



PwC's Monthly Tax Update

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

December 2024

www.pwc.com.au



Corporate Tax Update

Exposure draft legislation for beneficial ownership disclosure

The Government has released [exposure draft legislation](#) that will propose to implement enhanced beneficial ownership disclosure for listed entities. This is part of the Government's multinational tax integrity package and is aimed at improving transparency of corporate structures by showing who ultimately owns, controls or receives profits from companies.

This draft law is the first stage of proposed reforms and just focuses on listed companies. The exposure draft legislation proposes to amend Chapters 6 and 6C of the *Corporations Act 2001* to enhance the substantial holding and tracing notice regimes, which, amongst other things, govern the disclosure of beneficial ownership for listed entities.

The Bill includes amendments intended to:

- bring equity derivatives into the Chapter 6C disclosure regime and ensure they are captured by other requirements in the Corporations Act that target 'relevant interests'
- expand the definition of 'relevant interest' to capture a greater array of instruments and arrangements that may give a person and their associates material influence over securities, and potentially in turn, over an entity's future direction
- clarify when disclosure requirements crystallise
- require foreign-registered entities listed on Australia's financial markets and their shareholders to disclose interests in securities to the same standard as Australian-registered listed entities and their shareholders
- improve access to, and usability of, existing registers of information about relevant interests in listed entities collected via tracing notices; and
- confer on ASIC appropriate powers to incentivise and enforce compliance

with the amended disclosure regime and to protect market participants.

Comments close 13 December 2024.

Corporate tax transparency report for 2022-23

The Australian Taxation Office (ATO) has released the [Corporate tax transparency report](#) for the 2022-23 income year, which reports the name, Australian Business Number (ABN), total income, taxable income and tax payable for some of the largest corporations operating in Australia, comprising:

- Any corporate tax entity with a total income equal to or exceeding \$100m; and
- Entities that have petroleum resource rent tax (PRRT) payable.

This is also the first year that data on Australian-owned private companies with total income between \$100m and \$200m has been published.

This year's corporate tax transparency report covers 3,985 corporate entities, which paid a combined total of \$97.9bn in corporate income tax in 2022-23, representing a 16.7% increase from 2021-22. Other [highlights](#) include:

- Total income for 2022-23 was \$3,138.4bn, an increase on 23.3%.
- Taxable income was \$380.1bn, an increase of 11.3%.
- The mining, energy and water segment accounted for 55.9% (\$54.7bn) of the total tax payable by the corporate transparency population.
- Approximately 31% of entities paid nil tax (14% incurred an accounting loss, 7% incurred a tax loss, 2% utilised offsets, and 8% utilised tax losses from a prior year).
- PRRT payable decreased 6.5% from \$1,996.6m last year to \$1,867.1m this year.

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



Disputes and settlements 2023-24 findings report for public and multinational business

The ATO has released its 2023-24 [Findings report](#) outlining the ATO's key findings and observations on income tax and goods and services tax (GST) disputes completed or undertaken in 2023-24 in relation to the ATO's:

- Audit program
- Independent reviews
- Objections
- Mutual agreement procedures (MAP)
- Litigation; and
- Settlements.

The report notes, among other highlights, that \$2.2bn was paid voluntarily as a result of ATO preventative compliance intervention.

Global profit shifting risks also continue to be a major focus of the ATO's audit program, with around 65-70% of current income tax audits involving global profit

shifting issues, while the application of general anti-avoidance provisions (including diverted profits tax), is being considered in approximately 30% of current income tax audits.

It also notes that the Public groups audit program typically has between 100 and 150 audits underway at any given time (in addition to other compliance activities) and as at 1 July 2024, there were 111 public and multinational business audits in progress and with around two-thirds of the income tax audit program directed at investigating issues related to global profit shifting. GST audits are reported to not be as prevalent in its program as income tax with 68% of GST liabilities raised through voluntary disclosures made through the justified trust programs and targeted industry risk reviews, and assessments raised through its focus on international GST issues (such as low value imported goods and digital products).

In 2023–24, the ATO reported that it settled 29 separate cases with 67 public and multinational businesses.



Employment Taxes Update

Victorian Payroll Tax: Victorian State Taxation Further Amendment Bill 2024

On 14 November 2024, the [Victorian State Taxation Further Amendment Bill 2024](#) passed Legislative Assembly and was moved to the Legislative Council. Broadly, the Bill is set to:

- Provide a partial exemption from payroll tax for wages paid or payable in relation to general practice medical businesses based on bulk billing from 1 July 2025. The exemption is intended to support general practice businesses which bulk bill their services; and
- Extend the period for which the Commissioner of State Revenue may reassess an employer's payroll tax liability in respect of a financial year, where the Commissioner is satisfied that there has been an underpayment of wages by the employer for that financial year (whether or not the wage underpayment was intentional or unintentional). Currently, the Commissioner's ability to reassess a taxpayer's payroll tax liability is limited to a period of no more than 5 years after the date of an assessment, subject to specific exceptions.

ATO's 2023-24 Annual Report – employment taxes focus

On 30 October 2024, the Australian Taxation Office (ATO) released its [annual report for the 2023-24 financial year](#) which provides insights on its recently heightened compliance focus on employer obligations. The focus areas outlined in the report aligned broadly with the ATO's eight key focus areas announced in its 2023-24 Corporate Plan, including Superannuation Guarantee (SG) integrity, investment in data and digital platforms to identify tax risks, and addressing collectable debt.

Relevantly, for the 2023-2024 year the ATO reported it had:

- Completed over 375,000 compliance interactions with employers, resulting in Pay-As-You-Go (PAYG) Withholding liabilities of \$827m being raised.
- Issued over 167,000 'prompt' letters and reminders to employers in relation to SG compliance, resulting in \$240m in SG Charge liabilities being raised.
- Raised a total of \$1.9bn in SG Charge (through audit activities and voluntary disclosures, representing an increase of over 50% from the 2023 financial year and includes the above amounts attributed to the prompting program).
- Issued 8,714 director penalty notices to individual directors of 6,493 companies.

Updates on Payday Super

On 8 November 2024, the ATO published details around its [Payday Super Working Group](#), which will focus on implementing the Payday Super Program, a reform requiring employers to pay SG concurrently (within seven days) with salary and wage payments made to employees.

The ATO Deputy Commissioner for Superannuation & Employer Obligations (Emma Rozenzweig), the chair of the working group, made a [speech](#) to the Association of Superannuation Funds of Australia (ASFA) conference on 20 November 2024, which underscored the transformative potential of Payday Super in modernising the SG environment. In her speech, Ms Rozenzweig emphasised the importance of consultations with various stakeholders, including employers, digital service providers, gateways, clearing houses, superannuation funds, and the ATO, to facilitate the implementation of Payday Super.

Let's talk

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

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

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

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

In addition, it was highlighted that Payday Super necessitates significant legislative changes, which are being actively developed by Treasury and are expected to be released by the end of the 2024 calendar year. Ms Rosenzweig also emphasised the ATO's active collaboration with the broader super industry to prepare for these changes, highlighting ATO investment in its data-matching capabilities between employers' Single Touch Payroll data and contribution data reported by superannuation funds.

