PwC's Monthly Tax Update

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

May 2025

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Corporate Tax Update

Deduction for service fees allowed despite no formal contract

In S.N.A Group Pty Ltd v Commissioner of Taxation [2025] FCA 240, the Federal Court has allowed the taxpayer's appeal, finding that payments made by way of service fees to related entities were deductible for tax purposes, despite there being no formal contract in place for the provision of services.

In accepting the evidence given by the owners/controllers of the group, the Court accepted that, in each of the relevant years, each corporate entity that incurred the deduction considered itself to be subject to a liability to pay a service fees, while the recipient group entities considered themselves entitled to the payment of such a fee.

In each of the relevant years, the paying entities were subject to a liability, contractual in nature (albeit informal) to pay a service fee. The Court found the existence of such a contract to be entirely consistent with the way in which the paying entities struck their respective financial statements and how the receiving entities made service fee claims in their tax returns. Further, the object of the incurring of the service fee expenditure was obvious in that the paying entities needed to pay for the assets and expertise which were essential for their gaining or producing assessable income or in carrying on a business for that purpose. This was held by other entities which expected a return. It did not matter in this case that those other entities were under the effective control of the same persons.

Capital losses on share sale scheme defeated

In Merchant v Commissioner of Taxation [2025] FCAFC 56, the majority of the Full Federal Court found largely for the Commissioner regarding a share sale scheme designed to crystallise a significant capital loss.

In summary, a family trust of the taxpayer sold shares it held in a public company to the taxpayer's superannuation fund, which crystallised a capital loss. The family trust also sold shares it held in a start-up company after undertaking a forgiveness of group loans. The Commissioner took the view that, for the purposes of section 177D(1) in Part IVA of the *Income Tax Assessment Act 1936*, the predominant reason why the super fund acquired the shares from the family trust was to crystallise a capital loss in the family trust which could be applied against the capital gain from the trust's anticipated sale of its shares in the start-up company. Separately, the Commissioner considered that the forgiveness of debts by two of the three lenders were schemes having substantially the effect of schemes by way of, or in the nature of, dividend stripping.

The majority of the Full Federal Court agreed with the primary judge that the dominant purpose of the share sale was to obtain a tax benefit by crystallising a capital loss. The Court emphasised that the transaction was structured to maintain control of the shares within the Merchant group while realising a significant capital loss to offset future capital gains.

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The majority of the Full Federal Court also found that one of the debt forgiveness schemes had the substantial effect of dividend stripping. The scheme was found to be designed to convert accumulated profits into a capital sum, thereby avoiding tax on distributions that would have been taxable as dividends.

A further consideration by the Court was in relation to the treatment of the contingent rights to future payments for the sale of the start-up company and specifically whether the taxation of financial arrangement (TOFA) provisions applied. In this respect, the Court agreed with the primary judge that the expired rights were subject to the exception (as then applicable) in section 230-460(13) of the *Income Tax Assessment Act 1997*. The rights were 'contingent only on the economic performance' of the business after the sale, and therefore, the TOFA provisions did not apply. The expression 'contingent only on the economic performance' when it was used in the provision as applicable at the time was said to bear its ordinary meaning. The primary judge did not err in concluding that the volumes of sales made by a business in a particular geographic region is one indicator of the economic performance of the business.

Employment Taxes Update

ATO's interim position following FBT car parking decision

In February 2025, the Federal Court found in *Toowoomba Regional Council v Commissioner of Taxation [2025] FCA 161* that a shopping centre car park was not a commercial car parking station for fringe benefits tax (FBT) purposes, as it was not operated commercially for a profit.

The Commissioner of Taxation has appealed this decision, and since released an Interim Decision Impact Statement (IDIS). The IDIS confirms that the Commissioner does not intend to revise his views or guidance until the appeal process has been completed – which (as currently drafted) reflects a different interpretation of the term 'commercial parking station'. In the meantime, the IDIS encourages employers to continue to apply the guidance within Taxation Ruling TR 2021/2 Fringe benefits tax: car parking benefits.

