The Bottom Line
NEWSLETTER
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elphinstone stevens pty ltd

Whats new for Small Business?

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

- From 1 July 2026, **Payday Super** applies. Employers need to make super contributions on payday, and the contribution must be received by the employee's nominated super fund within 7 business days after payday (unless a longer time-frame applies, such as for new employees).
- Employers must also report qualifying earnings and super liability through Single Touch Payroll (STP) reporting.
- If the required super is not received by the fund in full and on time, the super guarantee charge applies.

The Government has legislated to make the $20,000 instant asset write-off permanent for eligible small businesses, applying from 1 July 2026.

The changes:

- permanently set the instant asset write-off threshold at $20,000 for eligible depreciating assets costing less than $20,000 that are first used, or installed ready for use, for a taxable purpose from 1 July 2026; and
- permanently set the general small business pool threshold at $20,000 from 1 July 2026.

The changes also further suspend the 'lock-out rule' until 30 June 2027.

Editor: This rule otherwise prevents a business that has chosen not to use the simplified depreciation rules from re-entering the regime for five years.

- Businesses cannot claim a deduction for general interest charge (GIC) or shortfall interest charge (SIC) incurred on or after 1 July 2025.
- From 1 April 2025 (that is, from the 2026 FBT year), plug-in hybrid electric vehicles are generally no longer treated as zero or low emissions vehicles for the purposes of the FBT exemption. Transitional rules may allow the exemption to continue for certain PHEVs that were used, or available for use, before 1 April 2025 where there was a financially binding commitment to continue providing private use of the vehicle.
- The car limit for the 2027 income year is $69,883.
- This is the maximum car cost that can generally be taken into account when calculating depreciation on a car used for work or business purposes that is first used or leased in the 2027 income year.
- The maximum GST credit that can generally be claimed for the creditable acquisition of a car above the limit is $6,353 (that is, one-eleventh of $69,883).
- The luxury car tax (LCT) threshold for the 2027 income year is $91,661 for fuel-efficient vehicles and $80,809 for all other luxury vehicles.

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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.

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Tips for meeting the Payday Super timeframe

Under Payday Super, contributions must be received by an employee's super fund within seven business days after payday.

To keep on track, the ATO recommends that employers:

- use the new member verification request ('MVR') to verify that an employee's super fund details are valid and that the fund can accept a contribution before it is made;
- check with the relevant payroll provider or clearing house that the fund is responding to MVRs;
- monitor payments, as funds have three business days to allocate or reject a payment; and
- if a payment is rejected or returned, act quickly to correct any errors and resubmit to the correct fund.

For new employees, or where an employee changes their fund, employers generally have 20 business days to make the initial contribution.

Editor: The ATO has stated that employers who genuinely try to comply will not be the focus of its compliance action during the first year of Payday Super.

$1,000 standard deduction for work expenses

The ATO has recently updated its ***Employees guide for work expenses*** to remind taxpayers that the new $1,000 standard deduction cannot be claimed for the 2026 income year.

From 1 July 2026 (i.e., in respect of the 2027 income year and later years), employees may choose either the standard deduction for work-related expenses of up to $1,000, or a deduction for the actual work-related expenses they incur.

Taxpayers should continue keeping records for deductible work expenses incurred from 1 July 2026. If, at the end of the 2027 income year, they choose to claim their actual expenses, they must have the required written evidence for those expenses.

ASIC launches new digital hub for small business directors

ASIC has launched the ***Small Business Director Essentials hub***, a new digital resource bringing together practical guidance, learning modules and tools in one place.

"The new Small Business Director Essentials hub provides directors with a single place to access clear, practical, and targeted resources to help them understand and meet their obligations with ASIC as a director,"

ASIC Commissioner Kate O'Rourke said.

The hub includes guidance tailored to key stages of the director journey, including a roadmap to help directors navigate their obligations, from planning and setting up a company through to operating, restructuring or closing the business.

Directors can also access practical guidance for important situations, such as responding to financial difficulty, as well as free online learning modules that can be completed at any time.

Government to re-introduce loss carry back for companies

The Government has recently legislated to re-introduce the 'loss carry back' measure for eligible companies from 1 July 2026.

This will allow eligible companies to carry back a tax loss and apply it against tax paid in either, or both, of the previous two income years, potentially giving rise to a refundable tax offset.

ATO alert: $21 billion in lost super

The ATO is urging individuals to check whether they have lost or unclaimed super, with more than $21 billion waiting to be reunited with its owners.

Super can become lost when an account is inactive and the fund cannot contact the member, often following a change of job, address or phone number.

In some cases, the balance may be transferred to the ATO to hold until it can be reunited with the individual.

The ATO reports that last year, more than $1.1 billion was returned through consolidations and direct payments to eligible individuals.

Editor: You can check for lost or unclaimed super in various ways, including through ATO online services.

