



Monthly Tax Update

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

1 October 2025





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Corporate tax update

Exposure draft for PRRT project continuations

In the 2023-24 Federal Budget, the Government committed to applying several recommendations from the Petroleum Resource Rent Tax (PRRT) review (the [Callaghan Review](#)).

Treasury has now released [exposure draft legislation](#) to amend the PRRT law in response to recommendation 6 of the Callaghan Review. This will give the Commissioner of Taxation the power to make a continuation determination in relation to a petroleum project and another petroleum project that has ceased. The Commissioner may only make this determination if a qualifying application is made, and the Commissioner is satisfied that the later project is a continuation of the earlier project. This will typically apply where a production licence may revert to a retention lease.

The effect of the continuation determination is that the later project will, in relation to the financial year when the continuation determination is made, have access to assessable receipts derived, deductible expenditure incurred and, in limited circumstances, tax paid in relation to the earlier project for that financial year. The proposed amendments, if legislated, would commence on the first day of the first quarter after the day the Bill receives royal assent. Comments on the draft law close 3 October 2025.

Let's talk

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Draft regulations for critical minerals production tax incentive

Treasury has released [exposure draft regulations](#) which clarify aspects of the Critical Minerals Production Tax Incentive (CMPTI) and will support downstream refining and processing of Australia's critical minerals. The draft regulations specify the processing activities and outcomes to allow the processing activities of identified critical minerals to be deemed eligible CMPTI processing activities for:

- graphite
- high purity alumina (HPA), and
- precursor cathode-active material (pCAM).

The CMPTI applies to expenditure incurred in income years in relation to processing activities (including as prescribed in the Regulations) starting on or after 1 July 2027 and before 1 July 2040, with a 10-year maximum for each project. Under the CMPTI, recipients will receive a refundable tax offset of 10% of eligible costs of processing critical minerals in Australia. Comments on the draft close 10 October 2025.



Deputy Commissioner discusses key issues for large businesses

The Australian Taxation Office's (ATO) Deputy Commissioner, Public Groups, Rebecca Saint, recently spoke at the CPA Tax Forum 2025. Below are some of the highlights from that [speech](#), which considered key issues within the larger business market.

- Over the past decade, the ATO has seen steady improvements in voluntary compliance, and today, large corporates are now one of the most compliant segments.
- Whilst these higher levels of compliance will inform the way the ATO engages with large businesses, the ATO's view is that it needs to continue to proactively monitor and engage with the market to mitigate any potential 'backslide risk' in compliance.
- The majority of large businesses are meeting their tax obligations, with 83% of Top 100 taxpayers holding either high or medium overall assurance ratings. Top 1,000 taxpayers' ratings also continue to increase, with 89% of Top 1,000 taxpayers rated as high or medium overall assurance. See also the latest Findings Report on the Top 100 and Top 1,000 assurance programs.
- Profit shifting disputes continue to dominate the ATO's audit program, comprising roughly 70% of its activity. Mischaracterisation of arrangements, business models and global value chains is also an increasing area of focus and dispute.
- The ATO also continues to increase its investment in management of dissipation risk. For example, through its private capital strategy and also its focus on multinationals exploiting the multiple entry consolidated (MEC) rules.
- Over the coming period, the ATO will continue to have a keen focus on the tax performance of large business. How it goes about this will continue to evolve as access to data and integration of technology by the ATO and business continues to influence the ATO's compliance approaches.

Reportable tax position schedule – ATO findings

The ATO has issued its [findings report into the Reportable tax position \(RTP\) schedule](#) Category C disclosures in the 2023-24 financial year as of 30 June 2025. This includes a breakdown of lodgment and disclosures by entities based on their program categorisation (i.e. the Top 100, Top 1,000, Large risk strategy and Medium and emerging risk strategy program segments) over a 4-year period. In summary, the following observations are noted:

- There was an increase in RTP disclosures in 2023-24 with over 2,000 lodgments made by public and multinational taxpayers, of which 1,455 made at least one disclosure against a Category C question in 2023-24. The number of disclosures has more than doubled and the number of RTP schedules lodged has increased by 21% over the 4 years between 2020-21 to 2023-24. The Top 1,000 population is the largest lodging and disclosure population segment.
- Overall, there was an increase in low-risk arrangements and a decrease or no change in the proportion of high-risk disclosures.
- Overall, the data from RTP schedule disclosures indicate high levels of voluntary compliance by the large corporates reporting population. The ATO's data checks show that some lodgers do make errors when responding and that the ATO uses these insights to improve its instructions and follow up compliance activities.

