



Monthly Tax Update

**Keeping you up to date on the latest Australian
and international tax developments**

August 2025



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Corporate tax update

Foreign bail-in bonds exposure draft consultation

Following an announcement in the 2024-25 Mid-Year Economic and Fiscal Outlook that the law around the treatment of foreign bail-in bonds would be clarified, Treasury has released [exposure draft legislation](#) for consultation. Bail-in bonds are financial instruments that are subject to conditions imposed by a prudential regulator that allows a regulator to convert the instrument into equity in a period of financial distress.

The draft legislation allows these types of bonds to be treated as a debt for tax purposes (provided the bonds meet the other requirements of the debt instrument test) irrespective of whether that regulator is Australian Prudential Regulation Authority (APRA) or a comparable foreign regulator. This would mean that bail-in bonds for Australian branches of foreign banks can continue to be treated as a debt for tax purposes and allow deductibility of interest payments. This will align with the treatment that currently applies to bail-in bonds issued domestically by Australian banks.

Comments on the draft legislation close
5 August 2025.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

Chris Morris
Sydney
Australian Tax and Legal Leader
+61 (2) 8266 3040
chris.morris@au.pwc.com

Bianca Wood
Sydney
Tax Markets Leader
+61 (2) 8266 2792
bianca.wood@au.pwc.com

Luke Bugden
Sydney
NSW Tax Leader
+61 (2) 8266 4797
luke.bugden@au.pwc.com

Clementine Thompson
Melbourne
VIC Tax Leader
+61 413 089 431
clementine.thompson@au.pwc.com

Tamika Cullen
Perth
WA Tax Leader
+61 422 214 044
tamika.cullen@au.pwc.com

James O'Reilly
Brisbane
QLD Tax Leader
+61 (7) 3257 8057
james.oreilly@au.pwc.com

Jason Karametos
Melbourne
Corporate Tax Leader
+61 (3) 8603 6233
jason.karametos@au.pwc.com

Michael Dean
Sydney
Private Tax Leader
+61 402 041 451
michael.dean@au.pwc.com

Alistair Hutson
Adelaide
Partner
+61 (8) 8218 7467
alistair.hutson@au.pwc.com

Amy Etherton
Newcastle
Partner
+61 (2) 4925 1175
amy.etherton@au.pwc.com

Sophia Varelas
Melbourne
National Leader, R&D and Government Incentives
+61 417 208 230
sophia.varelas@au.pwc.com

Division 7A benchmark interest rates

The Australian Taxation Office (ATO) has advised that the benchmark interest rate for Division 7A purposes for the 2025-26 income year is 8.37% per annum (previously, 8.77% for 2024-25). This benchmark interest rate is relevant to determine if a private company loan made in the 2025-26 income year is taken to be a dividend, and to calculate the amount of the minimum yearly repayment for the 2025-26 income year on an amalgamated loan taken to have been made prior to 1 July 2025.

ATO updates its guidance on its access to Board compliance risk advice

The ATO has updated Practice Statement PS LA 2004/14 which considers ATO access to advice for a corporate board on tax compliance risk. Although the main focus of the update was to update for currency, to apply current ATO style and to include references to relevant online guidance, there was an update made in relation to expectations concerning the conditions under which the ATO will apply the concession that, in the first instance, it will not aim to review documents that contain advice to a corporate board on tax compliance risk.

The concession applies only to companies that can demonstrate that they have risk management and governance frameworks in place that cover tax. The updated Practice Statement now indicates that the ATO will require comprehensive evidence of good governance, as described in its *Tax risk management and governance review guide*, before it can accept a claim for the concession.

Productivity Commission review to creating a more dynamic and resilient economy

The Productivity Commission recently sought input on reforms to the corporate tax regime to support business investment and reducing the impact of regulation on business dynamism as part of its review to create a more dynamic and resilient economy. Submissions lodged to the Commission's review in its first phase of consultation on these areas are now available on its website.

The Productivity Commission's interim report, including draft recommendations, is expected to be released soon, followed by an opportunity to provide written submissions.

The upcoming Economic Roundtable to be held 19-21 August 2025 will be informed by the work the Productivity Commission is leading through its five productivity inquiries.

Treasury also sought views on priority reforms to consider as part of the Roundtable process, specifically, ideas and proposals (including tax reforms) to:

- improve productivity
- build economic resilience in the face of global uncertainty, and
- strengthen budget sustainability.

Consultation closed on 25 July 2025.





Employment taxes update

Reasonable travel and meal allowances for 2025-26

The Commissioner of Taxation has outlined in TD 2025/4 the amounts considered reasonable for claims made by employees for the 2025-26 income year. This includes the following:

- overtime meal expenses: \$38.65 for food and drink when working overtime
- domestic travel expenses: Reasonable amounts for accommodation, food and drink, and incidentals when travelling away from home overnight for work. Specific amounts are provided for employee truck drivers, office holders covered by the Remuneration Tribunal, and Federal Members of Parliament, and
- overseas travel expenses: Reasonable amounts for food and drink, and incidentals when travelling overseas for work.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

Adam Nicholas
Sydney
Partner
+61 (2) 8266 8172
adam.nicholas@au.pwc.com

Greg Kent
Melbourne
Partner
+61 (3) 8603 3149
greg.kent@au.pwc.com

Anne Bailey
Melbourne
Partner
+61 (3) 8603 6818
anne.m.bailey@au.pwc.com

Norah Seddon
Sydney
Workforce Leader
+61 (2) 8266 5864
norah.seddon@au.pwc.com

Paula Shannon
Brisbane
Partner
+61 (7) 3257 5751
paula.shannon@au.pwc.com

Shane Pinto
Sydney
Partner
+61 423 679 958
shane.pinto@au.pwc.com

Claire Plant
Perth
Director
+61 403 877 067
Claire.plant@au.pwc.com

Draft legislative instrument on PAYG withholding variation

The Australian Taxation Office (ATO) has released draft *Taxation Administration (Withholding Variation for Payment of Certain Allowances) Legislative Instrument 2025 (LI 2024/D15)* that will allow the Commissioner to reduce PAYG withholding to nil for certain allowances paid under the following conditions:

- the allowance is one of the specified types, such as:
 - car expenses
 - laundry expenses
 - domestic and overseas travel allowances
 - overtime meal allowances, and
 - award transport payments
- the payer reasonably anticipates that the payee will incur deductible expenses that are equal to or exceed the allowance amount, and
- the payment is accounted for separately in the financial records.