Ms Rosenzweig also discussed the operational changes that superannuation funds will need to implement to support faster payments and better data through the superannuation payment system, ensuring that employers can meet their obligations promptly. In the message to superannuation funds, the Deputy Commissioner stressed that Payday Super is not just an employer problem, but a system-wide issue that requires collaboration from all parties involved.

Victorian State Revenue Office: 2023-24 Annual Review

On 20 November 2024, the Victorian State Revenue Office (VIC SRO) published its [2023-2024 Annual Review](#), detailing its activities for the 2024 fiscal year. The Annual Review relays the VIC SRO's elevated compliance activities for the year, through conducting investigations, audits, data analysis and other research to detect non-compliance, whilst being assisted by information from external agencies (such as the ATO, WorkSafe Victoria and other Australian state and territory revenue offices).

From the 11,400 completed investigations during the financial year, the VIC SRO assessed \$446m in liabilities, with payroll tax accounting for \$136.9m of this amount. The Annual Review also reported strong growth compared to forecasted amounts, the majority of which being driven by an increase in revenue from payroll tax assessments. Per the report, the VIC SRO assessed \$11.9bn in revenue from payroll tax assessments (including \$1.2bn in Mental health and wellbeing surcharge and \$1.1bn in COVID debt levy) in the 2023-24 financial year, representing an increase of 10.9% from the budgeted forecast.



Global Tax and Trade Update

Pillar Two legislation passed by Australian Parliament

On 27 November 2024, the primary legislation comprising of the following bills required to implement a global and domestic minimum tax in Australia (Pillar Two) completed their passage through both Houses of the Australian Parliament:

- Taxation (Multinational – Global and Domestic Minimum Tax) Imposition Bill 2024 (the Imposition Bill);
- Taxation (Multinational – Global and Domestic Minimum Tax) Bill 2024 (the Assessment Bill); and
- Treasury Laws Amendment (Multinational – Global and Domestic Minimum Tax) (Consequential) Bill 2024 (the Consequential Bill).

The Imposition Bill imposes top-up tax, namely Australian Domestic Minimum Tax (DMT) and Australian Income Inclusion Rule (IIR) tax with effect for income years commencing on or after 1 January 2024, and Australian Undertaxed Profits Rule (UTPR) tax with effect for income years commencing on or after 1 January 2025. The Assessment Bill implements the framework for imposition of top-up tax for the IIR, UTPR and the DMT consistent with the OECD's Pillar Two Global Anti-Base Erosion (GloBE) Rules. The Consequential Bill contains consequential and miscellaneous provisions necessary for the administration of top-up tax, consistent with the existing administrative framework under Australian tax law and the GloBE Rules.

At the time of writing, the Rules to enable the substantive computation of top-up tax are yet to be finalised. For further details, including next steps for in-scope multinational enterprises, see our [Tax Alert](#).

Crypto Asset Reporting Framework – consultation on Australian implementation

Treasury has released a [consultation paper](#) seeking views on options for Australia's [implementation](#) of the Crypto Asset Reporting Framework (CARF) and associated amendments to the Common Reporting Standard (CRS).

The CARF was developed by the Organisation for Economic Co-operation and Development (OECD) and is a new international tax transparency framework that will allow tax authorities to:

- collect tax-related information from providers of crypto asset transactions; and
- share tax-related information on crypto assets with other tax authorities.

The consultation paper explores a comparison of two options for implementation in Australia - adopting the OECF CARF into Australian tax law, or developing a bespoke approach with the same policy intent.

Comments close 24 January 2025.

Country by country reporting - further update on changes to short form local file

Further to its ongoing consultation with stakeholders, the Australian Taxation Office (ATO) has provided a further update on its proposed approach for the short form local file relevant to country by country (CBC) reporting for periods starting on or after 1 January 2024. The following disclosures in relation to effective reporting lines for Australian employees will no longer be mandatory:

- The full names of the Australian individuals who effectively reported to overseas personnel.
- The full names of the overseas personnel to whom the Australian employees effectively reported.
- The countries of residence of the overseas personnel to whom the Australian employee reported.

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

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 (7) 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

Angela Danieletto
Sydney
Partner
+61 (2) 8266 0973
angela.danieletto@au.pwc.com

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

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

Country by country reports – 31 December lodgment deferral

The ATO has advised that country by country (CBC) reporting entities that have CBC reporting obligations for reporting periods that ended on 31 December 2023 will now have an [automatic extension](#) until 31 January 2025 to lodge their CBC reporting statements (local file, master file and CBC report) which should otherwise be due for lodgment by 31 December 2024. Statements not lodged by 31 January 2025 may be subject to penalties.

OECD report proposes international tax transparency on real estate

The OECD recently issued a report, [Strengthening International Tax Transparency on Real Estate – From Concept to Reality](#), that proposes measures for the international exchange of information and due diligence regarding foreign-owned real estate. Businesses and investors involved in real estate investments should be aware of the increased focus on transparency and potential increased scrutiny on the ownership structures of real estate assets. Further exploratory work will be undertaken with a view to report back to the G20 Finance Ministers and Central Bank Governors in 2025. For further information, refer to our [Global Alert](#).

Revenue Statistics 2024 released

The average level of tax revenues among OECD countries was largely unchanged in 2023 as governments sought to ease cost-of-living pressures amid growing spending challenges related to climate change and ageing populations, according to the OECD's [Revenue Statistics 2024](#). The report shows that the [average](#) tax-to-GDP ratio for OECD countries was 33.9% in 2023, 0.1 percentage points below its 2021 and 2022 levels, but above its pre-pandemic level of 33.4% in 2019.

Revenue Statistics is an annual publication, which gives a conceptual framework to define which government receipts should be regarded as taxes. This year's edition includes a special feature on health taxes in OECD countries.

Pillar Two notification requirement in Germany

The German Federal Ministry of Finance published a Pillar Two notification form on 17 October 2024. The head of any 'German minimum tax groups' must file a notification form with the German Federal Central Tax Office no later than two months after the end of its taxable period for Pillar Two purposes. For financial years beginning on 1 January 2024, the notification must be made no later than 28 February 2025.

Multinationals which have operations in Germany should consider whether there are any German Pillar Two notification requirements. For further information, refer to our [Global Tax Insight](#).

OECD report on carbon pricing, taxes and subsidies

The OECD has released a new report, [Pricing Greenhouse Gas Emissions 2024: Gearing Up to Bring Emissions Down](#), on emissions trading systems, carbon taxes, fuel and electricity excise taxes, as well as subsidies that lower prices on emissions or energy products. The report broadly notes that while reduced energy excise tax rates in many countries in response to the recent energy crisis led to lower implicit carbon prices in 2023, the development of new emissions trading schemes should lead to a greater share of emissions being priced in the next five years.

For instance, the report estimates that with 15 new carbon pricing schemes currently under development – mostly emissions trading schemes (ETSs) - coverage of emissions by an ETS or a carbon tax will rise from 27% to 34% over the next five years, bringing total coverage close to 50% of greenhouse gas emissions across the 79 economies covered in the report.