For further information, refer to our recently published article.

Key FBT rates and thresholds for the 2026 FBT year

The Commissioner of Taxation has published the FBT rates and threshold amounts for the FBT year commencing on 1 April 2025. The key areas of change are as follows:

- FBT benchmark interest rate used to calculate loan and car fringe benefits (where the operating cost method is used)
- food and drink amounts for living away from home allowance (LAFHA) (as contained in Taxation Determination TD2025/2)
- housing indexation factors for each Australian jurisdiction, and
- record-keeping exemption under section 135C of the *Fringe Benefits Tax Assessment Act 1986*.

For further information on FBT, refer to our recently released 2025 FBT Series Articles.

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Key ETP and SG rates and thresholds for the 2025-26 income year

The Commissioner has further published key superannuation and employer termination payment (ETP) rates and thresholds for the 2025-26 income year. From an employment perspective, the following thresholds and rates will apply from 1 July 2025:

- the superannuation guarantee (SG) rate is 12% (up from 11.5%)
- maximum superannuation contributions base is $62,500 per quarter (down from $65,070)
- ETP cap for life benefit termination payments is $260,000 (up from $245,000), and
- the tax-free part of genuine redundancy payments and early retirement scheme payments is $13,100 (up from $12,524), and for each complete year of service is $6,552 (up from $6,264).

For other superannuation related thresholds, refer to the Superannuation section of this update.

ATO advice and guidance under development – superannuation and FBT

As part of its periodic updates to advice and guidance under development, the ATO has flagged it is:

- Updating Practical Compliance Guideline (PCG) 2024/2 to provide a methodology for the calculation of the cost of electricity when a plug-in hybrid electric vehicle is charged at an employee's or individual's home. This adds to the methodologies currently provided in the Guideline for zero emissions vehicles.
- Drafting a Law Administration Practice Statement which covers the administration of penalties that apply to employers who fail to comply with their Single Touch Payroll (STP) reporting obligations. They key areas to be addressed include:
  - incorrect and incomplete reporting
  - reporting in an incorrect format (such as reporting in the original STP format rather than the STP Phase 2 format used since 2022), and
  - failure to report.
- Drafting a Law Administration Practice Statement on the administration of the false and misleading statement penalties on superannuation funds that do not report superannuation contribution information to the Commissioner accurately.

International Tax and Trade Update

Understanding the CBAM and Omnibus Simplification for Australia

In October 2023, the European Union (EU) implemented the Carbon Border Adjustment Mechanism (CBAM) to address 'carbon leakage' by broadly equalising carbon costs between domestic products and EU imports within specific emission-intensive sectors. Recognising the initial administrative burden this posed, particularly for small to medium importers, the European Commission released the first proposed Omnibus Simplification Package (OSP) in February 2025. To understand the implications for Australia, including how the proposed changes can offer Australian exporters some relief from the CBAM regime, read our Tax Alert.

What do the 'Liberation Day' tariffs mean for Australian businesses?

The Trump Administration 'American First' Trade Policy has intensified following the imposition of broad-based country specific reciprocal tariffs, including a 10% tariff on Australian originating imports into the United States (US).

These tariffs are the latest trade measures announced by the Trump Administration, seeking to protect US domestic industries, boost federal revenues, and reduce its US trade deficit.

The latest reciprocal tariffs under the Trump Administration's 'Fair and Reciprocal Plan' are a response to the US concerns of 'longstanding imbalances in international trade' and perceived unfair trade practices by US trade partners including tariff and non-tariff barriers, with the US aiming to 'match' the tariffs that other countries impose on US goods. While this approach aims to address US trade imbalances, it has raised concerns about global economic stability, trade disruptions, and retaliatory measures from affected countries. For further information on the latest tariff developments and their effect on Australia, read PwC Australia's Tax Alert.

In the face of these events, Prime Minister Anthony Albanese has separately announced a five-point plan for responding to the Trump Administration's tariff on Australian imports, to be implemented if the Government is re-elected on 3 May 2025. Read more here.