This instrument, once finalised, repeals and replaces Taxation Administration Act 1953 – Pay as you go withholding - PAYG Withholding Variation: Allowances – Legislative Instrument (the 2015 instrument), which would otherwise sunset on 1 October 2025. The new legislative instrument has the same effect as the 2015 instrument.

The last day to provide comments was 23 July 2025.

Amendments to NSW Jobs Plus Program payroll tax exemption

The Revenue and Other Legislation Amendment Bill 2025 (NSW), which was introduced into the New South Wales Parliament and subsequently enacted, amended the Payroll Tax Act 2007 (NSW) to clarify the Jobs Plus Program payroll tax exemption.

The amendments specify that the payroll tax exemption will be applicable only to Jobs Plus agreements established before 1 July 2024. In addition, exemptions under existing agreements will be restricted to wages paid before 1 October 2028. Since payroll tax relief under a Jobs Plus agreement in place before 1 July 2024 would only have applied for four years, providing an extra three months accommodates situations where there was a delay between job creation and the first day of employment and pay.

ATO's superannuation and employer obligation priorities for 2025-26

The ATO's Assistant Commissioner of Superannuation and Employment Obligations, Peta Loneragan, shared in an [ATO Spotlight publication](#) that, consistent with prior years, 'good payroll governance' from employers will remain a top priority for the ATO in the current financial year.

Additionally, the following comments were made:

- The ATO will continue its data-driven “nudge” approach before initiating a review or audit. This means you can expect early contact where mismatches arise between Single Touch Payroll, Superannuation Guarantee and FBT disclosures.
- The ATO is also introducing new ways to support employers to stay on track, including:
 - contacting employers sooner to correct common errors early before they escalate, and
 - notifying tax agents when their employer clients appear not to have met FBT obligations.





Indirect tax update

Draft updates to residential premises GST rulings

The Australian Taxation Office (ATO) has issued a draft update to two goods and services tax (GST) rulings that deal with residential premises. This update has arisen following the Administrative Appeals Tribunal's (AAT) decision in Domestic Property Developments Pty Ltd as trustee for the Dals Property Trust and Commissioner of Taxation [2022] AATA 4436.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

Matt Strauch
Melbourne
Indirect Tax Leader
+61 (3) 8603 6952
matthew.strauch@au.pwc.com

Brady Dever
Sydney
Partner
+61 (2) 8266 3467
brady.dever@au.pwc.com

Mark Simpson
Sydney
Partner
+61 (2) 8266 2654
mark.simpson@au.pwc.com

Suzanne Kneen
Melbourne
Partner
+61 (3) 8603 0165
suzanne.kneen@au.pwc.com

Shagun Thakur
Perth
Partner
+61 (8) 9238 3059
shagun.thakur@au.pwc.com

Andrew Howe
Sydney
Partner
+61 (4) 1464 1438
andrew.s.howe@au.pwc.com

Mark De Luca
Sydney
Partner
+61 (2) 8266 2461
mark.de.luca@au.pwc.com

GST Ruling [GSTR 2009/4](#) explains the Commissioner's view of when an adjustment for a change in extent of creditable purpose arises under Division 129 of the *A New Tax System (Goods and Services Tax) Act 1999* (GST Act) in relation to acquisitions made in constructing new residential premises. The draft changes in [GSTR 2009/4DC](#) reflect the decision in the Domestic Property Developments case where the AAT clarified that the meaning of 'used' and 'applied' should not be interpreted consistently as a matter of course, and that 'used' is to take its ordinary meaning. The draft update indicates that if an entity has 'applied' new residential premises for a creditable purpose under Division 129 (for example, the entity held the premises for the purpose of sale), the premises will also have been 'used' other than for making supplies that are input taxed under paragraph 40-35(1)(a). In such circumstances, subsection 40-75(2) will not be satisfied.

GST Ruling [GSTR 2003/3](#) explains when a 'sale' of real property is a sale of new residential premises under section 40-75 of the GST Act. Residential premises are not new residential premises if the premises have only been used for making input taxed supplies of residential rental under paragraph 40-35(1)(a) for the period of at least five years since the premises first became residential premises. The update proposed in [GSTR 2003/3DC](#) indicates that a continuous period would not include periods when the premises are held for sale or marketed for sale.

When finalised, both updated Rulings will apply to tax periods commencing both before and after their date of issue.

Comments for both draft Rulings close 8 August 2025.

Guidance on container deposit scheme refunds

The ATO has released [guidance](#) to assist a material recovery facility operator determine when they are liable for GST on refunds paid under a container deposit scheme.

A material recovery facility operator:

- processes mixed recyclables collected from homes and businesses for reuse or recycling, and
- may participate in a container deposit scheme as part of their business and obtain refunds on eligible beverage containers they recycle or send for recycling.

Each container deposit scheme is unique and may vary depending on specific state or territory arrangements.

A material recovery facility operator will be liable for GST if they provide something of value in exchange for receiving refunds under the scheme. Generally, something of value is provided through the recycling activities performed as part of the operator's participation in the scheme in exchange for the refund. The ATO is aware that some material recovery facility operators have adopted a position that no GST is payable in these situations and have sought to claim GST refunds. Any material recovery facility operator in this situation should engage with the ATO via an early engagement discussion.





