



PwC's Monthly Tax Update

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

June 2025

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Corporate Tax Update

Productivity Commission – Corporate tax reform identified as priority reform area

In December 2024, the Government tasked the Productivity Commission with five new inquiries, to provide the government with advice on how to address Australia's long-run productivity challenges. In total, the five enquiries encompass 15 priority reform areas for further exploration.

The Productivity Commission is now seeking initial input in relation to '[Creating a dynamic and resilient economy](#)' on the following specific policy reform areas to:

- support business investment through corporate tax reform – which looks at how a more effective corporate tax regime can help Australia attract foreign capital, and spur businesses to invest, innovate and improve labour productivity, and
- reduce the impact of regulation on business dynamism.

This phase of consultation closes 6 June 2025. The Productivity Commission's interim reports, including draft recommendations, will be released in July and August, followed by an opportunity to provide written submissions.

Unpaid present entitlements and private companies – ATO provides further information

Private Wealth Client Experience Deputy Commissioner, Louise Clarke, has shared her thoughts on some [common questions](#) the Australian Taxation Office (ATO) has received from private companies and their advisers regarding the Full Federal Court decision in [Commissioner of Taxation v Bendel \[2025\] FCAFC 15](#). By way of recap, the Full Federal Court found that an unpaid present entitlement (UPE) arising from a trust's distribution to a private company was not a loan for the purposes of the deemed dividend rules (Division 7A of the Income Tax Assessment Act 1936 (ITAA 1936)).

The ATO's [interim decision impact statement](#) (interim DIS) explains that the ATO does not intend to revise its current views relating to private company entitlements to trust income, as detailed in Taxation Determination TD 2022/11, until the appeal process is exhausted.

The ATO anticipates that its application for special leave to appeal will be decided in the next few months. If the appeal is heard, the process could take some time, but should the High Court decide not to hear the ATO's appeal, the ATO will as a priority publish an updated decision impact statement.

In the meantime, the ATO will not be granting blanket lodgement deferrals for tax returns of affected private companies pending the special leave application or any subsequent appeal. Similarly, where a deemed dividend has arisen due to a group arranging their affairs in reliance on the views expressed by the Full Federal Court, the Commissioner will not grant a blanket exercise of the discretion in section 109RB of the ITAA 1936 to disregard any deemed dividends if the Commissioner is ultimately successful in the High Court.

The Deputy Commissioner also reiterated that the ATO's interim DIS highlights the consequences that may arise if (UPEs) are not on Division 7A complying loan terms. Namely, where a UPE is not converted into a complying Division 7A loan, taxpayers face the prospect that other integrity provisions may apply to the arrangement (depending on the particular facts), for example Subdivision EA and section 100A of the ITAA 1936.

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Employment Taxes Update

Northern Territory Budget – Payroll tax measures

Following the [Northern Territory \(NT\) Budget announcement](#), the [Revenue Legislation Amendment Bill 2025](#) (NT) was introduced into the NT Parliament to amend the *Payroll Tax Act 2009* (NT). This measure aims to simplify and broaden the payroll tax exemption for charities and non-profit entities from 1 July 2025, by focussing the test on the existing requirement for a person to be engaged exclusively in charitable activities, whilst removing the current requirement that wages must not be performed in connection with any commercial or competitive activity.

As part of the NT Budget, the NT Government also announced an increase to the payroll tax threshold and tax-free threshold. From 1 July 2025, the payroll tax tax-free threshold and maximum annual deduction will increase from \$1.5m to \$2.5m. The new annual deduction will reduce at a rate of \$1 for every \$2 of taxable wages above the tax-free threshold, instead of \$1 for every \$4 of taxable wages. This change means the level of taxable wages at which the deduction is exhausted remains at \$7.5m.

Further, the NT Government also announced that from 1 July 2025, wages paid to apprentices and eligible trainees will be exempt from payroll tax. To qualify, the employee must meet the definition of an 'apprentice' or 'trainee' contained in the *Training and Skills Development Act 2016* (NT). In addition, trainee wages are only exempt if the trainee was employed by the employer for less than three months (in the case of full-time employees) or less than 12 months (for part-time or casual employees) immediately before commencing the traineeship. This is to incentivise hiring of new apprentices and trainees.

South Australia: New payroll tax rulings on medical practitioners

RevenueSA has issued two new revenue rulings to explain the South Australian (SA) payroll tax treatment of medical practices and regional health networks.