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Significant tax law changes in PNG

In Papua New Guinea (PNG), the new Income Tax Act 2025 is scheduled to take effect for tax years commencing after 1 January 2026. This is arguably the most significant tax legislative change in PNG in more than 60 years.

The new law sees the introduction of a capital gains tax (CGT) regime, changes to the taxation of non-residents undertaking business activity in PNG (whether or not there is a PNG permanent establishment), changes to the taxation of employment income, reforms affecting intra-group transactions (covering rollovers, loss transfers and dividend exemptions) and changes to depreciation, among others. Read more in this PNG Tax Alert.

OECD Investment Tax Incentives Database Update

The Organisation for Economic Co-operation and Development (OECD) has released its 2024 update of the OECD Investment Tax Incentives Database (ITID), which provides insights into corporate income tax (CIT) incentives for investment in 70 economies, mostly emerging and developing. The database highlights trends on the design, targeting and granting of CIT incentives, notably in terms of instrument-specific design features and eligibility conditions, and whether they support sustainable development objectives. It also provides insights into the evolution of CIT incentives over the 2022-24 period.

Indirect Tax Update

Draft updates to GST Rulings

The Australian Taxation Office (ATO) has proposed changes to the following Goods and Services Tax (GST) Rulings:

- GSTR 2005/6DC: Goods and services tax: supplies of things (other than goods or real property) made to non-residents but provided to another entity in Australia
- GSTR 2007/2DC: Goods and services tax: supplies where effective use or enjoyment of the supply take place outside Australia

The proposed updates to these Rulings do not change the ATO's existing views, but have been made to:

- ensure the Rulings reflect past law changes (made in 2016 by the Tax and Superannuation Laws Amendment (2016 Measures No. 1) Act 2016), including the changes to the 'connected with Australia' rules, and
- simplify the Rulings by making structural changes such as reducing the number of examples and removing duplicated content.

Comments for both Rulings close 9 May 2025.

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Personal Tax Update

Working from home deduction fixed rate increased

The Australian Taxation Office (ATO) has updated its compliance approach for claiming tax deductions relating to work from home in Practical Compliance Guideline PCG 2023/1, by confirming that the fixed rate of work from home deduction is increased to 70c per hour, effective 1 July 2024. Previously, the rate was 67c per hour. The fixed rate method applies a fixed rate of deduction per hour worked from home for expenses including energy costs, internet, mobile and home phone usage, and stationery and computer consumables for the income year. The eligibility criteria to claim a fixed rate deduction, however, remain unchanged.

Truck driver's meal expenses allowed

In Shaw and Commissioner of Taxation (Taxation) [2025] ARTA 224, the Administrative Review Tribunal has allowed a truck driver's appeal regarding deductions for meal expenses.

The taxpayer was employed as a long-haul truck driver in Western Australia and was away from home for considerable periods each year. He was paid a travel allowance by his employer and claimed a deduction for meal expenses, calculated by multiplying the number of days he was away from home by the maximum reasonable daily allowance under Taxation Determination TD 2020/5 as relevant for the applicable income year. The Commissioner reduced the taxpayer's claim, based on a review of the taxpayer's logbook, fatigue diary and bank statements, and on the basis that much of the expenditure was of a private or domestic nature.

Ultimately, the ART concluded that the taxpayer did incur the disputed expenses in gaining or producing his assessable income. The Commissioner's submission that where the maximum reasonable daily allowance in TD 2020/5 is claimed as the deductible expense, but more is said to have been spent (as was the case here), the taxpayer is required to substantiate all expenses was rejected by the Tribunal, i.e. the exception to the substantiation provisions within section 900-50 of the Income Tax Assessment Act 1997 applied. Following the ART's decision, the Commissioner has lodged an appeal to the Federal Court.

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State Tax Update

State and Territory 2025-26 Budgets

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

- **Victoria**: Tuesday, 6 May 2025
- **Northern Territory:** Tuesday, 13 May 2025
- **Tasmania:** Thursday, 29 May 2025
- **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

NSW: New land tax website

On 5 May 2025, Revenue New South Wales (NSW) is launching a redesigned land tax website, to make managing land tax in NSW simpler, faster and easier to understand.

