The Bottom Line
NEWSLETTER
Winter 2026 - Issue No. 110
elphinstone stevens pty ltd

Key Tax Changes for Clients

The Federal Budget 2026–27 delivered a significant overhaul of Australia's tax system, fundamentally reshaping how businesses invest, structure and grow.

Some of the key proposed changes include:

- The 50% Capital Gains Tax (CGT) discount to be abolished and replaced with an inflation-based model, together with a minimum 30% CGT rate from 1 July 2027. Assets owned pre-CGT (September 1985) will also now become subject to CGT.
- A new minimum 30% tax on discretionary trust distributions from 1 July 2028.
- Negative gearing to be limited to new housing from 1 July 2027, with existing properties grandfathered.
- The $20,000 instant asset write-off for small businesses to be made permanent.
- Reintroduction of the company "loss carry back" rules.
- Fringe Benefits Tax (FBT) exemptions for electric vehicles to be significantly phased out.
- Introducing an annual $250 Working Australians Tax Offset from 1 July 2027

This Budget represents a clear departure from previous tax settings and may have wide-ranging implications for business operations, investment structures and long-term wealth accumulation strategies.

The proposed CGT reforms are among the most significant changes announced. The removal of the 50% discount, introduction of a minimum CGT rate and extension of CGT to pre-1985 assets may substantially impact investment, succession and estate planning strategies. Clients with long-held investments, family assets or business structures should consider reviewing their positions ahead of the proposed commencement dates.

Similarly, the proposed minimum 30% tax on discretionary trust distributions may reduce the flexibility traditionally associated with family trust structures and affect income distribution planning for many private groups.

For property investors, limiting negative gearing concessions to newly constructed housing may shift future investment preferences, while grandfathering existing properties provides some certainty for current owners.

From a business perspective, the permanent extension of the $20,000 instant asset write-off and the return of company loss carry back measures are expected to provide welcomed support for small and medium businesses, particularly from a cash flow and investment planning perspective.

Businesses currently utilising electric vehicle salary packaging arrangements should also be aware that the proposed phase-out of FBT exemptions may reduce the attractiveness of these arrangements over time.

As with all Federal Budgets, there is currently limited detail available, and all proposed measures remain subject to the legislative process before becoming law.

CONTENTS

Federal Budget 2026-27: Key Tax Changes	1
2026 Tax Data Sheet	1
Is Your Business having a Profitable Year?	2
End-of-Year finalisation through STP	2
Taxpayers who need to lodge a TPAR	3
When a hobby becomes a business	3
ATO responds to high fuel costs	3
ATO launches new app feature to stop scam calls	3
ATO is 'clearing up' some common Payday Super myths	3
Client Spotlight: Maltec Engineering	3
Know when a new logbook is required	4
Expenses incurred to obtain employment were non-deductible	4

2026 Tax Data Sheet

This year we have again not included the 2026 Tax Data Sheet as a supplement in the Newsletter. Should you wish to receive a copy of the Tax Data Sheet, contact the office and we'll be pleased to send you a copy.

Please Remember

By necessity the contents of this newsletter are summary only. Clients should contact us on 6431 3933 to discuss matters prior to acting.

All information provided within this newsletter is general advice only and is not to be relied upon. For specific advice to your situation please make contact with our office 6431 3933.
Liability limited by a scheme approved under Professional Standards Legislation

Is Your Business having a Profitable Year?

Time to Consider Tax Planning Before 30 June

If your business has had a strong year, now is an ideal time to review your tax planning options before 30 June. With careful planning, you may be able to legally reduce your tax liability.

Your options will depend on your structure, cash flow, and whether you qualify for small business tax concessions (generally where aggregated turnover is less than $50 million, excluding GST).

Below are several strategies to consider. We recommend contacting our office to discuss your specific circumstances before taking any action.

General Tax Planning Strategies

- **Defer income** Where appropriate and consistent with your accounting method (cash vs accrual), consider delaying invoicing or receipt of income until after 30 June.
- **Review asset sales timing** If you are not eligible for small business CGT or depreciation concessions, consider whether deferring asset disposals (e.g. plant and equipment) may produce a better tax outcome.