ATO releases Top 100 and Top 1,000 findings reports

The ATO has issued the following public groups findings reports on its income tax and goods and services tax (GST) assurance program reviews completed to 30 June 2025:

- [Top 100 income tax and GST](#) – Compliance levels continue to trend upwards with 64% of Top 100 taxpayers now holding an overall high assurance rating for income tax and 38% holding high assurance for GST.

The ATO is reprioritising real time engagement, providing tax certainty pre-lodgment, reducing compliance costs for business and the ATO. The ATO anticipates more than 80% of Top 100 taxpayers will have no past year justified trust reviews by the end of 2025. However, a small number of these taxpayers may have other investigations in relation to specific matters underway, including audits. Observable improvements in tax governance are reported which is said to give the ATO greater confidence that errors are reduced, and tax risk is appropriately managed.

- [Top 1,000 income tax and GST](#) – The ATO continues to see high levels of assurance in relation to income tax for the Top 1,000 population, with 89% achieving high or medium assurance, with 95% achieving an overall high or medium assurance rating for GST. Improvements in the tax risk management and governance framework continue, with most taxpayers having effectively designed controls in place for the management of tax reporting and 57% of taxpayers achieving a stage 2 or stage 3 rating for tax governance. Of the 18% that have not yet had a completed income tax review, many of these taxpayers are either under review currently or will be selected for review in coming years.

ATO's findings report into tax certainty

The ATO has issued its report into the key findings about how it provides tax certainty to public and multinational businesses for the 2020-21 to 2024-25 financial years.

This report details:

- insights on the requests for [tax certainty](#) that it receives
- observations about the time it takes the ATO to provide its service offerings and the key factors that impact its timeliness
- key findings about the outcomes of its Advice and Guidance (A&G) program engagements, and
- observations and insights regarding trends and changes to the Advance Pricing Agreement (APA) population composition and demographics.

Replaced ESS start-up valuations instrument

The ATO has finalised legislative instrument [Income Tax Assessment \(Methods for Valuing Unlisted Shares for the Employee Share Scheme start-up concession\) Legislative Instrument 2025](#), which is effective from 1 October 2025, repeals and replaces the Income Tax Assessment (Methods for Valuing Unlisted Shares) Approval 2015 instrument, which would otherwise have sunset on 1 October 2025.

Access to the Employee Share Scheme (ESS) start-up concession is, among other requirements, subject to satisfying conditions relating to market value as set out in the income tax law, being that, if the ESS interest is a share, the discount is no more than 15% or, if a right, the amount paid to exercise the right is no less than the market value of the share when the ESS interest was provided. The 2025 instrument provides two approved methods for valuing unlisted shares in a company for the purposes of determining if these conditions are satisfied: method one (the comprehensive method) and method two (the net tangible assets or 'NTA' method).

Where a company is eligible to apply both methods, but chooses to use an alternative valuation method to work out the market value in subsection 83A-33(5) of the ITAA 1997, that alternative method is approved where the resultant value is not less than the lower of the market values worked out using those methods. The instrument commences 1 October 2025.

Taxpayers denied producer tax offset

The producer offset is a refundable tax offset available to eligible film production companies based on their qualifying Australian expenditure (QAPE). Screen Australia administers the producer offset under Division 376 of the Income Tax Assessment Act 1997.