Second Consultation Paper released from Australian Carbon Leakage Review

The second Consultation Paper by the [Australian Carbon Leakage Review](#) offers an important insight into how Australia may respond to the risk of carbon leakage. Carbon leakage refers broadly to the relocation of an enterprise out of a jurisdiction, primarily due to the imposition of a domestic carbon tax (or other form of price signal).

In March 2023, the Australian government announced it would undertake a review of carbon leakage as part of the 'Safeguard Mechanism' reforms. This formally commenced on 1 July 2023. Following a first consultation in late 2023, a second consultation has now been released, which seeks feedback on preliminary findings relating to carbon leakage risk for specific commodities and policy options.

The Consultation Paper recommends an import-based Border Carbon Adjustment (BCA) which could equalise the level of carbon tax paid by international producers with those paid by domestic producers, with clinker, concrete and lime products likely to be the first commodities subject to a BCA, followed by steel, glass and ammonia-based products at a future date. Importantly, this Consultation Paper does not reflect an adopted Government position, but rather the recommended policy setting by the Review.

Comments on the consultation close 3 December 2024. For further information, refer to our [Tax Alert](#).

Tariff legislation simplified and Ukraine tariff concessions extended

The [Customs Tariff Amendment \(Incorporation of Proposals and Other Measures\) Bill 2024](#) was introduced into the House of Representatives on 7 November 2024. Among other amendments to the *Customs Tariff Act 1995*, the Bill proposes to:

- Set the general rate of customs duty applicable to over 450 tariff headings and subheadings to 'free'.
- Ensure the preferential rate of customs duty applied to specified goods covered by the Regional Comprehensive Economic Partnership Agreement is not higher than the general rate of customs duty. The amendments will maintain phased customs duty rate reductions, which were in place as at 1 January 2024, reducing them to the rate of 'free' from 1 July 2024.
- Provide that the 'free' rate of customs duty applicable to goods that are the produce or manufacture of Ukraine continues to apply for a further 24 months, beginning 4 July 2024 and ending 3 July 2026.
- Simplify Australia's tariff legislation by removing phased reduction of customs duty provisions – including goods covered by the Korea-Australia Free Trade Agreement and the Japan-Australia Economic Partnership Agreement - which are 'spent' by virtue of having already operated to reduce the rate of duty applicable to the goods to 'free'.
- Repeal a number of paragraphs within the Customs Tariff Act that provide the method for determining the time at which phased rates of duty applicable to several schedules in the Act have effect, and therefore the relevant rate of duty to be used for the calculation of duty payable in respect of the importation of goods into Australia. The relevant phased rate reduction provisions have already operated to reduce the customs duty rate to 'free' in the affected schedules and so are no longer required.

ASEAN-Australia-New Zealand Free Trade Area Second Protocol

The Agreement establishing the ASEAN-Australia-New Zealand Free Trade Area (the Agreement) is a comprehensive trade agreement between ASEAN member states that delivers goods, services, investment, intellectual property, e-commerce, temporary movement of business persons, and economic cooperation.

The [Customs Amendment \(ASEAN-Australia-New Zealand Free Trade Area Second Protocol Implementation and Other Measures\) Bill 2024](#), introduced into the House of Representatives on 7 November 2024, amends the *Customs Act 1901* to implement the new customs commitments under the Second Protocol to the Agreement. Among other measures, the Bill proposes to amend the Customs Act to:

- Insert new record keeping and verification related requirements that apply to the export of goods covered by the Second Protocol.
- Ensure the correct preferential tariff treatment in the form of reduced customs duty rate will only apply to goods intended by the Agreement as amended by the Protocol, regardless of changes to the tariff classification of the goods over time.
- Insert a new definition of 'Product Specific Rules', to ensure the correct rules are used for determining whether the transformation of goods from a country not covered by the Agreement as amended by the Second Protocol are sufficient for the purpose of treating the transformed goods as goods that are covered by that Agreement.
- Expand on the document requirements so that, in addition to a Certificate of Origin document issued by an authorised body, an importer may also use a self-declaration document containing information in accordance with the Second Protocol to make a claim for preferential tariff treatment for goods covered by that Agreement.

The Bill also amends the Customs Act to revise and streamline multiple provisions concerning the Regional Comprehensive Economic Partnership Agreement, the Pacific Agreement on Closer Economic Relations Plus and the Malaysia–Australia Free Trade Agreement.

The amendments contained in the Bill will commence on the later of the day on which the Bill receives royal assent and the day on which the Second Protocol signed on 21 August 2023 enters into force for Australia.



Royalty withholding tax dispute to be heard by Court

The Federal Court has refused to grant the taxpayer temporary stay in its dispute with the ATO in [Oracle Corporation Australia Pty Ltd v Commissioner of Taxation \(Stay Application\) \[2024\] FCA 1262](#), citing public interest reasons. The dispute involves whether "sublicence fees" under a complex software distribution agreement were royalties for Australian tax purposes and therefore subject to royalty withholding tax.

The taxpayer sought a temporary stay of proceedings in its dispute with the Commissioner of Taxation pending conclusion of a mutual agreement procedure (MAP) between the tax authorities of Australia and Ireland under the terms of the Australia-Ireland double tax agreement (DTA). The taxpayer group appealed to the Federal Court against the objection decisions to preserve its domestic rights of appeal, and immediately sought the temporary stay to permit the MAP to progress. The ATO subsequently suspended the MAP under the relevant Article of the *Multilateral Convention*

to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI) which it was permitted to do so since "a case with respect to one or more of the same issues is pending before a court or administrative tribunal".

Considering a number of valid arguments from both parties, ultimately the Federal Court concluded in the Commissioner's favour and denied the stay request primarily for public interest reasons.

Whilst noting that the terms of the treaties show that, generally speaking, domestic proceedings should be stayed to permit the MAP to proceed if the taxpayer wishes, the Court found that in this case there were strong "public interest" reasons to deny the application, as a judicial determination of this issue was required to provide the Commissioner and taxpayers with guidance. It would also assist the tax authorities on other MAPs and subsequent arbitrations and provide guidance to the various competent authorities, arbitrators and to any other trading partners with whom Australia is presently in dispute about the nature of a royalty.



Indirect Tax Update

Luxury car tax case remitted to Administrative Review Tribunal

In [Commissioner of Taxation v Patrix Prestige Pty Ltd \[2024\] FCAFC 148](#), the Federal Court has allowed the Commissioner's appeal and the corporate taxpayer's cross appeal in relation to a luxury car tax (LCT) matter, determining that the matter be remitted to the new Administrative Review Tribunal to be reheard.

At first instance, the Administrative Appeals Tribunal (AAT) considered, among other matters, whether the taxpayer was entitled to a decreasing LCT adjustment under section 15-30 of the *A New Tax System (Luxury Car Tax) Act 1999* (LCT Act), in respect of 13 'new' luxury cars and four 'used' luxury cars, with the AAT finding partly for the taxpayer and partly for the Commissioner. For further details, refer to the [May 2024](#) edition of Monthly Tax Update.

On the appeal to the Federal Court, the Court found that the AAT had misconstrued sections 9-5 and 15-30 of the LCT Act, with the result that there was a realistic possibility that the Tribunal's factual findings would have been different if it had not erred in its construction of those sections.