Revenue Ruling [PTASA004](#) explains the retrospective payroll tax amnesty and bulk-billing exemption on the 'wages' of general practitioners (GPs). The ruling summarises relief as being available in the form of:

- a payroll tax amnesty where payroll tax has not been paid on wages paid or payable by a prescribed medical practice to GPs, other non-GP specialists registered with the Medical Board of Australia and dentists for the period up to 30 June 2024, and
- an exemption from payroll tax on wages paid or payable to GPs on or after 1 July 2024 when certain conditions are met.

Revenue Ruling [PTASA005](#) explains the application of the SA payroll tax law to medical practitioners contracted by regional Local Health Networks (LHNs) to deliver medical services in rural regional hospitals under agreements including, but not limited to, a *SA Health Rural GP Agreement 2024–28*. The ruling takes effect from 1 July 2024.

FBT car parking threshold for the 2026 FBT year

The Australian Taxation Office has [announced](#) the car parking threshold for the fringe benefits tax (FBT) year commencing 1 April 2025 is \$11.03 (up from \$10.77 for the previous year that commenced on 1 April 2024).

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International Tax and Trade Update

Tribunal finds arm's length pricing on transactions

In [Alcoa of Australia Ltd and Commissioner of Taxation \(Taxation and business\) \[2025\] ARTA 482](#), the Administrative Review Tribunal (ART) found that the taxpayer proved that the consideration it received for the relevant supplies of smelter grade alumina to independent parties overseas in each of the years was not less than arm's length consideration. Accordingly, the transfer pricing provisions (former Division 13 of the *Income Tax Assessment Act 1936* as was applicable to the relevant years) did not apply and as such the Commissioner's assessments were excessive. Although the parties to the supplies were arm's length parties, the Commissioner had maintained that the parties were not dealing at arm's length on the basis that the purchaser was the subject of bribery and corruption arrangements and proceedings brought in the United States.

ATO updated website guidance on Pillar Two

The Australian Taxation Office (ATO) has published updates on its website about key aspects of Australia's implementation of the Global Anti-Base Erosion Model Rules (GloBE Rules) for [global and domestic minimum tax](#) (Pillar Two). The [updated information](#) now includes:

- guidance about how the ATO will administer potential amendments to Australian law to address inconsistencies
- an overview of the mechanics for calculating top-up tax
- additional information on how the rules apply, including in respect of specific entities
- additional information and examples about lodgment, payment and record-keeping obligations, and
- how Pillar Two interacts with other provisions and how it applies.

By way of reminder, Australia has legislated the Income Inclusion Rule (IIR) and the domestic minimum tax (DMT) which apply to affected entities for fiscal years starting on or after 1 January 2024. For any Applicable MNE Group with a fiscal year ending 30 June 2025, that will be the first year that the rules will need to be considered from an Australian perspective.

The Undertaxed Profits Rule (UTPR), which has also been enacted in Australia, applies to affected entities for fiscal years starting on or after 1 January 2025.

Consolidated Commentary to GloBE Rules

The Organisation for Economic Cooperation and Development (OECD) has released updated [Consolidated Commentary](#) to the GloBE Rules. The update incorporates Agreed Administrative Guidance that has been released by the Inclusive Framework since March 2022 up until March 2025, and provides tax administrations and taxpayers with guidance on the interpretation and application of the GloBE Rules.

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OECD Report – Taxing Wages 2025

The OECD has released [Taxing Wages 2025](#), an annual publication that provides details of taxes paid on wages in OECD countries. This year's edition focuses on the decomposition of personal income taxes and the role of tax reliefs, which can take the form of tax allowances or tax credits on the taxes levied by different levels of government. For the year 2024, the report also examines personal income taxes and social security contributions paid by employees, social security contributions and payroll taxes paid by employers, and cash benefits received by workers.

Key findings include, among others:

- the average 'tax wedge' (the difference between the labour costs to the employer and the corresponding net take-home pay of the employee) for a single worker earning the average wage increased in a majority of countries in 2024
- the tax wedge for most household types with children fell in a majority of countries in 2024, and
- average wages and post-tax incomes recovered in real terms across the OECD.

Proposed US tax law changes

A Bill is proposed in the United States (and has passed through the House of Representatives) that features a large number of new business and individual tax proposals, including 'bonus' depreciation and other business investment incentives, as well as certain other tax proposals offered by President Trump including a new retaliatory measure to address 'unfair foreign taxes'.