International tax and trade update

ATO draft guidance on public country-by-country reporting exemptions

The Australian Taxation Office (ATO) has released draft Practice Statement [PS LA 2025/D1](#), which sets out its proposed administrative approach to the Commissioner's discretion for granting an exemption from public country-by-country (CBC) reporting obligations.

The public CBC reporting regime, commencing for reporting periods starting on or after 1 July 2024, requires certain large multinational groups to publicly disclose selected tax and financial information for Australia, specified countries, and the rest of their global operations. The ATO's draft guidance provides clarity on the principles guiding the Commissioner's discretion to provide a full or partial exemption from the reporting obligation and the process for applying for an exemption.

Read more in our [Tax Alert](#).

Comments can be provided to the ATO on its draft Practice Statement by 5 September 2025.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

Chris Morris

Sydney
Australian Tax and Legal Leader
+61 (2) 8266 3040
chris.morris@au.pwc.com

Michael Bona

Brisbane
Australian International Tax Leader
+61 (2) 3257 5015
michael.bona@au.pwc.com

Michael Taylor

Melbourne
Partner
+61 (3) 8603 4091
michael.taylor@au.pwc.com

Greg Weickhardt

Melbourne
Partner
+61 428 769 169
greg.weickhardt@au.pwc.com

Nick Houseman

Sydney
Australian Transfer Pricing Leader
+61 (2) 8266 4647
nick.p.houseman@au.pwc.com

Paul Cornick

Sydney
Partner
+61 439 733 981
paul.cornick@au.pwc.com

Jonathan Malone

Sydney
Partner
+61 (2) 8266 4770
jonathan.r.malone@au.pwc.com

Gary Dutton

Brisbane
Australian Trade Leader
Partner
+61 434 182 652
gary.dutton@au.pwc.com

Stuart Landsberg

Sydney
Partner
+61 402 759 060
stuart.landsberg@au.pwc.com

ATO draft guidance on Pillar Two lodgment obligations, penalties and rulings

The ATO has released draft Practical Compliance Guideline [PCG 2025/D3](#), outlining its transitional approach to the enforcement of penalties in relation to lodgment obligations arising under Australia's new global and domestic minimum tax (Pillar Two) rules. The ATO's draft guidance provides clarity on what is expected of affected taxpayers during the initial years of implementation, including how penalties will be applied and when relief may be available.

Although the ATO will not be providing a blanket penalty concession to all in-scope multinational groups during the transition period, covering fiscal years commencing on or before 31 December 2026 and ending on or before 30 June 2028, the draft PCG indicates that the ATO will generally take a 'soft-landing' approach, remitting penalties where taxpayers can demonstrate they have acted in good faith and taken reasonable measures to understand and comply with their obligations.

Separately, the ATO has also released a [draft update to Taxation Ruling TR 2006/11](#), which deals with private rulings, to provide the Commissioner's views on when he will 'decline to rule' in the context of the new Pillar Two regime.

For further information, refer to our [Tax Alert](#).

Comments can be made on both drafts by 29 August 2025.

OECD Secretary-General Tax Report to G20 Finance Ministers and Central Bank Governors

The Organisation for Economic Co-operation and Development (OECD) Secretary-General has issued a [report](#) prepared by the OECD for the third G20 Finance Ministers and Central Bank Governors meeting held on 17-18 July in South Africa. The report highlights key developments in international tax co-operation and the OECD's ongoing support of G20 priorities, including the implementation of the BEPS minimum standards, Pillar Two and tax transparency.

In relation to Pillar Two, the Inclusive Framework is working on a simplified effective tax rate calculation that could be incorporated into a safe harbour and that would allow affected multinational groups to demonstrate that they have a high effective tax rate, avoiding the need for extensive or complex calculations. It was also reported that the Multilateral Competent Authority Agreement on the Exchange of GloBE Information has now been opened for signature, which will facilitate the automatic exchange of information between tax administrations and minimise compliance for Applicable MNE Groups that centrally file their GloBE Information Return.

New OECD MAP peer reviews published

The OECD has [released](#) 36 new peer review results under BEPS Action 14 on Mutual Agreement Procedures (MAP), highlighting continued progress by members of the Inclusive Framework on BEPS that have committed to implementing the Action 14 minimum standard, which seeks to improve the resolution of treaty-related disputes through the MAP.

The OECD will continue to publish peer review reports under Stage 1 of the simplified review process and Cycle 1 of the full peer review process in batches in accordance with the [Action 14 peer review assessment schedule](#).

Other OECD publications

In other news from the OECD:

- In response to a request from the South African G20 Presidency, the OECD in conjunction with the Global Forum on Transparency and Exchange of Information for Tax Purposes has prepared a [report](#) that takes stock of progress on tax transparency since the inception of the G20.
- [Revenue Statistics in Asia and the Pacific 2025](#) has been released, which compiles comparable tax revenue statistics for 37 economies while providing information on non-tax revenues for selected economies. This 12th edition of the report also includes a special feature on personal income taxation in Asia and the Pacific.

Amendments to ASEAN-Australia-New Zealand Free Trade Area Agreement enters into force

Notifiable instruments have been issued to announce that the Second Protocol to Amend the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) entered into force for Australia on 21 April 2025.

The AANZFTA is an agreement between ASEAN Member States (Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam), Australia and New Zealand, which delivers extensive tariff reduction and greater certainty for services suppliers and investors. The upgrade introduces three new chapters to the Agreement: Micro-Small-and-Medium Enterprises, Government Procurement, and Trade and Sustainable Development.