ATO speech at Tax Institute National GST conference

At the Tax Institute's National GST Conference, Deputy Commissioner Rebecca Saint and Senior Director Virginia Gogan of the Australian Taxation Office (ATO) provided an [update](#) for public and multinational businesses.

Public and multinational businesses were noted to be the largest contributors to the GST system, with GST revenue accounting for around 14% of the ATO's overall net tax collections in the 2022-23 financial year. In the same year, over 60% of the \$77.3bn in net GST liabilities collected by the ATO were from public and multinational businesses.

The speech covered a wide range of areas, including where the ATO is at in its engagement with the market for GST, its observations on the GST risk focus areas, and the ATO's future directions for large business compliance programs going forward.

It was also reported that the ATO continue to see a significant rate of voluntary disclosures of GST errors which were largely arising from deficiencies in governance controls and systems. In the Top 1000 population, about 40% of combined assurance reviews carried out in 2024 are reported to involve a voluntary disclosure for GST – either at the notification of the review, or throughout the review.

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

Jeff Pfaff

Brisbane
Partner
+61 (7) 3257 8729
jeff.pfaff@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



In relation to the application of the four-year time limit on claiming input tax credits or fuel tax credits, the Deputy Commissioner encourages taxpayers to proactively consider Division 93 of *A New Tax System (Goods and Services Tax) Act 1999* when periods are close to the expiry of the four-year entitlement period, i.e. the amendment request actually needs to be processed by the ATO within the four-year limit. Accordingly, it is strongly recommended to not wait until year four and do sweeps to detect potential errors much more frequently to reduce the potential for lost claims.

In terms of GST risk focus areas, the ATO noted (among other focus areas):

- *financial services and insurance* - The types of issues the ATO has recently seen that cause concern are (among others) 'set and forget' approaches to apportionment models without consideration of whether the method is fair and reasonable, as well as errors where large businesses fail to undertake the financial acquisitions threshold test monthly, and do not correctly recover input tax credits on costs related to significant and unusual transactions such as takeovers.
- *product classification* - The ATO has been working to provide public advice and guidance on priority food and health product classification issues, with the aim of providing certainty and stability to the industry. For further information, refer to PwC's recent Tax Alerts on [GST classification](#) and [when food is considered a prepared meal](#).
- *property, construction and retirement village segments* - The ATO has had a focus on build to rent developments and the main issues arising have involved adjustments such as failure to make adjustments when a property is acquired as a GST-free going concern. It will continue to engage with taxpayers across a variety of business models within this segment of the public and multinational market, including purpose-built student accommodation, retirement villages, accommodation providers and hybrid property types.
- *international GST* - The ATO is focused on ensuring that Australian GST obligations are being met by offshore entities making supplies to Australian customers. The ATO is making better use of data, particularly banking data, to improve its holistic understanding of the offshore population and tailoring its risk treatment strategies to obtain greater assurance that offshore businesses who fall within the Australian GST regime are registered, lodging and paying the correct amount of GST.

GST addenda issued

The ATO has issued various addenda to GST Rulings, including:

- [GSTR 2014/2](#), which deals with the GST treatment of ATM service fees, credit card surcharges and debit card surcharges, to reflect changes to how the Ruling defines 'ATM' and 'ATM services', consistent with the decision in *Banktech Group Pty Ltd v Commissioner of Taxation [2023] AATA 3850*. The addendum also includes amendments to GSTR 2014/2 that ensure currency of legislative and other citations and make editorial changes where required to meet accessibility requirements.
- [GSTR 2002/2](#), which deals with the GST treatment of financial supplies and related supplies and acquisitions, to make minor consequential updates to the definition of 'ATM' as part of the updates to GSTR 2014/2 (as noted above), alongside other changes that ensure currency of legislative and other citations and make editorial changes where required to meet accessibility requirements.

A minor addendum has also issued to Miscellaneous Taxation Ruling [MT 2012/2](#), which deals with application of the income tax and GST laws to deferred transfer farm-out arrangements, to update references to legislative instruments and address accessibility issues.



Personal Tax Update

Value of goods taken from trading stock

The Australian Taxation Office (ATO) has released Taxation Determination [TD 2024/8](#) which sets out the amounts that the ATO will accept as estimates of the value of goods taken from trading stock for private use by taxpayers in named industries (predominantly within food and hospitality) in the 2024-25 income year.

Proposed reforms to HELP repayments

In November 2024, the government announced changes to repayments for the Higher Education Loan Program (HELP) and other student loan schemes.

Namely, the minimum repayment threshold is [proposed](#) to change from \$54,435 in 2024-25 to \$67,000 in 2025-26. This change will also introduce a system where HELP repayments are calculated only on the income above the new \$67,000 threshold rather than repayments being based on total annual income. Subject to the passage of legislation, this will take effect from 1 July 2025.

Separately, the government also [announced](#) that it will reduce every Australian HELP or student loan debt by 20% on 1 June 2025. This means that indexation would apply only to the remaining loan debt balance, e.g. after the HELP debt has been reduced by 20%. This will be automatically adjusted by the ATO. Subject to the passage of legislation, this will take effect from 1 June 2025.



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

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

State Tax Update

Victoria: Short Stay Levy now law

The [Short Stay Levy Bill 2024 \(Vic\)](#) which introduces a short stay levy at a rate of 7.5% of the total booking fee for a short stay in short stay accommodation from 1 January 2025 has now completed its passage through the Victorian Parliament and is now law.

Although the measure applies from 1 January 2025, transitional arrangements apply such that the levy does not apply to a short stay booking made before 1 January 2025, regardless of whether the short stay is completed on or after 1 January 2025.

The short stay levy is payable in respect of each short stay of less than 28 days in premises in Victoria that are defined as short stay accommodation. This excludes premises that are occupied as the principal place of residence of the owner/renter of the premises, as well as commercial residential premises and certain other specified types of premises.

Liability for the levy arises on the completion of a short stay in short stay accommodation, with liability imposed on the provider of a booking platform, or the owner/renter of the premises where the booking is made direct. Those liable for the levy must apply to the Commissioner for registration and lodge returns in respect of each return period to pay the levy. Returns must be lodged every three months for persons whose total relevant booking fees in a year are \$75,000 or more, or every calendar year for all other persons.

Victoria: State Taxation Further Amendment Bill introduced

The [State Taxation Further Amendment Bill 2024 \(Vic\)](#), which was introduced into the Victorian Parliament on 29 October 2024, makes a range of duty, land tax and payroll tax amendments.

In relation to duties, the Bill makes a range of amendments to the *Duties Act 2000 (Vic)* in relation to:

- exemptions from duty on dutiable transactions and relevant acquisitions of tax reform scheme land
- exemptions and concessions from duty for friendly societies, special disability trusts and persons under a legal disability; and
- the imposition of additional duty on foreign purchasers so as to ensure that the duty is payable in accordance with what had always been intended by aligning with the Commonwealth amendments that clarified the interaction of State laws with the international tax agreements, i.e. ensuring that State laws imposing certain taxes prevail in the event of any inconsistency with the international tax agreements.