The retaliatory measure, if passed, could materially impact Australian businesses with US operations, including by increasing withholding tax costs for dividends, interest and royalties on payments from US companies to Australian recipients (with higher rates applying potentially as soon as 1 January 2026), as well as changes which could result in US companies with majority Australian ownership facing a higher tax cost due to changes in the Base Erosion Anti-Abuse Tax (modifying the BEAT to increase its rate and broadening its base as it relates to applicable corporations).

For more information, read this PwC US [Tax Insight](#).

Synthesised MLI texts updated

The ATO has released synthesised texts of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the MLI) and the relevant double taxation agreement for 13 jurisdictions.

The following synthesised texts were republished on 24 April 2025, with an updated presentation of the MLI Article 14(1) box (regarding splitting of contracts) or otherwise updated to ensure consistency of language, style and formatting, or both.

Denmark	Netherlands	Slovakia
India	New Zealand	South Africa
Indonesia	Norway	Thailand
Ireland	Russia	
Korea	Singapore	



Indirect Tax Update



Updated Supplementary Annual GST Return released

Building on its October 2024 announcement and the feedback obtained from its pilot program, the Australian Taxation Office (ATO) has now released an updated Supplementary Annual GST Return (SAGR) for 2025. This updated version is accompanied by enhanced instructions and web guidance.

The new SAGR will take effect from the 2024-25 financial year and applies to those large business taxpayers who receive a goods and services tax (GST) assurance report with a GST assurance rating on or before 30 June 2024. Affected taxpayers have already been notified regarding this requirement, with the first round of lodgements due on 21 August 2025 for taxpayers with a December year end. For further information, refer to our [Tax Alert](#).

Draft legislative instrument to correct WET errors

A draft legislative instrument, [A New Tax System \(Goods and Services Tax\) \(Correcting Wine Equalisation Tax Errors\) Determination 2025](#), released by the ATO for comment, proposes to provide an alternative mechanism to allow errors made in respect of an amount of wine tax or wine tax credit previously reported to be corrected in a later tax period, by including the amount of that error in the next lodged GST return.

- the error relates to an amount of wine tax or wine tax credit under the *A New Tax System (Wine Equalisation Tax) Act 1999*
- the earlier tax period in which the mistake was made started on or after 1 July 2012
- the taxpayer lodges the GST return for the later tax period within the period of review for the assessment of the net amount of the earlier tax period

- at the time of lodging the GST return for the later tax period, the error does not relate to any current compliance activity or, if it does, the Commissioner has notified the taxpayer in writing that the error can be corrected under the instrument
- the taxpayer has not corrected the error, to any extent, in working out their net amount for another tax period
- where the error is a debit error, specified conditions are met, and
- the taxpayer is registered for GST.

Once finalised, the draft instrument will replace the Wine Equalisation Tax: Correcting WET Errors Determination 2015. Comments close 11 June 2025.

Draft legislative instrument for representatives of incapacitated entities

The ATO has released draft legislative instrument [A New Tax System \(Goods and Services Tax\) \(Choosing to Account on a Cash Basis – Representatives of Incapacitated Entities\) Determination 2025](#) which proposes to allow representatives of incapacitated entities to choose to account for GST on a cash basis under section 29-40 of the *A New Tax System (Goods and Services Tax) Act 1999*. It repeals and replaces the Goods and Services Tax: Choosing to Account on a Cash Basis Determination (No 39) 2015 – representatives of incapacitated entities, which would otherwise sunset on 1 October 2025.

The draft instrument has the same substantive effect as the 2015 instrument. Comments close 11 June 2025.

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Personal Tax Update

No change to cents per km deduction for cars for 2025-26

The cents per kilometre rate at which work-related car expense deductions may be claimed will remain unchanged at 88 cents per km for the 2025-26 year, in line with the [Income Tax Assessment \(Cents per Kilometre Deduction Rate for Car Expenses\) Determination 2024](#). This rate is set to apply until such time as the determination is varied or repealed.

ATO tax time priorities 2025

Alongside examples of 'wild' tax deduction attempts, the Australian Taxation Office (ATO) has revealed its tax time [priorities](#) for 2025. These are areas where the ATO sees frequent errors, and include:

- work-related expenses
- working from home deductions, and
- reporting multiple income sources, including income from side-hustles, such as providing ride sourcing services or selling services via an app.