Places for authorised customs agents

Treasury has issued legislative instrument Customs (Places for Authorised Agents) Declaration 2025 which repeals and remakes the previous instrument, the Comptroller-General of Customs Declaration of Places No. 1 of 2015, which declared that all places in Australia are places to which subsection 181(2) of the *Customs Act 1901* applies. The purpose of the new instrument is to address the effect of the sunset of the previous instrument, which is due to sunset on 1 October 2025.

The new instrument does not change the scope of the relevant requirements under the Act at the specified places and applies to any person authorised by the owner of the goods under subsection 181(1) of the Act. The effect of the 2015 instrument was that an owner of goods may only authorise a natural person who is an employee of that owner or a customs broker at that place to be their agent in any place in Australia.

Further announcements on US tariff rates

On 7 July 2025, President Trump signed an Executive Order extending the expiration of previously modified reciprocal tariffs to 1 August 2025. Further announcements were made to modify certain reciprocal tariffs and potentially apply additional tariff measures for pharmaceutical and copper products. For further information, see our updated Tax Alert.

US ‘One Big Beautiful Bill Act’ finalised

On 4 July 2025, President Trump signed into law an amended version of H.R. 1, the “One Big Beautiful Bill Act”, which includes significant tax law changes in the United States. The final bill does not include the House-proposed section 899 to address countries with “unfair” foreign taxes following agreement with other G7 countries that certain aspects of Pillar Two should not apply to US multinational corporations and their subsidiaries (see below for further information). The bill also made changes to the US global intangible low-taxed income (GILTI), foreign-derived intangible income (FDII), and the base erosion and anti-abuse tax (BEAT).

Refer to this PwC Global summary of the measures as enacted. For the accounting consequences of the measures under US GAAP, refer to this in-depth bulletin, which includes a high-level discussion of certain key corporate provisions of the Act and related financial reporting considerations at the date of enactment.

G7 statement on global minimum taxes

The path to have the US ‘One Big Beautiful Bill Act’ progress with the removal of section 899 was paved by the G7 statement on global minimum taxes. This included a commitment to have a ‘side-by-side’ solution under which US parented groups would be exempt from the Pillar Two Income Inclusion Rule (IIR) and Undertaxed Profits Rule (UTPR) in respect of both their domestic and foreign profits in recognition of the existing US minimum tax rules to which they are subject. The OECD Secretary-General has welcomed the engagement that will now take place with the broader OECD Inclusive Framework regarding the proposed side-by-side arrangement.



Personal tax update

Travel expenses denied for off-duty taxpayer

In CBRX and Commissioner of Taxation (Taxation and business) [2025] ARTA 768, the Administrative Review Tribunal considered whether a taxpayer was entitled to claim work-related travel, office and decline in value expenses, largely finding against the taxpayer save for the home office expenses.

The taxpayer was a salaried employee of a large oil and gas producer and supplier. Although the taxpayer resided in Queensland with his family, his employment was primarily based at an offshore facility located off the coast of Western Australia, although his work arrangements sometimes included training days, working from home, or working from the employer's Perth office.

In his year ended 30 June 2022 tax return, the taxpayer claimed work-related expenses related to accommodation, meal and incidental expenses, reflecting expenses incurred during stays in Perth, Darwin and Broome between rotations on the facility. Further work-related expenses were also claimed, which included the decline in value of a watch and a tool chest.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

Glen Frost
Sydney
Partner
+61 (2) 8266 2266
glen.frost@au.pwc.com

Amy Etherton
Newcastle
Partner
+61 (2) 4925 1175
amy.etherton@au.pwc.com

Simon Le Maistre
Melbourne
Partner
+61 (3) 8603 2272
simon.le.maistre@au.pwc.com

Samantha Vidler
Brisbane
Partner
+61 (7) 3257 8813
samantha.vidler@au.pwc.com

Matt Gurner
Perth
Partner
+61 (8) 9238 3458
matthew.gurner@au.pwc.com

Alistair Hutson
Adelaide
Partner
+61 (8) 8218 7467
alistair.hutson@au.pwc.com

In respect of the travel expenses, the Tribunal found these were not incurred in the course of gaining or producing the taxpayer's assessable income. Rather, they were incurred when he was off-duty and therefore on leave between rotating cycles on the facility. To the extent he was on training or otherwise working, he was not required to travel to either Perth or Darwin to complete those activities such that the expenses would lose their private nature. Furthermore, as the taxpayer did not receive a travel allowance, he was unable to utilise the substantiation exemption.

The depreciation expenses associated with the watch and tool chest were similarly disallowed, as the taxpayer did not satisfactorily establish that the expenses had the necessary nexus to the income producing activities. However, the Tribunal did accept that the expenses for the home office—which the taxpayer used solely for work or self-education purposes—did not include a private element and so were allowed.

Extended absence from Australia insufficient to displace residency

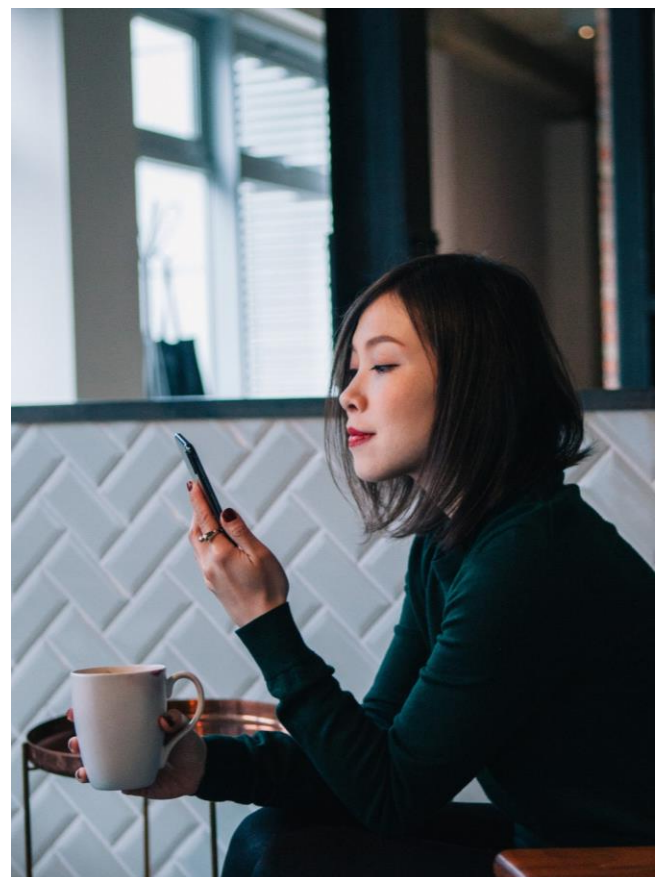
In Evans and Commissioner of Taxation (Taxation) [2025] ARTA 824, the Administrative Review Tribunal considered whether a taxpayer who spent approximately 10 months of an income year outside Australia was an Australian resident for tax purposes (and so subject to tax in Australia on his foreign source income).