The Administrative Review Tribunal has considered the application of the producer offset in the following cases:

- In [Little Monster Productions and Screen Australia \(Taxation and business\) \[2025\] ARTA 1732](#), the Tribunal found that the reviewable QAPE amounts were not incurred by the taxpayer – the evidence showed the relevant amounts were not paid or discharged by way of set-off, nor was there any identifiable timeframe for payment. In the alternative, such amounts would have otherwise been excluded from the taxpayer's production expenditure by reason of the fact they are deferments or profit participation.
- In [Kane Motion Picture Pty. Ltd. and Screen Australia \(Taxation and business\) \[2025\] ARTA 1771](#), the Tribunal upheld Screen Australia's decision to refuse an application to issue a final certificate for the producer offset to the taxpayer. Screen Australia determined that the taxpayer had not satisfied a mandatory requirement under the tax law which was that 'the company either carried out, or made arrangements for the carrying out of, all the activities that were necessary for the making of the film...'. The Tribunal agreed, broadly finding that at the time when the film was completed, the taxpayer did not have exclusive rights to the film and (having relinquished control of the film to others), was no longer at that point in time responsible for the making of the film.



Upcoming R&D Tax Incentive application deadline

Research and Development (R&D) Tax Incentive registration applications must be lodged within 10 months after the end of an R&D entity's income year. Companies with a substituted accounting period ended 31 December 2024 that wish to register R&D activities must do so through the R&D Tax Incentive customer portal by 11.59pm (AEST), Friday 31 October 2025.

If unable to meet this deadline, an R&D entity can apply for an extension, which must be done through the R&D portal. If a company is considering submitting an R&D claim for the first time or is unsure about how to apply the Department of Industry, Science and Resources (DISR) guidance or the legislation, it is important to seek advice as soon as possible. For further information, see our [Tax Alert](#).



Employment taxes update

NSW Payroll tax Litigation: High Court special leave application

The taxpayer has filed a special leave application to the High Court on 29 August 2025 in response to the New South Wales Court of Appeal's decision in *Chief Commissioner of State Revenue (NSW) v Uber Australia Pty Ltd* [2025] NSWCA 172.

In that decision, the Court of Appeal held that payments made by the taxpayer to its drivers were 'wages' for NSW payroll tax purposes. For further information on the decision, including background and key findings, please refer to our [September Monthly Tax Update](#).

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Employer super: Key priorities for super funds

Australian Taxation Office (ATO) Deputy Commissioner of Payday Super, Emma Rosenzweig, highlights several key updates for super funds that were noted in the ATO's 2025–26 corporate plan, particularly in preparation for Payday Super reforms which are due to come into effect from 1 July 2026.

SuperStream will be enhanced to support fast payments via the New Payments Platform (NPP) by 1 July 2026, enabling near real-time processing of super contributions. Error messaging will be improved to provide employers with clearer, more actionable information to resolve data issues. A new Member Verification Request (MVR) message will allow employers to confirm employee super fund details before making contributions, reducing the risk of rejected payments. Additionally, the proposed changes to Fund Validation Services will increase transparency around changes or closures to Unique Super Identifiers (USI), supporting better compliance and fund management. These updates aim to close the super guarantee (SG) gap and streamline employer obligations.

ATO updates guidance on Ordinary Time Earnings (OTE)

The ATO has expanded its guidance for employers on what constitutes Ordinary Time Earnings (OTE) for SG purposes, offering employers more comprehensive examples. This enhanced guidance will assist employers in more accurately determining which payments attract superannuation contributions - in turn, minimising compliance risks resulting from aspects of the law which are unclear whilst ensuring employees receive their correct entitlements.

South Australia payroll tax - Ruling for medical practitioners

RevenueSA has updated its payroll tax ruling (PTASAO04v3) to provide further clarification on the retrospective payroll tax amnesty and the bulk-billing exemption for general practitioners (GPs) and other medical professionals.

The amnesty applies to unpaid payroll tax on wages paid to GPs and certain specialists up to 30 June 2024. From 1 July 2024, an exemption will apply to wages paid to GPs for bulk-billed services, with the exemption's availability being based on the practice's bulk-billing rate. The latest update clarifies how bulk billing is treated when GPs work across multiple practices and builds on earlier changes relating to bulk billing incentive payments.

New PAYG withholding variation rule

New Taxation Administration (Withholding Variation for Payment of Certain Allowances) Legislative Instrument 2025 (LI 2025/D15) enables the Commissioner to reduce PAYG withholding to nil for certain specified allowances under defined conditions. Effective from 17 September 2025, this instrument covers allowances such as car expenses, laundry, domestic and overseas travel, overtime meal allowances, and award transport payments. To be eligible, the payer must reasonably expect the payee will incur deductible expenses equal to or exceeding the allowance, and the payment must be separately identified in the accounting records. This instrument repeals and replaces the 2015 version, retaining the same substantive effect and ensuring continuity as the previous instrument was set to expire.