The new website features streamlined navigation, quick access to Land Tax Online and 'plain English' content. Practical examples are also given to illustrate key concepts and show how land tax and surcharge land tax are calculated in different situations, as are step-by-step instructions to provide clear guidance for a variety of tasks. Any bookmarks to land tax pages will also still work with the new website.

NSW: No principal residence land tax exemption for unoccupied area

In Vatner v Chief Commissioner of State Revenue [2025] NSWCA 35, the NSW Court of Appeal has dismissed the taxpayer's appeal with costs, upholding the NSW Supreme Court's decision that no land tax principal place of residence (PPR) exemption was available.

The taxpayer, following substantial construction work and reconfiguration, had amalgamated three lots of a unit complex into one lot of a strata plan of subdivision. The taxpayer had claimed that the land was exempt from land tax under the PPR exemption, as the property was intended (after completion of the construction works) to be the taxpayer's principal place of residence. Among other matters, what the taxpayer intended to occupy as their PPR occupied a significantly different cubic meterage of air space than the previous three lots (for further details, refer to our August 2024 edition of Monthly Tax Update).

In its decision, the Court of Appeal noted that the unoccupied land that was the subject matter of the desired land tax concession for unoccupied land intended to be owner's principal place of residence was 'materially different' from the original lots. An area which was excised from the original lots was not intended to be occupied by the taxpayer as his PPR and was not de minimis.

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NSW: Primary producer land tax exemption not applicable

In Zonadi Holdings Pty Ltd ATF Wombat Investment Trust v Chief Commissioner of State Revenue [2025] NSWCATAD 84, the New South Wales Civil and Administrative Tribunal affirmed assessments to NSW land tax in the relevant years, finding that a primary production exemption was not available on land used to sell wine.

The land in question contained a vineyard from which the grapes were produced, a cellar door at which wine sales occurred, a wine storage area, a residence and tourist accommodation. About 38% of the land was used for the planting and growing of vines. A portion of the wine grape crop grown on the land was sold. Wine was produced and sold by the taxpayer and was derived only from wine grapes cultivated on the land. The wine itself was made off the land, with the wine later brought onto the land for sale (including tasting).

The taxpayer argued that because the land was land used for primary production, it was eligible for land tax exemption under section 10AA of the *Land Tax Management Act 1956* (NSW). The question to be resolved in this case was, therefore, whether the land in question had a 'dominant use' for 'cultivation, for the purpose of selling the produce of the cultivation' (i.e. the grapes).

The Tribunal found that the activity of growing wine grapes on the land would, with little doubt, answer the description of 'cultivation' of land within the meaning of section 10AA(3)(a) and would also amount to 'primary production' under its ordinary meaning. However, the Tribunal found that cultivation of the land itself was insufficient to qualify for exemption - cultivation must be for the purpose described in section 10AA(3)(a), namely for the 'purpose of selling the produce of the cultivation'.

In circumstances where wine grapes produced on the land were not sold but instead used to make the taxpayer's wine, the Tribunal was satisfied that there had been no selling of those wine grapes within the meaning of section 10AA(3)(a). Instead, what was sold was the wine made from the wine grapes which is the product of secondary production that uses what is produced by cultivation of the land.

Accordingly, it followed that there had been no cultivation of land for the purpose of selling the produce of that cultivation within the meaning of section 10AA(3)(a) when wine grapes grown by the taxpayer on the land were used by the taxpayer to make wine. Further, after considering the evidence, the Tribunal concluded that the taxpayer had not shown, on the balance of probabilities, that the dominant use of the land was cultivation for the purposes of sale within section 10AA(3)(a). While the Tribunal accepted that cultivation was the dominant use, that cultivation had two purposes, namely the sale of wine grapes and the production from wine grapes of wine for sale on the land. In this case, the return from the use of wine grapes for making and selling wine (the non-exempt activity) overwhelmingly exceeded that from the sale of grapes during the relevant land tax years.

