlined in the ATO link below:

[The super guarantee charge | Australian Taxation Office](#)

Employers do have the option to make SG payments more frequently than quarterly and this is something that employers will need to become used to if the proposed 'payday' superannuation reforms become law. This change is proposed to commence from 1 July 2026 and would require SG to be paid at the same frequency as salary or wages. There is some discussion on the payday super proposal at this [link](#) (noting that this is not yet law). The SBSCH will close at this time so employers using this service should start to consider transitioning to a commercial clearing house, please let us know you would like assistance with this.

Employees

It is recommended that you regularly check your superannuation fund statements and reconcile employer contributions to the amounts listed on your pay slips.

Where SG contributions are not received on time (or at all!) employees are encouraged to discuss this first with their employer. Should this not result in a satisfactory conclusion, employees can consider bringing this to the attention of the ATO.

There is some helpful discussion on this process at the following [link](#).

RBA cuts rates to 3.60%: what this means for you

In a widely anticipated move on 12 August 2025, the Reserve Bank of Australia (RBA) delivered a 25 basis point rate cut, lowering the cash rate from 3.85% to 3.60%, the third reduction this year. This rate is now at its lowest level since March 2023 signaling renewed monetary easing amid persistent economic fragility.

Governor Bullock emphasised that the decision was unanimous and that larger cuts weren't considered. She did however leave the door open for further action if conditions warrant it. The unanimous decision was made because:

- Headline inflation has eased to 2.1% year on year and the RBA's preferred trimmed mean measure sits at just 2.4–2.7%, comfortably within the desired 2–3% range. So, it's now within target.
- There's still soft economic growth, quarter 1 saw GDP grow 0.2% and unemployment has gone up slightly to roughly 4.3%.

This is a welcome move for many with flow-on impacts across a wide section of the community.

Borrowing and mortgages: a borrower with a \$600,000 mortgage can expect monthly repayments to fall by around \$89, saving over \$1,000 annually.

Refinancing: the latest cut has triggered a wave of refinancing, Canstar estimates monthly savings of around \$272 on a \$600,000 loan, potentially taking years off the loan term and saving tens of thousands in interest expenses.

Housing and lending: the cut may revive home buying sentiment, though the risks of swelling property prices remain. Borrowers and buyers alike are feeling the relief.

Currency and markets: the Australian dollar did weaken moderately following the decision. On the ASX 200, financial stocks, particularly the Commonwealth Bank, took a hit as investors fretted over shrinking interest margins.

While there are always winners and losers with a decision like this, for many Australians this is a positive change. Either way, please do reach out if we can help you understand how to best manage your debt, exploring refinance options, adjust pricing models or evaluating investment readiness.

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.