If You Qualify for Small Business Concessions

- **Instant asset write-off** Eligible small businesses may be able to immediately deduct the cost of assets costing less than $20,000, provided they are first used or installed ready for use by 30 June. If plant costs over $20k, also a good opportunity to purchase if you can install and have ready for use as a 15% deduction can generally be claimed via the small business general pool
- **Prepay expenses** You may be able to claim an immediate deduction for prepaid expenses covering up to 12 months, where the service period ends in the next financial year.
- **Accrued bonuses and director fees** Ensure bonuses or director fees are properly documented and committed to before 30 June to be deductible. Additional rules apply to related parties.
- **Lease and finance payments** Prepaying eligible lease or finance costs may be deductible, subject to prepayment rules.
- **Superannuation contributions** To claim a deduction, super contributions must be received by the fund before 30 June (not just accrued). This includes June quarter obligations.

Other Year-End Tax Tips

- **Bad debts** Review trade receivables and write off unrecoverable debts before 30 June.
- **Charitable donations** Donations to organisations endorsed as Deductible Gift Recipients (DGRs) are tax deductible.
- **Stock valuation** Review inventory and write down obsolete or slow-moving stock in line with tax rules.

Additional Opportunities for Primary Producers

If you are a primary producer, additional concessions may apply:

- **Farm Management Deposits (FMDs)** Individuals can deposit between $1,000 and $800,000 in FMDs and claim a deduction, subject to conditions (including non-primary production income generally below $100,000). Deposits must generally be held for at least 12 months and are assessable when withdrawn.
- **Water Conservation facilities** Immediate deductions may be available for capital expenditure on water facilities such as dams, new irrigation systems such as irrigator, pivots or pumps.
- **Fodder storage assets** Immediate deductions are available for assets used to store grain or fodder.
- **Fencing assets** Capital expenditure on fencing is generally immediately deductible.
- **Repairs and maintenance** Consider bringing forward deductible repairs and servicing where appropriate.

Personal Super Contributions

Individuals may be able to claim a deduction for personal concessional super contributions.

- The concessional contributions cap is $30,000 (for the 2026 FY).
- Contributions are generally taxed at 15% in the fund.
- Eligibility requirements apply, including lodging a notice of intent to claim with your super fund.

Unused concessional cap amounts from prior years may also be available under the carry-forward rules (subject to total super balance limits).

Final Word

While deferring income and bringing forward expenses can reduce tax in the short term, it's important to consider the impact on future years.

Tax planning should be tailored to your broader financial position, cash flow, and long-term goals. We recommend speaking with our team to estimate your expected taxable income and determine the most effective strategy.

End-of-Year finalisation through STP

Employers reporting through Single Touch Payroll (STP) need to make a finalisation declaration by 14 July each year.

At the end of the financial year, you'll need to finalise your STP data. This means you are making a declaration that you have completed your reporting for the financial year.

Once you finalise your data, your employees' Income statement in ATO online services will be marked as 'Tax ready'. They, or their registered agent, will use the Income statement to lodge their tax return.

You won't need to provide ATO with a payment summary annual report for the payments you report through STP.

Common issues to avoid

When making your finalisation declaration, check your employees' year-to-date (YTD) amounts are correct.

Ensure you finalise the correct financial year

A common mistake employers make is finalising their employee records for the incorrect financial year. This may be caused when the declaration is being lodged after 30 June.

Please check the financial year you've finalised to avoid this common mistake.

Submit a finalisation declaration for all employees

You need to lodge a finalisation declaration for all employees you've paid and reported through STP during the financial year. This includes those employees who may have only worked for part of the financial year, for instance terminated employees and casuals.

Making an amendment

If you identify that you need to make an amendment after you have submitted a finalisation declaration, you'll need to lodge the amendment as soon as possible.

We recommend you tell your employees when you make a correction that will be reflected in their income statement. If they have already lodged their tax return, they may need to lodge an amendment.

All information provided within this newsletter is general advice only and is not to be relied upon. For specific advice to your situation please make contact with our office 6431 3933. Liability limited by a scheme approved under Professional Standards Legislation

Taxpayers who need to lodge a TPAR

The TPAR is due by 28 August each year.