VIC: Leave to appeal refused in primary production land tax exemption case

In Australian Investment & Development Pty Ltd v Commissioner of State Revenue [2025] VSCA 47, the Victorian Court of Appeal has refused leave to appeal against the Supreme Court of Victoria's decision in Australian Investment & Development Pty Ltd v Commissioner of State Revenue [2023] VSC 741, finding that the taxpayer's appeal in relation to a matter concerning the application of Victorian land tax did not have a real prospect of success.

Previously, the VSC had found that land was not used primarily for the business of primary production, notwithstanding the taxpayer's business intention of cultivating a type of plant called cassinia as was required by section 67 of the *Land Tax Act 2005* (Vic), but rather was used for a number of purposes (including development).

In considering the taxpayer's application for leave to appeal the VSC's decision, the Court of Appeal noted, among other matters, that it was unable to see any error in the judge's conclusions that none of the three elements of the section 67 primary production land tax exemption were made out by the taxpayer. Further, on examination of the whole of the evidence, the Court noted that one would be driven to the conclusion that whatever business of primary production the taxpayer was undertaking during the relevant tax years, the taxpayer did not establish at trial that this was its principal business or main undertaking.

VIC: Landholder duty penalty tax amnesty extended

In *Oliver Hume Property Funds (Broad Gully Rd) Diamond Creek Pty Ltd v Commissioner of State Revenue [2024] VSCA 175*, the Court unanimously found that the acquisitions made in the applicant landholder pursuant to a conditional capital raising were subject to duty as an associated transaction, notwithstanding that the acquirers were not acquainted with each other.

Following that decision the Commissioner of the State Revenue Office (Victoria) applied a penalty tax amnesty on voluntary disclosures of, and requests for rulings on, liabilities arising from capital raisings. The Commissioner has now extended the penalty tax amnesty that was due to expire on 31 March 2025 extended for a further three months. The amnesty will now end on 30 June 2025.

WA: New duties concessions for homes

On 9 April 2025, the Duties Amendment Bill 2025 (WA) was introduced into the WA Legislative Assembly. The Bill amends the Duties Act 2008 (WA) to expand the:

- first home owner duty concession, and
- off-the-plan duty concession.

The Bill introduces new concessional rates of duty and thresholds for first home owners, including new thresholds to apply to homes outside the metropolitan Perth and Peel regions.

The off-the-plan duty concession will be extended until 30 June 2026 and the thresholds and rates will be increased. Furthermore, the off-the-plan concession will be extended to off-the-plan purchases of all strata scheme or community titles (building) scheme dwellings including townhouses and villas, not just multi-tiered schemes. This does not apply to the construction of a dwelling on a survey-strata plan.

Once legislated, the new duty concession rates and thresholds will apply to transactions entered into on or after 21 March 2025.

Refer to this information about the new rates and thresholds.

Superannuation Update

Payday Super – exposure draft law

The following key thresholds apply for the forthcoming financial year commencing from 1 July 2025:

- the concessional contributions cap is unchanged at $30,000
- the non-concessional contributions cap is unchanged at $120,000
- the capital gains tax cap amount for contributions from the sale of small business assets is $1,865,000 (up from $1,780,000)
- the Division 293 tax threshold amount is $250,000
- the superannuation guarantee rate is 12% (up from 11.5%)
- the maximum super contribution base is $62,500 per quarter (down from $65,070)
- the general transfer balance cap is $2 million (up from $1.9 million)
- the defined benefit income cap is $125,000 (up from $118,750)
- the employment termination payment (ETP) cap for life benefit termination payments is $260,000 (up from $245,000), and
- the tax-free part of genuine redundancy payments and early retirement scheme payments is $13,100 (up from $12,524), and for each complete year of service is $6,552 (up from $6,264).

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Legislative Update

The Federal Election has now been called and will be held on 3 May 2025. As a result, Federal Parliament was prorogued and the House of Representatives has been dissolved from 28 March 2025. The next sitting day for Parliament will be determined after the outcome of the Federal Election. This has meant there have been no legislative updates from Parliament since our last update.