Partner assessed to timing differences payments

In [KRBM and Commissioner of Taxation \(Taxation and business\) \[2025\] ARTA 556](#), the Administrative Review Tribunal (ART) considered the tax treatment of timing differences payments from an accounting firm partnership, finding that the taxpayer remained in a 'tax law partnership' in the relevant years and accordingly was correctly assessable on such additional amounts that arose after ceasing to be an equity partner.

The Tribunal found that the taxpayer remained in a tax law partnership even after he had retired as an equity partner from the partnership because he was in receipt of statutory income (being work in progress amounts) jointly with the partnership. The relevant amount of that statutory income was identified by the partnership and included in the assessments for the relevant years, consistently with the terms of the partnership agreement, the partnership retirement deed and in accordance with section 92 of the *Income Tax Assessment Act 1936*.

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State Tax Update

Schedule for remaining State and Territory 2025-26 Budgets

The dates for the remaining 2025-26 State and Territory Budgets are as follows:

- **South Australia:**
Thursday, 5 June 2025
- **Western Australia:**
Thursday, 19 June 2025
- **New South Wales:** Tuesday,
24 June 2025 (to be confirmed)
- **Queensland:** Tuesday, 24 June 2025
- **Australian Capital Territory:**
Tuesday, 24 June 2025

2025-26 Tasmanian Budget

The 2025-26 Tasmanian Budget was delivered on 29 May 2025. No new State tax measures were announced and there are no proposed changes to existing taxes.

Northern Territory 2025-26 Budget

The 2025-26 Northern Territory Budget was delivered on 13 May 2025. Although it has a focus on safety and security, and seeks to strengthen initiatives in health, infrastructure, and cost-of-living measures, there are some new revenue measures, including an increase to the payroll tax threshold and gambling tax changes.

These revenue measures were contained in the Revenue Legislation Amendment Bill 2025 (NT), which was introduced into the Northern Territory (NT) Legislative Assembly on 13 May 2025. Aside from various payroll tax measures (see the Employment Taxes Update for further details), the Bill contained measures that:

- simplify the stamp duty exemption available for charities and not-for-profit entities from 1 July 2025, subject to a 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.

For further information on the 2025-26 Northern Territory Budget, see our [Tax Alert](#).

In addition, the NT Government also announced an extension to the First Home Owner Grant of \$50,000 and the FreshStart New Home Grant of \$30,000. Eligible applicants now have until 30 September 2026 to make use of the grants, with the eligible transaction to take place between 1 October 2024 and 30 September 2026. The \$10,000 First Home Owner Grant for established homes will cease as planned on 30 September 2025.

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2025-26 Victorian Budget

The [2025-26 Victorian State Budget](#) was delivered on 20 May 2025. Total revenue for the general government sector is forecast to be \$108.3bn in 2025-26 and is expected to grow by an average of 2.6% a year up to the 2028-29 financial year.

Taxation revenue is forecast to be \$41.7bn in 2025-26 and grow by an average of 4.7% per year over the forward estimates.

From a tax perspective, the Budget did not provide any significant new revenue-raising initiatives, but did include a previously announced [extension](#) to the existing off-the-plan stamp duty concession for a further twelve months, until 21 October 2026. The concession allows certain purchasers (whether first home buyers or otherwise) of a dwelling within a strata subdivision to deduct 100% of the outstanding construction and refurbishment costs when determining how much stamp duty is owed. There is no threshold for the concession to apply.

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

NSW: Surcharge land tax exemption – short by two days

In [Tong v Chief Commissioner of State Revenue \[2025\] NSWCATAD 105](#), the New South Wales (NSW) Civil and Administrative Tribunal has upheld the taxpayer's assessments to surcharge land tax, finding that the taxpayer was not 'ordinarily resident' in Australia during the 2023 calendar year.

The taxpayer was not an Australian citizen during the relevant land tax year but was a permanent resident. During the 2023 calendar year, he spent 198 days in Australia – two days short of the 200 minimum days a taxpayer requires under the relevant law to be considered to be ordinarily resident in Australia and accordingly not liable for surcharge land tax (all other conditions for exemption having been satisfied). The taxpayer argued that because he had been hospitalised while overseas, this had delayed his return to Australia.