A reminder that Taxpayers may need to lodge a Taxable payments annual report ('TPAR') online by **28 August** if they have paid contractors to provide any of the following services on their behalf:

- building and construction;
- cleaning;
- courier and road freight;
- information technology; or
- security, investigation or surveillance.

If the ATO is expecting a TPAR from a taxpayer who does not need to lodge one, they can complete a 'TPAR non-lodgment advice form' by 28 August.

Taxpayers who no longer pay contractors can also use this form to tell the ATO they will not need to lodge a TPAR in the future (although if their circumstances change they may need to lodge a TPAR).

When a hobby becomes a business

Taxpayers may not think they are running a business from their hobby or 'side hustle' activities. However, if they start to earn money from doing these activities regularly, they may be carrying on a business without realising it.

Generally, carrying on a business involves ongoing and repeated activities with the intention of making a profit. These activities can include:

- regularly providing goods or services;
- obtaining and maintaining any necessary licences or permits; and/or
- keeping records of their work.

However, a taxpayer's activities may indicate that they are not operating a business where:

- their transactions are one-off;
- they do not intend to make a profit; and/or
- they work solely as an employee rather than independently.

Editor: Please keep us informed of all your income-earning and side hustle activities so we can help with this distinction.

ATO responds to high fuel costs

The ATO recognises that high fuel costs are affecting some businesses, and it will provide targeted support to eligible businesses that are unable to meet their payment obligations for three months, from 1 April 2026 to 30 June 2026.

In particular:

- the ATO will provide streamlined access to more flexible payment plan arrangements, including longer payment terms, no upfront payment, and access to general interest charge ('GIC') remission where payment and lodgment conditions are met;
- high fuel costs will be a relevant factor in consideration of additional requests for remission of GIC and other penalties; and
- the ATO will provide support to vary pay as you go ('PAYG') instalments where there has been a reduction in taxable income.

Businesses can assess their eligibility and notify the ATO of their interest in accessing a tailored payment plan and intention to vary PAYG instalments through the ATO's online services. The ATO will then contact these businesses or their representatives with more information and next steps.

Editor: Please contact our office if you require assistance regarding the above.

ATO launches new app feature to stop scam calls

Taxpayers can now instantly confirm whether a call claiming to be from the ATO is genuine, with the launch of a new in-app security feature designed to shut down scammers.

The new **verify call** feature allows users to confirm, in real time, that they are speaking with the real ATO, not a fraudster.

Taxpayers are encouraged to download the ATO app and register their device. Then, when they receive a call from someone claiming to be from the ATO, they can simply open the ATO app, login and select the **verify call** option.

Within 30 seconds, a notification should confirm it is an ATO call. If it does not appear, users should treat it as a scam call and hang up.

ATO is 'clearing up' some common Payday Super myths

With less than two months until Payday Super starts (on 1 July 2026), the ATO wishes to 'clear up' the following common misconceptions.

Myth: "There is nothing super fund trustees need to do before the start date."

Fact: Super funds should have already taken steps to receive more frequent contributions and meet shorter processing timeframes. System updates and testing should be underway, including implementing and testing for "SuperStream Contributions v3.0' upgrades.

Myth: "Payday Super just means super funds will receive contributions more often."

Fact: Payday Super raises expectations on speed, accuracy and responsiveness. It is not just about frequency – it is about how quickly and accurately contributions are allocated or rejected, within a tighter timeframe. Faster allocation and earlier rejection support employers to meet their obligations.

Myth: "Super fund actions do not impact employer compliance."

Fact: Super fund actions directly influence employer outcomes. They can support employer compliance by:

- rejecting incorrect employer contributions within the required timeframe;
- providing clear, timely error messaging; and
- maintaining high quality reporting for member accounts, using consistent ABNs and member account numbers, and keeping member data up to date.

All information provided within this newsletter is general advice only and is not to be relied upon. For specific advice to your situation please make contact with our office 6431 3933.
Liability limited by a scheme approved under Professional Standards Legislation

CLIENT SPOTLIGHT

Maltec Engineering invests in Advanced Manufacturing Technology

At Elphinstone Stevens, we're always proud to celebrate the achievements and growth of our clients.