The taxpayer was born in Australia and held an Australian passport. Since 2012, he had worked as a fly in fly out (FIFO) worker, with it not uncommon for him to spend more than half of each year outside Australia for work purposes.

In the income year ended 30 June 2021, the taxpayer travelled to Botswana for work. Although he was aware of COVID-19 travel restrictions in the months prior to leaving for Botswana, once he arrived in Botswana it became apparent that travel back to Australia would be difficult and restricted.

The Tribunal found the taxpayer to be an Australian resident under the ordinary concepts test. Although the taxpayer's physical presence in Australia was very limited in the relevant income year, the Tribunal noted that this was only due to COVID-19 travel restrictions, and therefore did not alter the intention of the taxpayer to return to Australia when he was off-shift or when the employment in Botswana came to an end. Further, the taxpayer demonstrated a continuity in his connection to Australia, not least through his spouse and children, who remained in the family home during the relevant period and for whom the taxpayer supported financially.

Even if the Tribunal were wrong in its conclusion regarding the ordinary concepts test, it found that the taxpayer would still be considered an Australian resident under the domicile test. The Tribunal was not satisfied that on the evidence that the taxpayer abandoned Australia as a place of residency and that he commenced living overseas permanently, i.e. he left Australia to work in Botswana with full knowledge that he would be away from home for extended periods of time, but with the intention to spend his off-duty time in Australia until the conclusion of the assignment when he would return permanently.





State tax update

NSW: Revenue and Other Legislation Amendment Bill passed

The New South Wales (NSW) Parliament has now passed the Revenue and Other Legislation Amendment Bill 2025 (NSW), which has since received royal assent. Among other matters, the Bill introduces measures announced in the 2025-26 NSW Budget, including the introduction of a critical minerals royalty deferral scheme.

NSW: Guidelines on remission of interest

Revenue NSW has issued Guidelines to explain the application of interest to all taxation laws and statutory obligations administered by Revenue NSW, and the circumstances when interest will be remitted. Any failure to pay the correct amount of tax when it falls due is considered a tax default, subject to interest. The Guidelines also set out information about when an extension of time for payment might be granted and the application of interest under approved payment plans.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

Rachael Cullen
Sydney
Partner
+61 409 470 495
rachael.cullen@au.pwc.com

Barry Diamond
Melbourne
Partner
+61 (3) 8603 1118
barry.diamond@au.pwc.com

Cherie Mulyono
Sydney
Partner
+61 (2) 8266 1055
cherie.mulyono@au.pwc.com

Matthew Sealey
Sydney
Partner
+ 61 400 684 803
matthew.sealey@au.pwc.com

Jess Fantin
Brisbane
Partner
+61 408 748 418
jess.fantin@au.pwc.com

Ari Esmerian
Sydney
Partner
+61 420 360 654
ari.esmerian@au.pwc.com

The Guidelines do not limit the ability of the Chief Commissioner of State Revenue to make an assessment under section 12 of the *Taxation Administration Act 1996 (NSW)* for the purpose of settling a dispute between the Chief Commissioner and the taxpayer concerning a tax liability.

The Guidelines are effective 1 July 2025, regardless of the date on which the liability for tax arose, or the date on which a notice of assessment was issued. Any approved payment extensions or payment plans that were already in place, or any legal proceedings which have been commenced prior to that date, will not be affected.

NSW: Shared equity scheme guidelines

Revenue NSW has issued new Revenue Ruling DUT 052, which explains the process for requesting approval for a shared equity scheme and for accepting a person as an approved equity partner. When a property is acquired under an approved scheme, duty on the purchase is calculated on the dutiable value of the whole of the property, subject to any exemptions or concessions that may be available. Both the Ruling and Guidelines are effective 5 December 2024.

NSW: Surcharge land tax and discretionary trust deed

In N & G Grima Family Trust Pty Ltd v Chief Commissioner of State Revenue [2025] NSWCATAD 14 the NSW Civil and Administrative Tribunal found that provisions of a trust deed for a discretionary trust were not effective to prevent 'foreign persons' from being beneficiaries of the trust and as such the trust was liable for surcharge land tax on residential land.

Although amendments were made to the relevant trust deed to exclude 'foreign persons' as beneficiaries of the trust, the issue at hand was whether subsequent changes could be made with the effect of allowing 'foreign persons' to become beneficiaries. The Tribunal was satisfied that the deed amendments were prima facie effective to satisfy the 'no amendment' requirement in the law, but it was also necessary for the clause in the deed to be 'irrevocable'. The Tribunal concluded that this could occur by means of exercise of the power to amend under another clause in the deed or by means of a self-executing mechanism such as when relevant real property ceases to be trust property where someone who was a 'foreign person' ceases to be such a person and able to then benefit from the real property previously held within the trust.