Amendments are also made to the *Land Tax Act 2005 (Vic)* in relation to:

- exemptions for clubs
- excluding land in alpine resorts from vacant residential land tax
- exempting from land tax, land on which housing is provided for the relief of poverty
- making further provision for the holiday home exemption from vacant residential land tax; and
- the imposition of a land tax surcharge on foreign owners of Victorian land so as to ensure that the surcharge is payable in accordance with what is intended by aligning with the Commonwealth amendments that clarified the interaction of State laws with the international tax agreements, i.e. ensuring that State laws imposing certain taxes prevail in the event of any inconsistency with the international tax agreements.

The Bill also makes payroll tax amendments – refer to the Employment Taxes section for details.

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

Jess Fantin
Brisbane
Partner
+61 (7) 3257 5501
jess.fantin@pwc.au.com



Victoria: Temporary off-the-plan duty concession now law

The [Duties Amendment \(More Homes\) Bill 2024](#), which was introduced (29 October 2024) and subsequently passed by the Victorian Parliament, is now law having received Royal Assent on 19 November 2024. The Bill introduces a new temporary off-the-plan duty concession for certain purchasers of a dwelling within a strata subdivision and will allow purchasers to deduct 100% of the construction costs incurred on or after the contract date, for the purposes of determining the dutiable value of the purchaser's property.

The new temporary concession will apply if:

- the dutiable property is residential property consisting of a single dwelling
- the residential property is a lot in a strata subdivision that has common property; and
- the contract for the purchase of the dutiable property is entered into on or after 21 October 2024 and before 21 October 2025.

Unlike the existing off-the-plan concession which is limited to certain owner occupiers who must meet a residence requirement, the new concession can apply to all purchasers, including investors. There is also no threshold for the concession to apply.

The Victorian State Revenue Office has also clarified that Ruling [DA-048v2](#) applies to transactions eligible for the temporary concession (with any modification required for the different context) and continues to apply to transactions eligible for the existing off-the-plan concession.

Victoria: Land tax exemption refused for primary production land in urban zone

In [Delma Investments Pty Ltd v Commissioner of State Revenue \[2024\] VSC 649](#), the Supreme Court of Victoria has found that the primary production land tax exemption under section 67 of the *Land Tax Act 2005* (Vic) was not available to a corporate taxpayer.

The Supreme Court considered three issues which were relevant to the application of the exemption, namely whether:

- the land was used solely or primarily for the business of primary production, being the maintenance of cattle for the purpose of sale
- the taxpayer's principal business was the business of primary production it conducted on the land; and
- the director of the corporate taxpayer (who was also a shareholder and contractor to the company) was normally engaged in a substantially full-time capacity in that business.

The Court was satisfied that the taxpayer used the land primarily for the business of primary production, albeit a 'very modest one', i.e. the evidence supported the position that the taxpayer did conduct cattle farming with such intensity that the land was capable of supporting. The Court was similarly satisfied that the taxpayer's principal business was the business of primary production carried out on the land. Although the taxpayer was 'deeply committed' to land development, any substantial development activities to be undertaken were years away at best and there was no income being generated from these development activities in the relevant tax years. The Court also found that the taxpayer was not engaged in a money lending business - the mere lending of a large sum at interest, in itself, was found not to constitute a money lending business since it does not necessarily involve the carrying on of the activity in a business-like manner or for the pursuit of profit.

However, the Supreme Court did not consider that the director was normally engaged in a full-time capacity in the company's business of primary production. While it accepted that the director may have been engaged in the business of primary production in a substantially full-time capacity when considering his involvement with the company's business and another separate primary production business, it was not sufficient to be in a full-time capacity when considering the land under appeal alone.

The Court noted that a taxpayer that works across two or more separate lands as part of the same enterprise may be considered as being engaged in a 'substantially full-time capacity' to the extent that the engagement on each land is part of the same business of primary production. However, the director's engagement in two separate primary production businesses was a distinctly different position. As such the relevant exemption did not apply.





New South Wales: Preparing for land tax year 2025

Revenue NSW has [confirmed](#) that it will start issuing New South Wales (NSW) 2025 land tax notices of assessment from 2 January 2025. The guidance serves as a further reminder that, from 1 January 2025, land tax thresholds are fixed at the following thresholds:

- General threshold: \$1,075,000
- Premium threshold: \$6,571,000

These thresholds will remain unchanged for future land tax years, with the NSW Treasurer to assess these thresholds by 1 June 2027.

In other changes, from 1 January 2025, the surcharge land tax rate for foreign owners also increases from 4 to 5%. Furthermore, from 1 February 2024, to receive the principal place of residence (PPR) exemption the landowner must:

- own at least 25% of the property, either solely or jointly; and
- meet PPR eligibility requirements.

Where these requirements are not met, the owner(s) will be liable for land tax from 1 January 2025 onwards (subject to certain transitional measures).



NSW: Double duty imposed

The NSW Civil and Administrative Tribunal considered in [Dinheiro Pty Ltd v Chief Commissioner of State Revenue \[2024\] NSWCATAD 347](#) whether nominal duty should apply to a transfer of land which was not in conformity with the agreement to purchase.

An agreement for the sale of an “off the plan” townhouse was entered into by two individuals with the agreement stamped with full ad valorem duty, which was paid. However, the transfer of the property was not made to the individuals as specified in the contract when settlement occurred - instead it was transferred to the taxpayer company which is a private company that is also the trustee of a trust. Nominal duty of \$10 was self-assessed and paid by the taxpayer on the transfer, on the basis that section 18(3) of the Duties Act 1997 (NSW) was satisfied. The Commissioner considered that the nominal duty chargeable under that section did not apply to the transfer of the property to the taxpayer.

The Court found that the requirements in section 18(3)(a), (b) and (c) were satisfied because:

- the duty chargeable in respect of the agreement has been paid
- the transfer would be in conformity with the agreement if the transferee was the purchaser under the agreement
- the transfer occurred at the same time as, or proximately with, the completion or settlement of the agreement; and
- the trust was not, at the relevant times, a discretionary trust or a public unit trust scheme.

However, the Tribunal concluded that the related persons test in section 18(3)(d) was not satisfied as it requires each of the individuals to be “a beneficiary of the trust” - only one of the individuals became the sole unitholder of the trust once it had been converted from a discretionary trust to a unit trust and the Court was not satisfied that both individuals held units in the trust at either the Contract Date or the Settlement Date.

NSW: Land tax – interest on late payment

In [Sutton v Chief Commissioner of State Revenue \[2024\] NSWCATAD 338](#), the taxpayer claimed that the Chief Commissioner of State Revenue was either wholly or largely responsible for an error that led to late payment of land tax and requested that the associated interest be removed or reduced. The NSW Civil and Administrative Tribunal determined that the interest was properly imposed and that there were no grounds for remission. It was not the Chief Commissioner’s fault that the taxpayer paid insufficient attention to the assessment notices, nor the Chief Commissioner’s fault that the taxpayer failed to comply with their obligation to lodge a variation return, and it was these factors that led to the tax default.