ATO motor vehicle registries data-matching program

The ATO is acquiring motor vehicle registries data from state and territory authorities from the 2026 to the 2030 income years.

The information will be matched against ATO records to identify taxpayers who are not meeting their registration, lodgment, reporting, or payment obligations across a number of taxes (including GST, FBT, fuel tax credits and income tax).

The data will also be used to support ATO compliance activities through modelling, risk profiling and case selection.

The data collected may include identification details for purchasers, sellers and other relevant parties, together with transaction dates and types, sale prices, market values, vehicle garage addresses, intended use, vehicle specifications and registration details.

The ATO expects to collect data relating to approximately **2.5 million individuals** each financial year.

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Deductions for rental properties that double as holiday homes

The ATO has updated its guidance on rental property income and expenses from 1 July 2026, including for properties that are also used as holiday homes.

Where a property is a holiday home, it must be used (or held for use) **mainly to produce rental income** before the owner can claim any expenses relating to its ownership and use.

If this requirement is not met, expenses that are entirely non-deductible may include:

- interest expenses;
- council and water rates;
- body corporate fees; and
- repairs and maintenance.

Where the property is used mainly to produce rental income but there is some minor private use (e.g., a week or a few weekends in the off season when there are no bookings), ownership and use expenses must still be apportioned accurately to reflect the periods of private use.

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.

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;
- Exempting income of discretionary testamentary trusts from the minimum tax proposed for trusts.

Recently enacted legislation imposes new restrictions on the use of limited recourse borrowing arrangements ('LRBAs') by SMSFs.

LRBAs entered into on or after 10 August 2026 to purchase real property can now only be used to acquire business real property.

These changes do not apply if an SMSF:

- has already entered into an LRBA to finance a real property acquisition before 10 August 2026; or
- maintains or refinances that LRBA on or after 10 August 2026.

Business real property' generally means land and buildings used wholly and exclusively in one or more businesses

Division 7A benchmark interest rate

The ATO has published a Division 7A benchmark interest rate of **8.77%** for the income year ending 30 June 2027, up from 8.37% for the previous income year.

Editor: The benchmark interest rate is applied when calculating minimum yearly repayments ('MYRs') for complying Division 7A loans.

ATO SCAM WARNING

The ATO has received concerning reports of a new email impersonation scam claiming to be from the ATO.

The email states that a phone appointment with the ATO has been scheduled and includes appointment details such as the date and time.

The email claims that recipients must open an attachment included in the email to securely access relevant services or reschedule the appointment.

The attachment contains a link to a legitimate looking myGov sign-in page designed to steal usernames, passwords and other personal information.

The ATO has confirmed that it will never:

- email an attachment containing a link to a myGov sign-in page;
- ask recipients to access ATO services through links in unsolicited emails;
- direct recipients to a login page that is not hosted on an official myGov or ATO website; or
- request a myGov username, password or security code via email.

The ATO has advised recipients **not to respond to the email or interact with it in any way**.

Editor: Please contact our office if you have any queries or concerns about any communication or request purporting to be from the ATO.

Independent contractors and Payday Super

The ATO is reminding businesses that Payday Super changes when super contributions must be paid, not **who** is entitled to receive them.

Businesses generally need to pay super where they engage an independent contractor mainly for their labour, personal effort, skills or time.

This can apply even if the contractor:

- has an ABN;
- invoices the business for their work; or
- is described as a contractor in a written agreement.

Where an independent contractor is entitled to super, the contribution must be paid for each payday and reach their super fund within seven business days after payday.

It is not mandatory to report payments made to independent contractors through Single Touch Payroll ('STP'). However, if a business reports them voluntarily, it must meet the STP reporting requirements, including reporting qualifying earnings and super liability information.

CLIENT SPOTLIGHT B's Little Bakehouse

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

This quarter, we are excited to highlight one such success story: B's Little Bakehouse owned and operated by Nicole and Ryan Britcliffe. Nicole being a qualified baker and pastry chef.

B's Little Bakehouse is a mobile dessert trailer and local baking business based in Burnie. What started as a passion for baking has grown into a thriving mobile dessert trailer serving up famous signature loaded cookies, gooey cinnamon scrolls and exceptional coffee.

Nicole and Ryan serve their indulgent sweet treats at pop-ups, markets, festivals and events across the state. Every product is handmade using premium ingredients, with new flavours dropping regularly alongside customers favourites.

Popular flavours include varieties like Kinder Bueno, Top Deck, Mint Explosion, Oreo Nutella, M&M Nutella, and Reese's 'n Snickers.

Nicole is passionate about creating desserts that bring people together and proving that following your passion can result in becoming a successful business.

They don't have a fixed storefront, however regularly update their social media platforms: B's Little Bakehouse Facebook Page or B's Little Bakehouse Instagram to inform of their current locations or upcoming events.

We extend our warmest congratulations to Nicole and Ryan on their business success and look forward to watching their business continue to flourish.

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