NSW: Land tax threshold did not apply to a trust

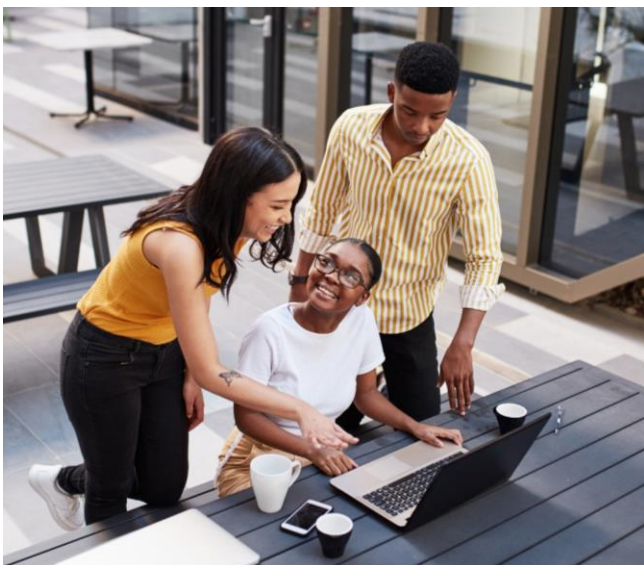
In Nunc Coepi Pty Ltd atf Viera Family Unit Trust v Chief Commissioner of State Revenue [2025] NSWCATAD 143 the NSW Civil and Administrative Tribunal found that the trust was correctly characterised as a special trust such that the land tax threshold did not apply to the property held.

There was no evidence before the Tribunal to suggest that in any of the years subject to assessment, there had been a resolution to vest any of the property of the trust in the possession of any of its unitholders. The Tribunal also noted the discretionary powers of the trustee to apply the capital of the trust against losses, including loss of income, and was satisfied that the unitholders did not have an immediate right to vesting or redemption. Accordingly, they were not presently entitled to the income of the trust at the taxing date in each year. From reading and construing the terms of the deed, it was clear that there was an intention, objectively ascertained from the text and context, that the trust would operate in different ways depending on where it owned land. However, the Tribunal was unable to construe the clauses of the deed in such a way as to detect an intention, objectively ascertained, that it met the definitional requirements of a fixed trust according to the relevant law. Accordingly, as the trust was not a fixed trust, the trust was correctly classified as a special trust.

Victoria: Economic entitlement rulings issued

The State Revenue Office of Victoria has issued various revenue rulings concerning land transfer duty:

- Ruling [DA-065](#) that provides clarification on the application of the economic entitlement provisions to service fees. The Ruling also sets out when the economic entitlement provisions can apply in relation to certain arrangements involving retirement villages. The economic entitlement provisions apply to arrangements by which a person obtains an entitlement to the economic benefits of land that are normally reserved for the owner, without acquiring legal or beneficial ownership of the land. One common example of the application of the provisions is in the context of development arrangements. The ruling is effective 1 July 2025.
- Revenue Ruling [DA-066](#) that provides information on how to calculate the percentage of beneficial ownership of land taken to be acquired under an economic entitlement. The ruling is effective 1 July 2025.
- Draft Revenue Ruling [DA-067](#) that provides guidance on several key concepts regarding the economic entitlement provisions, including transitional rules and that should be read in conjunction with the above Rulings. The Ruling also deals with acquisitions of shares in companies and units in unit trust schemes that may be outside the scope of the landholder provisions. Once finalised, the proposed date of effect is 1 July 2025. Comments on the draft Ruling closed 28 July 2025.



Queensland: Revenue and Other Legislation Amendment Bill passed

The [Revenue and Other Legislation Amendment Bill 2025 \(Qld\)](#) has been passed by the Queensland (QLD) Parliament and has since received royal assent. The Bill gives effect to various measures contained within the 2025-26 Queensland Budget, including:

- an extension to the \$30,000 grant for first home buyers until 30 June 2026
- new windfall tax provisions, which seek to impose windfall duty or land tax in circumstances where provisions imposing QLD foreign surcharges are found to be constitutionally invalid or inoperative, and
- an extension of the 50% payroll tax rebate for wages paid or payable to apprentices and trainees for a further year, until 30 June 2026.

Queensland: No objection notice meant no appeal

In [Ford v Commissioner of State Revenue \[2025\] QSC 133](#), the Supreme Court of Queensland has dismissed a taxpayer's appeal, finding that they did not follow proper procedure to challenge an assessment to duty.

The taxpayer (as trustee of a trust) was assessed to transfer duty on the transfer of a property to trust. Following the Commissioner's assessment, the taxpayer sought an exemption from the payment of duty on behalf of the trust, with this request refused. Despite being repeatedly advised by the Queensland Revenue Office that the correct procedure for reviewing a Notice of Assessment was to provide the Commissioner with an objection (so that an objection decision could be made), the taxpayer refused to do so. Instead, they filed an application to the Court, requesting a declaration be made that the Notice of Assessment had 'no standing'. Ultimately, the Court rejected the application, noting that even if the Commissioner was wrong in failing to allow an exemption, the Notice of Assessment cannot be challenged noting that the Court does not have jurisdiction to entertain an appeal regarding the assessment because the objections process has not been undertaken.

ACT: Changes for 2025-26

The ACT Revenue Office has published a high-level [summary of the 2025-26 changes](#) commencing from 1 July 2025, including changes relating to stamp duty, general rates and levies, land tax, payroll tax, and the short-term rental accommodation levy, among others.

Tasmania: Fees and interest for 2025-26

The State Revenue Office of Tasmania has released a [summary](#) of its fees and rates of interest as they apply for the 2025-26 year.