The Tribunal noted that even if the taxpayer fell short of the requirement for presence in Australia for 200 days or more by only two days, the legislation required actual presence in Australia for the required number of days. There is no discretion allowed to relieve the taxpayer from the liability on the grounds of unfairness nor to abridge or waive the requirement for a minimum 200 days' presence in Australia.

As to the taxpayer's argument that he had satisfied the minimum requirement for 200 days actual presence in Australia for previous land tax years, while the Tribunal accepted this, it also noted that liability for surcharge land tax is assessed on a yearly basis and requires actual presence in Australia for the minimum period specified for each land tax year. Satisfaction of this requirement for previous years did not have a bearing on whether or not the requirement has been satisfied for each subsequent year.

NSW: Exemption from surcharge land tax unavailable

In [Sun v Chief Commissioner of State Revenue \[2025\] NSWCATAD 103](#), the NSW Civil and Administrative Tribunal upheld the Commissioner's assessments to surcharge land tax, finding that the taxpayer was not a permanent resident at the requisite time.

The taxpayer argued that she was not liable for surcharge land tax because, as she benefitted from the exemption for land tax under the principal place of residence (PPR) land tax exemption, she was also exempt from surcharge land tax under section 5B of the Land Tax Act 1956 (NSW), which requires among other conditions that the taxpayer be a 'permanent resident' at midnight on 31 December of the previous year.

The Tribunal noted that to obtain exemption from surcharge land tax under section 5B of the *Land Tax Act 1956 (NSW)*, the land in question must already be subject to the terms of the PPR exemption but must also satisfy the further requirements set out in section 5B.

There was no dispute that the taxpayer satisfied the requirements of the PPR exemption for land tax purposes but she failed to satisfy the other requirement under section 5B to be a 'permanent resident'. The taxpayer did not hold a visa that allowed her to remain in Australia indefinitely during the land tax years in issue. As a result, the surcharge land tax exemption was not available.

NSW: Guidelines for approving a shared equity scheme

[Treasurer's Guidelines](#) were issued on 24 April 2025 that set out the criteria under which the NSW Chief Commissioner of State Revenue may approve a shared equity scheme. The guidelines are designed to allow flexibility in the development of shared equity schemes and to encourage innovation to better meet the needs of homebuyers.

Where a home is jointly purchased by a home buyer (who has exclusive right to occupy the property) and an equity partner under an approved shared equity scheme, the property will effectively be treated for duties, first home owner grant and land tax purposes as if the home buyer had purchased the whole property, with the equity partner providing finance for the purchase as a mortgagee.

Importantly, subject to meeting all relevant requirements under the relevant legislation, the home buyer may obtain all NSW first home buyer benefits as full owner with a mortgage, will not be liable for transfer duty as they purchase an increased share in the ownership of the property from the equity partner, and may be able to claim the principal place of residence exemption from land tax.

ACT: Short-term accommodation levy passed

The Australian Capital Territory (ACT) Parliament has passed the [Short-Term Rental Accommodation Levy Bill 2025](#), which imposes a levy on booking service providers who make, arrange or facilitate short-term rental accommodation bookings in the ACT for a period of less than 28 days. The levy will be imposed at the initial rate of 5% of the total consideration for the short-term rental accommodation booking and applies to bookings made from 1 July 2025.

Queensland: Duties Regulation amendments

The [Duties Amendment Regulation 2025 \(Qld\)](#) amends the Duties Regulation 2023 (Qld) to:

- prescribe the New York Stock Exchange (NYSE) as a recognised stock exchange from 21 February 2014 for the purposes of determining the transfer duty and landholder duty consequences under the *Duties Act 2001* (Qld) of certain transactions involving entities listed on a recognised stock exchange, and
- update the list of prescribed concessions for electronic conveyancing from 1 May 2025 to reflect the changes made to the transfer duty home concession framework.