NSW: Surcharge duty confirmed

In [GSE v Chief Commissioner of State Revenue \[2024\] NSWCATAD 320](#), the NSW Civil and Administrative Tribunal has upheld foreign surcharge purchaser duty together with interest and penalties on unpaid amounts of surcharge purchaser duty.

The taxpayer was not an Australian citizen on the date of the property acquisition or before that time. The question was whether she was “ordinarily resident” in Australia on that date so as to qualify for the surcharge duty exemption for certain permanent residents in respect of a principal place of residence. On the evidence at hand, the Tribunal found that the taxpayer had not proved on the balance of probabilities that she used and occupied the property for the period claimed. Furthermore, the Tribunal noted that it was well established that there is no discretion under the Duties Act or the Administration Act to grant an exemption from surcharge purchaser duty where the statutory criteria for levying that duty are met.





NSW: Interest on surcharge duty partially remitted

In [Xin v Chief Commissioner of State Revenue \[2024\] NSWCATAD 333](#), the NSW Civil and Administrative Tribunal found partly in favour of the taxpayer, who sought removal or remission of interest and penalty tax attached to an assessment to surcharge duty.

On the matter of the interest, the Tribunal concluded that the taxpayer should not have to pay interest in respect of a particular period of time, not because there was no tax default during that period, but because it was impossible, in a practical sense, for the taxpayer to identify during that period that they even had a tax liability. This was because at that point it was not possible to determine whether the taxpayer would ultimately satisfy the residence requirement for exemption (i.e. actual use and occupation of the property as the principal place of residence for a continuous period of at least 200 days within the first 12 months after the liability arose).

However, the tax liability eventually crystallised, and the taxpayer did not pay it, giving rise to a tax default. The Tribunal was not satisfied that the taxpayer took reasonable care, or that the tax default was beyond her control. The Tribunal noted that this matter involved a

person who said she would meet the residence requirement but failed to do so, and then did not notify the Chief Commissioner of the default and to excuse such a case from the penalty, or even to reduce the penalty when there is nothing unusual about those bare facts, would be to undermine the very purpose of the penalty provision in the first place. This meant the penalty stood, with the conditions for remission similarly not met.

Queensland: Administrative arrangement for complying pharmacy businesses

The Queensland Revenue Office has issued Public Ruling [DA000.19.1](#), which sets out the terms of an administrative arrangement that enables the Commissioner of State Revenue to provide an exemption from transfer duty, landholder duty or corporate trustee duty for certain transactions or acquisitions that occur as part of an eligible pharmacy business complying with the ownership and interest requirements under the *Pharmacy Business Ownership Act 2024 (Qld)*.

The administrative arrangement applies to eligible transactions and acquisitions where the liability for duty arises on or after 1 January 2025 and within the relevant period (as defined).



Superannuation Update

Proposed improvements to the retirement phase of superannuation

The Government has [announced](#) a [package of reforms](#) in response to the feedback received from the [Superannuation in retirement](#) consultation, with those reforms aimed at improving the retirement phase of superannuation and helping retirees make the most of their superannuation through trusted information, better products and greater transparency.

The reforms focus on four critical areas to strengthen retirement outcomes, which include:

- **Enhanced independent guidance:** the Government will, among other measures, expand and refresh resources on the Moneysmart website, ensuring retirees have easy access to independent, reliable information on superannuation and retirement options.
- **Better retirement products:** updated innovative income stream regulations to commence from 1 July 2026, subject to consultation on draft regulations ahead of this.
- **Best practice principles:** a new set of voluntary best practice principles for designing modern, high quality income products, with consultation on the draft principles to begin in 2025.
- **Increased transparency:** a new Retirement Reporting Framework to commence from 2027, enabling monitoring of the outcomes delivered to members in retirement in a consistent and transparent manner. APRA will collect and publish data on an annual basis, so progress can be measured over time. The design of metrics and process will be informed by Treasury-led consultation from next year.

Further consultation with the industry and broader community on the details of these changes will begin in the first half of 2025.

Practice Statement updates

The ATO has updated the following Practice Statements in line with current ATO style and accessibility requirements:

- [PS LA 2020/3](#) Self-managed superannuation funds – administrative penalties imposed under subsection 166(1) of the *Superannuation Industry (Supervision) Act 1993*.
- [PS LA 2009/5](#) Provision of advice and guidance by the Australian Taxation Office in relation to the application of the *Superannuation Industry (Supervision) Act 1993* and the Superannuation Industry (Supervision) Regulations 1994 to self-managed superannuation funds.
- [PS LA 2009/8](#) The Commissioner's determination under para 71(1)(e) of the *Superannuation Industry (Supervision) Act 1993* that an asset is not an in-house asset of a self-managed superannuation fund.

These Practice Statements have also been checked for technical accuracy and currency.

Let's talk

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

Naree Brooks

Melbourne
Partner
+ 61 (3) 8603 1200
naree.brooks@au.pwc.com

Marco Feltrin

Melbourne
Partner
+ 61 (3) 8603 6796
marco.feltrin@au.pwc.com

Pete Nearhos

Brisbane
Partner
+61 7 3257 5030
pete.nearhos@au.pwc.com

Alice Kase

Sydney
Partner
+ 61 (2) 8266 5506
alice.kase@au.pwc.com

Grahame Roach

Sydney
Partner
+ 61 (2) 8266 7327
grahame.roach@au.pwc.com

Sharyn Frawley

Melbourne
Partner
+61 3 8603 1217
sharyn.frawley@au.pwc.com



Legislative Update

The following tax or superannuation related Bills were introduced into Federal Parliament since our last update:

- The [Customs Tariff Amendment \(Incorporation of Proposals and Other Measures\) Bill 2024](#), which was introduced into the House of Representatives on 7 November 2024 and subsequently passed remaining stages of Parliament, amends the *Customs Tariff Act 1995* to, among other measures, extend the 'free' rate of customs duty applicable to goods from the Ukraine for a further 24 months beginning 4 July 2024 and ending 3 July 2026. For further information, refer to Global Tax and Trade.
- The [Customs Amendment \(ASEAN-Australia-New Zealand Free Trade Area Second Protocol Implementation and Other Measures\) Bill 2024](#), which was introduced into the House of Representatives on 7 November 2024 and subsequently passed remaining stages of Parliament, amends the *Customs Act 1901* to give effect to the customs obligations under the Second Protocol to Amend the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area. For further information, refer to Global Tax and Trade.
- The [Future Made in Australia \(Production Tax Credits and Other Measures\) Bill 2024](#), which was introduced into the House of Representatives on 25 November 2024, proposes to establish the hydrogen production tax incentive (HPTI) and critical minerals production tax incentive (CMPTI), which are both refundable tax offsets. The HPTI will apply to eligible hydrogen produced in income years starting on or after 1 July 2027 and before 1 July 2040 by companies that satisfy the eligibility requirements. The CMPTI offset will apply in respect of eligible CMPTI processing activities for income years that start on or after 1 July 2027 and that end on or before 30 June 2040.
- The [Treasury Laws Amendment \(Fairer for Families and Farmers and Other Measures\) Bill 2024](#), which was introduced into the House of Representatives on 27 November 2024 and subsequently passed remaining stages of Parliament, makes a range of amendments including to:
 - facilitate the return of responsibility and resources for administering Commonwealth business registers from the Australian Taxation Office (ATO) to the Australian Securities and Investments Commission (ASIC), in winding up the Modernising Business Registers (MBR) Program
 - make amendments to the list of deductible gift recipients in the *Income Tax Assessment Act 1997*, and
 - make technical amendments to various Treasury portfolio laws, including the *Petroleum Resource Rent Tax Assessment Act 1987* and to ensure that associate entities of general class investors are correctly categorised for thin capitalisation purposes and to the *Corporations Act 2001* to clarify the public company requirement to disclose residency of group subsidiaries in a Consolidated Entity Disclosure Statement (CEDS) as part of their annual financial reports.
- [Treasury Laws Amendment \(Tax Incentives and Integrity\) Bill 2024](#), which was introduced into the House of Representatives on 28 November 2024, proposes to:
 - amend the *Luxury Car Tax Act 1999* to tighten the definition of a fuel-efficient vehicle, and to align the indexation rates for luxury car tax thresholds