Since our last update, the following tax measure has been registered as a legislative instrument:

- the Income Tax Assessment (Build to Rent Developments) Amendment (Expanding Affordability Requirements) Determination 2025, which specifies additional requirements for a dwelling to be considered an 'affordable dwelling' in a build to rent development (for further information, see Other News section).

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Other News Update

Affordable dwelling changes under BTR regime

To be eligible for tax concessions under the build to rent (BTR) regime, one of the requirements is that the number of dwellings in the BTR development that are 'affordable dwellings' must be greater than or equal to 10% of the number of total dwellings in the BTR development.

The Income Tax Assessment (Build to Rent Developments) Amendment (Expanding Affordability Requirements) Determination 2025, which was registered on 28 March 2025, amends the Income Tax Assessment (Build to Rent Developments) Determination 2024 to specify the following new requirements for a dwelling in a BTR development to be an affordable dwelling:

- the dwelling must be either a moderate-income dwelling or a lower-income dwelling (as defined)
- the number of lower-income dwellings in a BTR development must be equal to or greater than 2% of the number of dwellings in the BTR development (rounded down to the nearest whole number)
- the owner of the BTR development must have engaged an eligible community housing provider (CHP) to assist the owner in:
  - identifying prospective tenants for each affordable dwelling in the BTR development, and
  - ascertaining whether the dwelling satisfies the tenant income criteria (as outlined) for a lower-income dwelling or a moderate-income dwelling (whichever criteria is applicable) for each 'assessing event' for each affordable dwelling in the development, and
- if the dwelling is tenanted, each tenant must have been identified by an eligible CHP as a prospective tenant for the dwelling.

There is an exception to the requirements to engage a CHP and to tenant affordable dwellings with prospective tenants identified by a CHP where special circumstances arise, such as if, for example, no eligible CHP operates in the relevant area.

The amendments made by the new Determination apply 12 months after the amendments commence, i.e. from 29 March 2026. This ensures that BTR owners have sufficient time to make changes to satisfy the new requirements.

Sale of subdivided and developed pre-CGT land not subject to tax

In Morton v Commissioner of Taxation [2025] FCA 336, the Federal Court has allowed the taxpayer's appeal, finding that activities relating to the sale of land did not amount to a business carried on by the taxpayer, with the result that neither the sale proceeds nor any profit from the realisation of the pre-capital gains tax (CGT) land holding were assessable.

The taxpayer, a retired farmer, was the owner of a parcel of land that following rezoning as residential land, was developed, subdivided, and then sold as individual allotments as part of a housing estate.

The taxpayer claimed that the proceeds from the sale of the allotments were capital receipts derived upon the realisation of a pre-CGT asset, and were therefore not assessable as income, and that the development, subdivision and sale constituted no more than an enterprising means of achieving the best price when realising his capital asset.

Taking numerous factors into account, including relevant case law, the Court concluded that at no stage did the taxpayer embark on a business of developing land, and never ventured any lot into a profit-making scheme. Accordingly, no part of the proceeds of the sale of the land was found to be assessable income in the taxpayer's hands.

Let's talk

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

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IGTO review into ATO letters and written communications

The Inspector-General of Taxation and the Taxation Ombudsman (IGTO) is undertaking a review into the Australian Taxation Office's (ATO) written communication drafting process to see how messages are prepared, how decisions are made, and whether feedback is taken and used to see if the ATO can improve its messaging to help more people understand their tax obligations.

The review will examine a small sample of recent compliance program and bulk communications to determine whether the ATO is meeting its Charter commitments to provide timely, easy-to-understand and accessible information. However, the review will not consider other forms of written communications such as custom or bespoke letters or emails to taxpayers, ATO web guidance, public and private rulings or ATO law administration practice statements. Formal submissions closed 3 April 2025.