Queensland: New and updated rulings on transfer duty home concessions

The Queensland Revenue Office has [issued](#) new and updated public rulings and practice directions, which are all effective 1 May 2025:

- Penalty tax-home concessions [TAA060.3.8](#), which sets out the principles the Commissioner of State Revenue will apply in deciding whether or not to remit penalty tax on the reassessment of a home concession and the extent of any remission, and gives guidelines on how those principles apply.
- Concession for homes and first homes-occupancy requirements [DA085.1.12](#), which clarifies the Commissioner's interpretation of the *Duties Act 2001* (Qld) in relation to transfer date, occupation date (in particular, what is meant by the term 'principal place of residence'), and the circumstances in which a reassessment will be issued.
- Inclusion of chattels in the acquisition of a home or first home [DA086A.1.5](#), which outlines when chattels will be deemed to form part of the acquisition of a home and attract the benefit of the applicable concession.
- Transfer duty concession for homes and first homes-residential purposes [DA087.1.1](#), which clarifies the Commissioner's practice regarding land use for 'residential purposes' in relation to the transfer duty concessions available to homes. This practice direction supersedes Public Ruling DA087.1.4.
- Concession for homes and first homes-in specie distribution of residential land [DA085.2.1](#), which sets out when the concessions available to homes will apply to in-specie distributions of residential land from the trustee(s) of a trust to the beneficiaries of the trust where the distribution is not otherwise eligible for a duties exemption. This practice direction supersedes Public Ruling DA085.3.2.
- Transfer duty-relief for certain vacant land concession beneficiaries [DA085.1.1](#), which sets out the circumstances under which ex gratia relief may be provided to extend the benefit of the first home concessions and the first home vacant land concession in certain circumstances. This practice direction supersedes Public Ruling DA085.2.3.



Superannuation Update

Fake news warning on superannuation preservation rules

The Australian Taxation Office (ATO) has issued a [warning](#) about the proliferation of 'dodgy websites' sharing fake news about changes to the superannuation preservation rules and withdrawal rules starting on 1 June.

ATO Deputy Commissioner Emma Rosenzweig confirmed the maximum preservation age (the age when an individual can access their superannuation savings on retirement) is 60 years for anyone born from 1 July 1964.

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Legislative Update



There have been no legislative updates from Parliament since our last update. The new Federal Parliament is expected to [resume sittings](#) from 22 July 2025.

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

- [Taxation Laws \(Requirement to Lodge a Return for the 2025 Year\) Instrument 2025](#), which specifies which persons are required to lodge an income tax return for the 2025 income year, and when a return must be lodged.
- [Income Tax Assessment \(Requirement for Parents Liable for or Entitled to Child Support to Lodge a Return for the 2025 Year\) Instrument 2025](#), which requires certain parents liable for or entitled to child support to lodge an income tax return for the 2025 income year.
- [Taxation Administration \(Reporting Exemptions for Electronic Distribution Platform Operators\) Determination 2025](#), which applies to reporting periods starting on or after 1 July 2025, provides for reporting exemption for certain operators of, or transactions on, an electronic distribution platform (EDP).

Let's talk

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

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Other News Update

New Government – key Ministerial appointments

The re-elected Labor Government has now been sworn in with a few changes to [Ministerial appointments](#) that are relevant to tax, trade and superannuation. This includes the following:

- Treasurer – Dr Jim Chalmers
- Assistant Treasurer and Minister for Financial Services – Dr Daniel Mulino
- Assistant Minister for Productivity, Competition, Charities and Treasury – Dr Andrew Leigh (expanded portfolio)
- Finance Minister – Katy Gallagher
- Minister for Small Business – Dr Anne Aly
- Minister for Industry and Innovation – Tim Ayres
- Minister for Trade and Tourism – Don Farrell

Sharing economy reporting exemptions for EDP operators

The [Taxation Administration \(Reporting Exemptions for Electronic Distribution Platform Operators\) Determination 2025](#) has been finalised.

Under the Sharing Economy Reporting Regime (SERR), operators of electronic distribution platforms (EDPs) are required to report information about certain supplies made through their platforms to the Commissioner of Taxation. This 2025 instrument repeals and replaces the 2024 Determination, and reduces the compliance costs imposed on operators of EDPs by exempting transactions which the Commissioner considers to be a low risk to the broader taxation revenue base, or certain transactions which are reported to the Commissioner by other EDP operators.

The instrument applies to reporting periods starting on or after 1 July 2025. It includes the same exemptions in the 2024 Determination, but provides a new exemption for certain transactions where the operator of the EDP is treated as a supplier under the *A New Tax System (Goods and Services Tax) Act 1999*.

ATO focus areas for small business

The Australian Taxation Office (ATO) has released the [small business focus areas](#) that it is currently focussed on this quarter:

- business income is not personal income (using business money and assets for personal benefit)
- deductions and concessions (including non-commercial losses and small business capital gains tax (CGT) concessions)
- operating outside the system (goods and services tax (GST) registration of taxi, limousine and ride-sourcing services, and contractors omitting income), and
- building good habits, including moving from quarterly to monthly GST reporting

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Who is required to lodge a 2025 income tax return?