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

Norah Seddon
Sydney
Workforce Leader
+61 421 051 892
norah.seddon@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

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



- deny deductions for the general interest charge (GIC) and shortfall interest charge (SIC), in relation to assessments for income years starting on or after 1 July 2025; and
- extend the period within which the Commissioner must notify a taxpayer of the decision to retain a refund amount arising from a Business Activity Statement (BAS) or another notification under the BAS provisions for verification of information.

Since our last update, the following tax Bills have completed their passage through Parliament:

- The [Taxation \(Multinational – Global and Domestic Minimum Tax\) Imposition Bill 2024](#), the [Taxation \(Multinational – Global and Domestic Minimum Tax\) Bill 2024](#) (with amendments), and [Treasury Laws Amendment \(Multinational – Global and Domestic Minimum Tax\) \(Consequential\) Bill 2024](#) (with amendments), which form the package of measures to implement a global and domestic minimum tax in Australia as part of the Organisation for Economic Co-operation and Development's (OECD's) Pillar Two solution with effect for fiscal years commencing on or after 1 January 2024.
- The [Treasury Laws Amendment \(Responsible Buy Now Pay Later and Other Measures\) Bill 2024](#) which introduces a range of amendments, including, among other matters:
 - an increase to the capital works deduction rate to 4% per year for eligible new build-to-rent (BTR) developments where construction commenced after 7:30PM, by legal time in the Australian Capital Territory, on 9 May 2023 (amendments were made to this measure during its passage through the Senate)
 - reduction in the final withholding tax rate on eligible fund payments from managed investment trust (MIT) investments for eligible new BTR developments from 30% to 15% from 1 July 2024 (amendments were made to this measure during its passage through the Senate)
 - ensuring that low-income taxpayers are not denied concessional Medicare levy treatment solely as a result of receiving an eligible lump sum payment in arrears for the 2024-25 income years and later income years.
 - the implementation of Australia's public Country by Country (CBC) reporting regime in respect of reporting periods commencing on or after 1 July 2024; and
 - an update to the list of deductible gift recipients.

Note that the proposal to extend the \$20,000 instant asset write-off for small business until 30 June 2025 has been removed from this Bill and is expected to be included in Government amendments yet made to the Treasury Laws Amendment (Tax Incentives and Integrity) Bill 2024.

- The [Capital Works \(Build to Rent Misuse Tax\) Bill 2024](#) which imposes a misuse tax when one or both of the new BTR tax concessions noted above are claimed in circumstances where they are not available due to BTR development ineligibility.
- [Treasury Laws Amendment \(2024 Tax and Other Measures No. 1\) Bill 2024](#) which introduces various amendments, including:
 - modifying the foreign resident capital gains withholding payments regime to increase the withholding rate from 12.5 to 15% and remove the threshold before which withholding applies in relation to Australian real property interests
 - allowing employers to make a standing declaration to their tax agent in relation to single touch payroll that covers multiple lodgments for extended periods
 - providing the Commissioner of Taxation with a power to retain tax refunds for a 90-day period to enable the Commissioner to obtain financial institution details for the refund to be paid into; and
 - extending the time from two years to four years in which small or medium business taxpayers may apply to have an income tax assessment for income years starting on or after 1 July 2024 amended.
- [Superannuation \(Objective\) Bill 2023](#) which legislates the objective of superannuation to codify a shared purpose of superannuation, which is 'to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way.'

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

- The [Income Tax \(Transitional Provisions\) \(Permanent Incapacity Benefits\) Amendment Rules 2024](#), which continues transitional arrangements made by section 301-100 of the *Income Tax (Transitional Provisions) Act 1997* (Amendment of assessments – transitional rule for permanent incapacity benefits, etc.) for another 12 months to include the 2023-24 income year.

Federal Parliament has now completed its sitting for the 2024 calendar year. The next scheduled sitting date is 4 February 2025.

Other News Update

2025-26 Pre-Budget submissions

In advance of the Federal Budget currently scheduled to be handed down on 25 March 2025, the Assistant Treasurer and Minister for Financial Services issued a [call for submissions](#) from individuals, businesses and community groups regarding priorities for the 2025–26 Budget. Stakeholders are invited to share their submissions by 31 January 2025.

ATO's 2023-24 annual report

The Australian Taxation Office (ATO) has released its 2023-24 [annual report](#), which informs Parliament, stakeholders and the community about the ATO's performance for the past financial year.

In his review, Commissioner Rob Heferen noted that in 2023-24 the ATO collected gross tax of \$769.7bn, with net tax collections of \$610.6bn – a 6% increase over the previous year. In addition, while the debt growth rate slowed, the total value of collectable debt increased to \$52.8bn at 30 June 2024 (a 5.2% increase from the previous year).

Looking forward to 2024-25, the ATO will, among other focus areas, extend its actions to improve the recovery of high-value and aged debts and enforce timely payment of employer obligations. Enhancing cybersecurity also remains a key focus area in 2024-25, as does improving small business tax performance by collaborating with small businesses, digital service providers and tax practitioners to build a digital-first tax ecosystem, improve compliance and pursuing new priority tax risk areas for multinational enterprises, as well as public and private businesses, and to continue its work to expand the use of data to improve superannuation guarantee compliance.

ATO's Private groups' Medium and Emerging program

The ATO is [contacting](#) selected businesses and entities that now meet the ATO's criteria for its Medium and Emerging private groups tax [performance program](#), which includes:

- private groups linked to Australian resident individuals who, together with their associates, control wealth between \$5m and \$50m, and
- businesses with an annual turnover of more than \$10m that are not public or foreign owned and are not linked to a high wealth private group.

As part of this, the ATO has indicated that the following areas are where it sees errors made: trusts, business loans and deemed dividends (Division 7A), capital gains tax concessions and omitted or incorrect reporting of income.

For 2024-25, the ATO's key [areas of focus](#) for Private Wealth are based on:

- Foundational issues including, among others, not registering for obligations where required, failing to lodge tax returns, and not paying tax debts on time, international transactions, trusts and franking issues.
- Emerging or evolving risks and issues including, among others, incorrect reporting, share buyback arrangements, thin capitalisation, and cryptocurrency-based business models.
- Targeted focus areas including, among others, succession planning, private equity and goods and services tax (GST) focus areas in retail and construction.