IGTO report on managing financial abuse within the tax system

A new report by the IGTO has highlighted how the tax system is being used as a weapon of financial abuse, and identifies how the ATO, among other organisations, can respond through prevention, detection and support for the victim-survivors. The report recommends that the ATO:

- increase its training for all frontline officers and provide dedicated and specialist resources with the appropriate skills and training in financial abuse and trauma-informed practices to better support victim-survivors
- better prevent and detect abuse when it comes to light, including using evidence from trusted partner organisations (meaning victim-survivors are not required to repeat their history for each agency)
- explore available opportunities to remove the debt from the victim-survivor, and
- clarify how and when it can report potential financial abuse to law enforcement authorities.

The report welcomes the ATO's work on a 'Vulnerability Capability', defining how best it can support taxpayers experiencing all forms of vulnerability, including financial abuse and coercive control. The report also recognises the ATO's unique role in combatting financial abuse more broadly, particularly in areas like child support and welfare benefits, which rely on prompt and accurate tax returns. For its part, the ATO has welcomed the release of the report, and agreed with all recommendations

What's new for the ATO's Top 500 program

The Top 500 private groups tax performance program includes private groups:

- with over $500m net assets, regardless of turnover,
- with over $200m turnover and over $250m in net assets, and
- that are market leaders or groups of specific interest.

From April 2025, the ATO's Top 500 program no longer includes private groups with over $250m turnover, regardless of net asset value, while the turnover threshold has increased from $100m to $200m for groups with net assets over $250m.

Groups that were previously included in the Top 500 program will undergo an exit process after any current issues under enquiry are finalised and a requisite level of assurance is reached. Groups will have the option to remain in the Top 500 program where they are in justified trust or close to achieving justified trust.

Support for late NFP self-review returns

In an April 2025 update, Assistant Commissioner Jennifer Moltisanti noted, among other matters, that as of 31 March 2025 (the extended lodgement date) more than 27,000 not for profits (NFPs) had lodged their 2023–24 self-review return.

Further, support for NFPs who have not yet lodged their return will be able to access extended support, including that while there is a legal requirement to lodge an annual self-review return for non-charitable NFPs with an active ABN, NFPs who have not yet lodged do not need to request an extension, but should lodge as soon as possible. The ATO has support for NFPs making genuine efforts to comply, and will suspend penalties for late lodgment of the 2023-24 NFP self-review return as part of its transitional support arrangements. From July 2025, the ATO will review NFPs who intentionally ignore their obligations.

Federal election 2025 – ALP's tax policies

In addition to measures announced at the 2025-26 Federal Budget (see PwC's 2025-26 Federal Budget analysis for further details), the Australian Labor Party (ALP) has proposed several tax measures in the lead up to the Federal election, which will be held on 3 May 2025. They include:

- An optional $1,000 instant tax deduction for work-related claims applicable from 2026-27, instead of claiming individual work-related expenses. Taxpayers claiming more than $1,000 in work-related deductions will still be able to do so in the usual way. Under the proposal, charitable donations and other non-work related deductions will still be able to be claimed in addition to the new instant deduction.
- An extension of the $20,000 instant asset write off for 12 months to 30 June 2026 for small businesses.
- Prevent perpetrators of financial abuse from using the tax and corporate systems to create debts as a form of coercive control and make perpetrators accountable for these debts, among other non-tax initiatives to crack down on financial abuse.

For first home buyers, a number of non-tax measures have also been proposed, including expanded access to 5% deposits to all first homebuyers under the Home Guarantee Scheme.

Federal election 2025 – Coalition's tax policies

The Coalition has proposed a variety of tax measures that it would adopt if elected on 3 May 2025:

- For Australian resident individuals, a one-off 'Cost of Living Tax Offset' for 2025-26. The offset would be available for those earning an annual taxable income of up to $144,000, with the full offset of $1,200 available to those earning between $48,000 and $104,000. In turn, the recently legislated tax cuts would be repealed, as confirmed in the Opposition Leader's Budget-in-reply speech on 27 March 2025.
- For small business with a turnover of up to $10m, a temporary two-year capped tax deduction of $20,000 for business-related meal and entertainment expenses (excluding alcohol) that have a connection with business activity and income, including dining and entertainment provided to clients, vendors, and employees. Such qualifying expenses would also be exempt from Fringe Benefits Tax (FBT).
- The instant asset write off for small business would be increased to $30,000, with the arrangement made on an ongoing basis.
- Indexation on draught beer excise will be frozen for two years (a similar policy is proposed by the ALP).
- As announced in the Opposition leader's Budget in reply speech, fuel excise would be halved for 12 months, with this reduction to come in on the first day that Parliament sits, subject to review after the first 12 months. This is in addition to removing the tax on petrol and diesel SUVs and utes that is scheduled to come into effect from 1 July 2025.
- For the energy sector, the Junior Minerals Exploration Incentive would be reinstated, with a $100m capped commitment over four years. An elected Coalition Government would also scrap Labor's proposed production tax credits for green hydrogen.
- From an administrative perspective, aside from removing regulatory burdens where possible, a taskforce would be established to overhaul the Foreign Investment Review Board (FIRB), and 'Investment Australia' - a new statutory office within Treasury – would be introduced to streamline major project approvals, cut red tape and restore Australia's global competitiveness.
- Provide a bonus deduction of $2,000 for technology upgrades of $4,000 or more for small businesses with an annual turnover of up to $10m.
- Double the Early-Stage Venture Capital cap to $100m and lift the Venture Capital cap to $500m (see policy plan).
- Provide an Entrepreneurship Accelerator to support newly incorporated businesses for the first three years of operation with a tapered, tax offset starting at 75% of their first $100,000 of taxable income, and 50% for their second $100,000 of income in their first year of operation.

Federal election 2025 – Greens' tax policies

The Greens have proposed several key tax policies, including:

- the introduction of a 40% tax on excess profits for big corporations with over $100m in turnover, with the tax applied to net revenue after a 'fair return to shareholders'
- the introduction of a 10% tax on the net wealth of Australian billionaires
- tax at a rate of 3% of revenue in excess of $20m earned from digital services in Australia for platforms that make more than €750m in worldwide revenue
- Tackling multinational tax avoidance
- provide a 'Live Performance Tax Offset' for venues, touring artists and production
- increasing the major bank levy rate to 0.08% per quarter, up from 0.015%
- extending the $20,000 instant asset write off and the Small Business Energy Incentive Scheme to 1 July 2026, and
- grandfather negative gearing and the 50% capital gains tax (CGT) discount to one investment property (purchased before the policy commences) and scrap the 50% CGT discount for all other assets where the asset base for non-housing assets would be indexed by inflation.

Editorial

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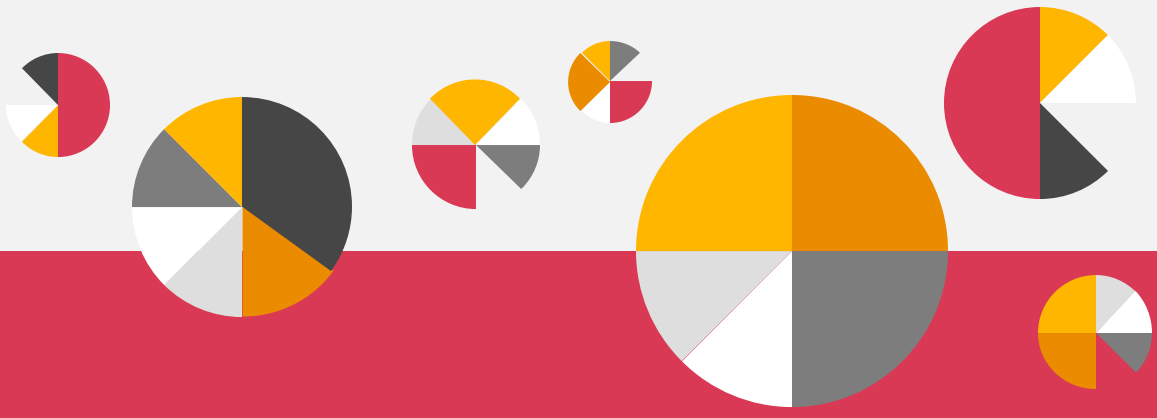

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