We'd like to congratulate Lindsay, Kelly and the team at Maltec Engineering on their recent investment in cutting-edge manufacturing technology with the purchase and installation of a 2025 Yamazaki Mazak VARIAXIS machining centre, integrated with an Agile Flex 35D Robot Cell.

Affectionately named "Hans" by the team, this impressive addition represents a significant step forward in Maltec's production capability and commitment to innovation.

Driving Efficiency and Precision

The new VARIAXIS machine, combined with the Agile Flex robotic system, enables:

- Simultaneous multi-axis machining
- Increased automation and reduced manual handling
- Improved production efficiency and consistency
- Greater capacity for complex, high-precision components

The integration of robotic automation allows "Hans" to operate with minimal intervention, supporting extended production runs and enhancing overall throughput.

Investing in the Future

This investment highlights Maltec Engineering's forward-thinking approach and dedication to staying at the forefront of advanced manufacturing. By embracing automation and high-performance equipment, they are well positioned to meet increasing customer demands while maintaining exceptional quality standards.

Yamazaki Mazak VARIAXIS machining centre

See "Hans" in Action

Scan the QR code to see "Hans" in action and experience firsthand the capabilities of this impressive system.

Supporting Client Growth

It's always rewarding to see our clients continue to invest in their businesses and expand their capabilities. We're proud to support Maltec Engineering on their growth journey and look forward to seeing the impact this technology will have on their operations.

Know when a new logbook is required

*Editor: **Keeping a car logbook may be required to accurately calculate the business-use percentage of vehicle expenses (e.g., fuel, registration, insurance and depreciation) for tax deductions.***

Taxpayers can keep the same logbook for their car for five years, but there are circumstances where they may need a new one during that period.

Relying on a logbook that no longer represents a client's work-related travel may result in them claiming more, or less, than they are entitled to.

A new logbook may be required when a taxpayer:

- moves to a new house or workplace – updating their residential or work address may then be necessary;
- has changes to their pattern of use of the car for work purposes – checking that they are still doing the same role and routine may then be necessary.

Taxpayers using the logbook method for two or more cars need to keep a logbook for each car and make sure they cover the same period.

Clients who purchase a new car during the income year and want to continue relying on their previous car's logbook must make a nomination in writing. The nomination must be made before they lodge their tax return and state:

- they are replacing their original car with a new car; and
- the date that nomination takes effect.

Taxpayers should remember that, if their **employer** provides them with a car or they **salary sacrifice** a car using a novated lease, they are not entitled to claim work-related car expenses using the logbook or cents per kilometre method, as they do not own the car.

When claiming car expenses using the logbook method, taxpayers also need to keep various types of other records, including (among other things) odometer records for the start and end of the period they own the car, proof of purchase price, decline in value calculations, and fuel and oil receipts (or records of a reasonable estimate of these expenses based on odometer readings).

Expenses incurred to obtain employment were non-deductible

The Administrative Review Tribunal ('ART') recently held that medical expenses incurred by a taxpayer to obtain (or regain) employment were not deductible as they were not incurred in gaining or producing his assessable income.

The taxpayer was an airplane pilot. In July 2021, the Civil Aviation Safety Authority advised the taxpayer of the steps that he needed to take to regain the medical certificates that were a prerequisite to him holding a licence to work as a pilot.

The taxpayer incurred expenses relating to this between July 2021 and May 2022, and he claimed a deduction for these expenses in his tax return for the 2022 income year.

The ATO disallowed these deductions, and the ART affirmed the ATO's decision.

The ART noted that the medical expenses incurred by the taxpayer "merely put him in a position to undertake employment as a pilot, and as such are not deductible."

That is, the expenses were not deductible because they were incurred to put the taxpayer in a position to earn income (i.e., to regain his certification), rather than in the course of earning that income, and they were therefore incurred "too soon" (despite some being incurred after his employment commenced in March 2022).

All information provided within this newsletter is general advice only and is not to be relied upon. For specific advice to your situation please make contact with our office 6431 3933. Liability limited by a scheme approved under Professional Standards Legislation