WA: Land tax exemption for native title settlement

The [Land Tax Assessment Amendment \(Native Title Settlement Exemptions\) Bill 2025](#), which was introduced into the Western Australian (WA) Parliament on 26 June 2025, proposes to exempt land transferred or granted under the South West Native Title Settlement from land tax from the 2025-26 assessment year.

Northern Territory: Revenue Legislation Amendment Bill passed

The [Revenue Legislation Amendment Bill 2025 \(NT\)](#) has been passed by the Northern Territory Parliament and has since received royal assent. The Bill implements various revenue measures announced in the 2025-26 Northern Territory Budget including measures to:

- simplify the stamp duty exemption available for charities and not-for-profit entities from 1 July 2025, subject to transitional rules, by no longer requiring such entities to substantiate that acquired property is used solely in a manner that is not commercial or competitive
- amend the *Gaming Control Act 1993 (NT)* to set a minimum 50% tax rate for activities conducted under an internet gaming licence effective from 1 July 2025, and
- amend the *Racing and Wagering Act 2024 (NT)* to double the annual tax cap applicable to licensed corporate bookmakers and betting exchanges from 1,000,000 revenue units to 2,000,000 revenue units, effective 1 July 2025.





Legislative update

The new Federal Parliament resumed sittings from 22 July 2025.

The following tax or superannuation related Bills were introduced into Federal Parliament:

- [Customs Amendment \(Australia-United Arab Emirates Comprehensive Economic Partnership Agreement Implementation\) Bill 2025](#), which was introduced into the House of Representatives on 25 July 2025, amends the *Customs Act 1901* to introduce new rules of origin to determine if goods imported from the United Arab Emirates (UAE) into Australia are eligible for preferential tariff treatment under the Comprehensive Economic Partnership Agreement between Australia and the United Arab Emirates, and made related consequential amendments.
- [Customs Tariff Amendment \(Australia-United Arab Emirates Comprehensive Economic Partnership Agreement Implementation\) Bill 2025](#), which was introduced into the House of Representatives on 25 July 2025, amends the *Customs Tariff Act 1995* to give effect to the preferential tariff treatment applicable to goods covered by the Comprehensive Economic Partnership Agreement between Australia and the United Arab Emirates.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

Chris Morris

Sydney
Australian Tax and Legal Leader
+61 (2) 8266 3040
chris.morris@au.pwc.com

Michael Dean

Sydney
Private Tax Leader
+61 402 041 451
michael.dean@au.pwc.com

Claire Soccio

Melbourne
Workforce Leader
+61 411 481 681
claire.soccio@au.pwc.com

Gary Dutton

Brisbane
Australian Trade Leader
Partner
+61 434 182 652
gary.dutton@au.pwc.com

Jason Karametos

Melbourne
Corporate Tax Leader
+61 (3) 8603 6233
jason.karametos@au.pwc.com

The following Commonwealth revenue measures were registered as a legislative instrument since our last update:

- [Customs \(Places for Authorised Agents\) Declaration 2025](#), which is a declaration made by the Comptroller-General of Customs that all places in Australia are places to which subsection 181(2) of the Customs Act 1901 applies.



Other news update

CGT improvement threshold for 2025-26

The capital gains tax (CGT) improvement threshold is one of the factors used to determine whether an improvement to a pre-CGT asset is treated as a separate asset for CGT purposes under section 108-70 of the *Income Tax Assessment Act 1997* (ITAA 1997). For the 2025-26 year, the Australian Taxation Office (ATO) has reported that the improvement threshold is \$187,962, an increase on the threshold of \$182,665 applicable in 2024-25.

Ruling update to clarify when a loss is incurred

The ATO has issued an Addendum that updates Taxation Ruling TR 97/7, which covers the meaning of incurred for purposes of section 8-1 of the ITAA 1997, to clarify when a loss is incurred and to draw the distinction between losses and outgoings, following the decision in *Bowerman* and Commissioner of Taxation [2023] AATA 3547.

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For a deeper discussion of how these issues might affect your business, please contact:

Chris Morris

Sydney
Australian Tax and Legal Leader
+61 (2) 8266 3040
chris.morris@au.pwc.com

Bianca Wood

Sydney
Tax Markets Leader
+61 (2) 8266 2792
bianca.wood@au.pwc.com

Luke Bugden

Sydney
NSW Tax Leader
+61 (2) 8266 4797
luke.bugden@au.pwc.com

Clementine Thompson

Melbourne
VIC Tax Leader
+61 413 089 431
clementine.thompson@au.pwc.com

Tamika Cullen

Perth
WA Tax Leader
+61 422 214 044
tamika.cullen@au.pwc.com

James O'Reilly

Brisbane
QLD Tax Leader
+61 (7) 3257 8057
james.oreilly@au.pwc.com

Michael Dean

Sydney
Private Tax Leader
+61 402 041 451
michael.dean@au.pwc.com

Alistair Hutson

Adelaide
Partner
+61 (8) 8218 7467
alistair.hutson@au.pwc.com

Amy Etherton

Newcastle
Partner
+61 (2) 4925 1175
amy.etherton@au.pwc.com

Among other changes, the Addendum includes a new comment that the distinct nature of losses must be considered. Namely, a loss must be definitively encountered, run into, or fallen upon by the taxpayer. For a loss to be incurred it must be realised and more than impending, threatened or expected such that if some contingency means that they are not 'definitively committed' or 'completely subjected' to it, it will not be incurred.

Draft legislative instrument for effective life of depreciating assets

The ATO has released draft legislative instrument [LI 2025/D14](#), which specifies the effective life of certain depreciating assets as determined by the Commissioner of Taxation that can be used by taxpayers as a basis to calculate the decline in value of a depreciating asset for income tax purposes.

Once registered, the instrument will repeal and replace the Income Tax (Effective Life of Depreciating Assets) Determination 2015, which would otherwise sunset on 1 October 2025. The instrument has the same substantial effect as the 2015 instrument. Comments closed 23 July 2025.