Two Legislative instruments have been registered, which set out which persons and entities might be required to lodge an income tax return for the 2024-25 income year.

The [Taxation Laws \(Requirement to Lodge a Return for the 2025 year\) Instrument 2025](#), which specifies which persons are required to lodge an income tax return for the 2024-25 income year, and when that return must be lodged. This includes a requirement for not-for-profit (NFP) self-review returns to be lodged.

Other lodgement requirements for franking returns, venture capital deficit tax returns, ancillary fund returns, and trustees of self-managed superannuation funds are also set out.

The [Income Tax Assessment \(Requirement for Parents Liable for or Entitled to Child Support to Lodge a Return for the 2025 Year\) Instrument 2025](#) specifies that a parent liable for or entitled to child support is required to lodge an income tax return for the 2025 year, unless:

- the total of certain amounts they received during that income year was less than \$29,842, and
- they received one or more specified Australian Government pensions, allowances or payments for the whole of that income year.

Forestry interests – Exercise of put option and execution of novation deed

In [Aitken v Commissioner of Taxation \[2025\] FCA 372](#), the Federal Court considered whether the exercise of a put option and the execution of a novation deed in relation to a forestry interest held by the taxpayer constituted CGT events giving rise to amounts of assessable income under section 394-25 of the *Income Tax Assessment Act 1997* as a forestry managed investment scheme initial participant.

In the 2015-16 year, the taxpayer exercised a put option and, on the same day, novated the timber component of his forestry interest. Ultimately, the Federal Court determined that the taxpayer's assessable income for the 2015-16 financial year was affected by two separate CGT events. While those two events could have happened years apart, on the facts in this case they happened on the same day. The amount to be included in the taxpayer's assessable income for the 2015-16 financial year was the sum of both CGT events. However, Bromwich J found no need to ascertain the market value of the forestry interest after the exercise of the put option because it made no difference to the final calculation.

The taxpayer has since appealed the decision to the Full Federal Court.

ATO highlights ethical principles for AI use

In a [speech](#) at the UNSW 16th ATAX International Conference on Tax Administration, Second Commissioner Jeremy Hirschhorn discussed some of the actual uses of artificial intelligence (AI) and automation by the ATO. Among other matters, the Second Commissioner highlighted the six data ethics principles that the ATO follows, which include:

1. act in the public interest, be mindful of the individual
2. uphold privacy, security and legality
3. explain clearly and be transparent
4. engage in purposeful data activities
5. exercise human supervision, and
6. maintain data stewardship.



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.

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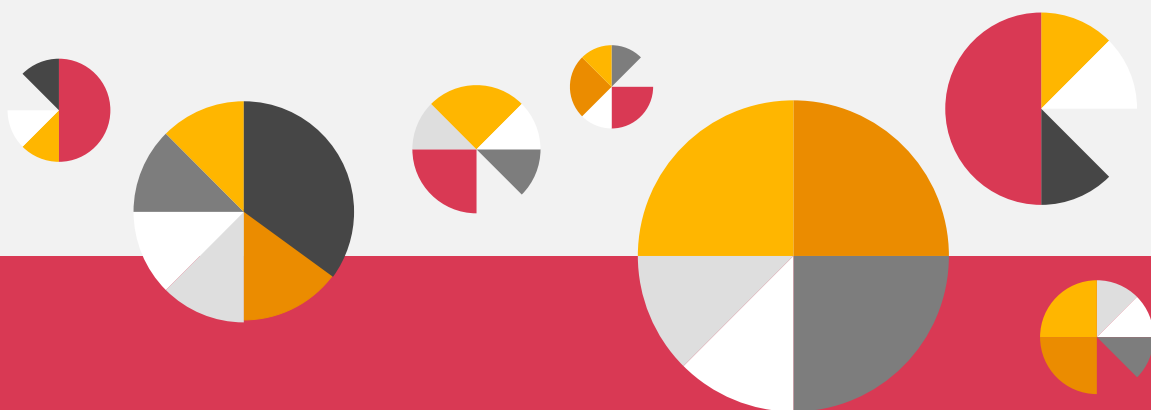
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