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

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

Tax Avoidance Taskforce highlights

The ATO's Tax Avoidance Taskforce has provided a [summary and highlights](#) of the 2023-24 financial year. Throughout the year, the taskforce reported that it has reached further into populations such as the medium and emerging public companies and private groups populations. The Taskforce also developed new programs to engage with taxpayers early and address new and emerging risks. Its engagements with large public groups, multinationals and privately owned and wealthy groups have generated total revenue effects of around \$32.4bn since July 2016, with taskforce funding helping to generate around \$20.8bn as at 30 June 2024.

This includes results from collections from audit actions and preventative actions and sustained compliance. In 2023-24, the Taskforce's compliance efforts in this population secured \$5.7bn in additional tax revenue from these groups.

ATO's firmer approach to unpaid tax and super

The ATO has announced that it will adopt a [firmer and targeted](#) approach to collecting unpaid tax and superannuation. Namely, where businesses refuse to engage with the ATO and continue to ignore SMS and letter reminders in respect of unpaid goods and services tax (GST), pay as you go withholding (PAYGW), or employee superannuation, the ATO will, taking into account compliance history:

- Move more quickly to firmer actions such as Director Penalty Notices (DPNs) and garnishee notices for businesses both large and small that have not engaged with the ATO or set up a payment plan.
- Look at debts of directors of multiple companies with outstanding GST, PAYGW and super guarantee obligations more holistically, with such directors to receive DPNs that capture the total value of these amounts across all related entities.

To prevent such firmer actions, it is recommended that businesses should take action to pay in full or alternatively set up a payment plan.

Scientific research – Ruling update

The ATO has also issued an [Addendum](#) to TR 92/2, which deals with the types of expenditure incurred on scientific research that are deductible under subsection 73A(1) of the *Income Tax Assessment Act 1936*. The Ruling has been adjusted to address changes as to who may approve a university, college, institute, association or organisation in writing for purposes of the provision.

IGTO three-year corporate plan

The role of the Inspector-General of Taxation and Taxation Ombudsman (IGTO) is to improve the fairness and integrity of taxation and superannuation administration in Australia. In furtherance of that commitment, the IGTO has released its [Corporate Plan](#) for the financial years 2025-28. The plan identifies, among other matters, the strategic initiatives the IGTO wants to deliver in the years ahead, which include, among other things, initiatives designed to:

- improve customer service levels to taxpayers raising complaints
- increase public awareness of the IGTO service
- work collaboratively with the ATO/Tax Practitioner Board to resolve taxpayer complaints
- adopt a short, sharp and focused approach to reviews
- enhance the impact of its reviews and recommendations; and
- increase transparency about what it does.

The Inspector General has also released her first [forward workplan](#) of systemic reviews for 2024-25, which identifies the following three priority areas for review:

- how the tax system is used as a weapon in financial coercion or abuse
- the service provided to tax agents through the ATO dedicated agent helpline; and
- how ATO can improve their letters to taxpayers, to make them more easily understood.





NFP self-review return lodgment deadline extended

Non-charitable not-for-profit (NFP) organisations that have an active Australian Business Number (ABN) and self-assess as income tax exempt are now required to lodge an annual NFP self-review return to notify the ATO of their eligibility.

NFP self-review returns are usually due by 31 October each year. However, the ATO has extended the lodgment deadline for the 2023-24 financial year until [31 March 2025](#).

This has followed the release of the Senate Economics References Committee [report](#) following an inquiry into *Not-for-profit entities – tax assessments* where among other things, the Committee recommended that the ATO extend the deadline for the return of the NFP self-review assessment. Other recommendations made by the Committee included:

- The introduction of thresholds that exempt smaller, low-risk NFP entities from completing the self-review assessment, capturing only those with a turnover above a certain amount.
- The exploration of the appropriateness and/or practicality of the Australian Charities and Not-for-

profits Commission (ACNC) managing the self-review assessment regime in place of the ATO.

- The ATO and ACNC should work to harmonise their guidance on tax obligations for not-for-profit entities, and that the ACNC updates its online information on factors affecting the registration of not-for-profit entities as charities.
- The ATO undertake enhanced and results-focused consultation with the sector, aimed at genuinely resolving challenges and uncertainties being experienced in the self-review assessment process.

Draft guidelines for a community charity DGR framework

Treasury has released an [exposure draft](#) of proposed guidelines to apply to deductible gift recipients (DGRs) under the community charity categories. Community charities must follow the guidelines to receive and maintain DGR endorsement. The guidelines outline requirements for governance, record keeping, and allowed activities.

Comments on the proposed guidelines are invited until 3 December 2024.



Editorial

PwC's Monthly Tax Update is produced by the PwC's Tax and Legal Marketing and Communications team, with technical oversight provided by PwC's Tax Markets & Knowledge team.

Lynda Brumm

Managing Director, Tax Markets & Knowledge

+61 (7) 3257 5471

lynda.brumm@au.pwc.com

Lucy Webb

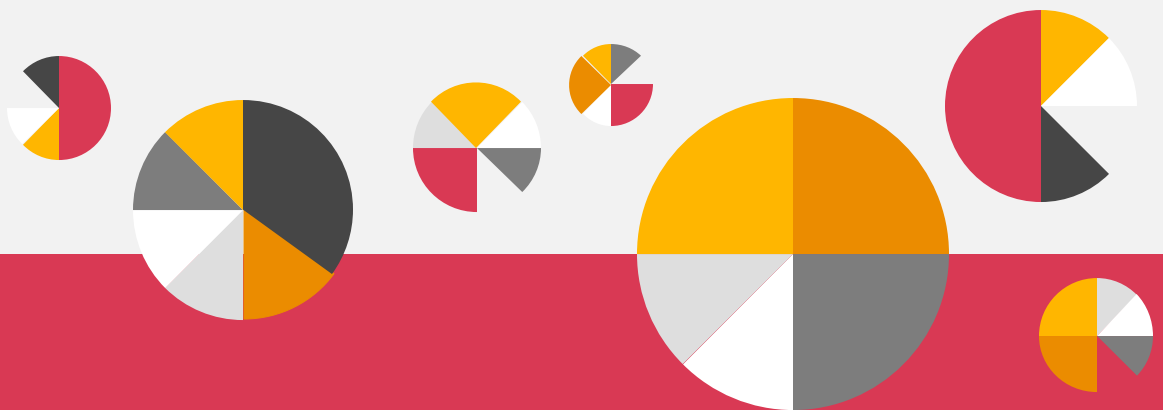
Manager, Tax Markets & Knowledge

lucy.webb@au.pwc.com

Rosie Muirden

Director, Employment Taxes

rosie.muirden@au.pwc.com



pwc.com.au

© 2024 PricewaterhouseCoopers. All rights reserved. PwC refers to the Australia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details. This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors. Liability limited by a scheme approved under Professional Standards Legislation. At PwC Australia our purpose is to build trust in society and solve important problems. We're a network of firms in 158 countries with more than 250,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com.au.