Draft legislative instrument on valuation methods for ESS start-ups

The ATO has released draft legislative instrument [LI 2025/D16](#), which provides approved valuation methods for companies that provide Employee Share Scheme (ESS) interests to eligible persons (generally employees) under an ESS that meets the criteria for the ESS start-up concession.

Access to the start-up concession is, among other requirements, subject to satisfying conditions relating to market value, being that the discount on the ESS interest (if a share) is no more than 15%, or if a right (for example, an option) the amount paid to exercise the right is no less than market value of the share when the ESS interest was provided.

The draft legislative instrument provides two approved valuation methods for valuing unlisted shares in a company for the purposes of determining if these conditions are satisfied. Valuations worked out using an approved method are binding on the Commissioner for this purpose.

Once finalised, the instrument will commence on 1 October 2025. The draft instrument repeals and replaces the Income Tax Assessment (Methods for Valuing Unlisted Shares) Approval 2015 instrument, which would otherwise sunset on 1 October 2025, and continues to provide safe harbour valuation methods that ease the financial and compliance burden for companies accessing the ESS start-up concession. Comments closed 30 July 2025.

Remake of 2015 regulations released for consultation

Treasury has released exposure draft regulations for [consultation](#) concerning the remake of the *Income Tax Assessment (1936 Act) Regulation 2015* ahead of the sunset of those regulations on 1 October 2025. The draft Income Tax Assessment (1936 Act) Regulations 2025 remake and improve the 2015 Regulations, repeal redundant provisions, simplify language and update existing rules and requirements to ensure that they continue to operate in accordance with existing policy.

Also released is exposure draft of the Treasury Laws Amendment (Income Tax Assessment Repeal and Consequential Amendments) Regulations 2025, which will make consequential amendments to support the remake of the 2015 Regulations.

Comments on the exposure draft materials closed 15 July 2025.

ATO capability review

The Australian Public Service Commission has released its latest capability review into the ATO, with the review also including the Tax Practitioners Board (TPB) and the Australian Charities and Non-for-profits Commission (ACNC) within its scope.

The report notes that the ATO is a high-performing organisation that is also globally recognised as a leading tax system administrator, though it is not as far ahead as it was in the past as other administrators have since caught up. The purpose of the report is to guide the ATO's future capability uplift and to identify opportunities for it to improve. Four priority areas are suggested for capability development, including:

1. the leadership working as a team and role modelling the behaviours they would like to see in the organisation
2. the whole organisation working as 'one ATO' to deliver for the Australian community, including through improved internal collaboration
3. viewing the ATO as a national asset that stands ready to take on additional roles as required by government, and
4. addressing the organisational strategy capability gaps identified in the report, including streamlining internal governance and ensuring clear accountabilities, and adapting to a future where a large proportion of staff continue to work from home.

In response to the report, Commissioner of Taxation Rob Heferen expressed gratitude to have the opportunity to capitalise on the ATO's high performance, and looked forward to continuing to improve as the ATO implements its performance evolution.

Tax Ombudsman review of ATO letters

The Tax Ombudsman has released the final report on letters from the ATO following its review of ATO's letters and forms of written communication. As part of this review, it considered the ATO's process for designing and testing high volume letters and examined a sample of some of its most complex letters and communication templates.

The report recommended a series of improvements that the ATO could adopt in relation to its letters:

- reviewing how its letters are designed and drafted, involving people with the right skills and knowledge to write clearly for their intended readers
- updating templates with standard information for diverse audiences
- structured and consistent testing of letters with a variety of taxpayers and tax professionals, to ensure they are fit for purpose, including devising ways to gather and implement feedback, and
- ensuring taxpayers' and tax agents' communication preferences are applied to all letter templates.

The ATO accepted all recommendations outlined in the report.



Forward work plan for Tax Ombudsman

The Tax Ombudsman has released a [list of systemic reviews](#) that it plans for the coming financial year which cover:

- the ATO's approach to tax debt interest (i.e. general interest charge (GIC)). The Ombudsman will be reviewing the ATO's process and procedures, and whether its stance on remission is fair, reasonable and applied consistently
- how the ATO manages compromised tax accounts. A report by the Ombudsman last year highlighted the importance of bank account integrity and made recommendations about how the ATO manages the risk of fraudsters changing bank account details in legitimate taxpayer accounts. This new review will respond to continuing taxpayer concerns and investigate whether the ATO is helping taxpayers with easy and low-cost access to the services they need to protect their accounts
- how the ATO engages with and supports First Nations taxpayers. Data suggests that Aboriginal and Torres Strait Islander taxpayers face unique challenges when they engage with the tax system, and
- the ATO's online services for agents, which builds on the Ombudsman's current review of the registered agent phone line.

Updated guidance on credit interest regime updated

The ATO has updated Practice Statement [PS LA 2011/23](#) to update for requirements for the taxpayer and the Commissioner to apply interest on early payments due to changes to system processes. Additionally, there have been various clarifications or revisions of explanations. Such changes include, but are not limited to:

- overlap between interest on early payment and interest on overpayments
- the interest periods when the relevant tax is the result of an amended assessment, and
- the interest periods for when the ATO amends the income tax assessment multiple times for a particular income year

Submissions for Art of Tax Reform Summit

On 26 September 2025, the [Art of Tax Reform Summit](#) will be held in Sydney. The summit will bring together economics and tax policy experts as well as artists, donors, venue operators and other participants in the arts and culture fields and will produce recommendations for the next National Cultural Policy, due in 2028.

The summit will look for ways to address the industry's hurdles through tax reform. Some ideas already on the table include:

- live Performance Australia's Live Theatre Tax Offset
- tax rebates for live music, and
- a review of prize money tax settings.

Submissions close 10 August 2025.



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