Indirect tax update

GST amendments introduced into Parliament

The Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Bill 2025, which was introduced into Parliament on 4 September 2025, among other proposed changes (see Other News for further details), proposes a number of technical amendments to the goods and services tax (GST) law.

The following amendments, once legislated, would commence on the first day of the first quarter after the day of royal assent of the amending Bill, and operate to:

- ensure that the supply of *disability services funded under the Disability Services and Inclusion Act 2023* is GST-free
- ensure that input tax credits and fuel tax credits are attributed appropriately to tax periods and fuel tax return periods, respectively, as intended, and
- address the interactions between the tax period to which the Commissioner of Taxation has determined an input tax credit for a creditable acquisition is attributable and the time limit rules.

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Under the amendments, if the Commissioner makes such a determination, a taxpayer only ceases to be entitled to the input tax credit if it has not been taken into account in an assessment of theirs within four years after they were required to lodge the GST return for the tax period to which the input tax credit is attributable under the determination.

The Bill also proposes amendments to the income tax law to ensure that a taxpayer can deduct the amount of GST payable by way of reverse charge, to the extent that the GST amount is greater than any input tax credits or reduced input tax credits to which they are entitled. These amendments, once legislated, will apply in relation to assessed net amounts that are payable in the income year that includes 1 July 2023 and later income years.

Exposure draft legislation to boost WET producer and excise remission rebate caps

In the 2025-26 Federal Budget, the Government announced that it would increase its support for wine producers by increasing the wine equalisation tax (WET) producer rebate cap from \$350,000 to \$400,000 per financial year, from 1 July 2026. Treasury has now released [exposure draft legislation](#) giving effect to this change. Comments on the draft law closed 22 September 2025.

Separately, Treasury has also released an [exposure draft regulation](#) to increase the amount of support available under the excise remission scheme for eligible brewers and distillers of alcoholic beverages by increasing the current cap of \$350,000 to \$400,000 per financial year from 1 July 2026. Comments closed 22 September 2025.

Consultation for changed approach for certain top 100 GST reporters

The Australian Taxation Office (ATO) is seeking [feedback](#) on its proposed change in approach for top 100 high assurance GST reporters.

As a result of the assurance the ATO has obtained over GST in the top 100 population to date and following the introduction of the supplementary annual GST return (SAGR), the ATO considers that there is scope to further reduce its engagement and resource investment with overall high assurance GST reporters in GST refresh reviews.

Namely, the ATO intends to transition its GST refresh reviews for high assurance reporters who prepare their own GST analytical tool (GAT) prior to lodgement of the SAGR to an assurance check-in every four years. Under this approach the ATO will predominantly rely on independent tax control testing results and the alignment between accounting and tax to evidence and maintain assurance, supported by annual profiling.

Predominantly input taxed high assurance reporters that are exempt from the GAT will not be eligible for an assurance check-in. These reporters will continue to be subject to a tailored refresh review every four years.

Medium assurance reporters will not be eligible for the assurance check-in, but the ATO will continue to take a tailored approach to refresh reviews for these reporters having regard to their performance across the four focus areas of justified trust.

While low assurance reporters will continue to be subject to an annual comprehensive justified trust GST assurance review until at least an overall medium level of assurance has been obtained.

Comments on the consultation closed 29 September 2025.

Attribution rule changes for collecting societies

The ATO has finalised legislative instrument [A New Tax System \(Goods and Services Tax\) \(Attribution Rules – Supplies and Acquisitions Relating to Collecting Societies\) Determination 2025](#) which sets out particular attribution rules for supplies and acquisitions made by collecting societies and copyright owners. Specifically, it alters, with effect from 10 September 2025, the attribution rules for:

- GST payable by collecting societies on the taxable supplies they make to copyright owners
- GST payable by copyright owners on taxable supplies they make to third parties
- input tax credits for creditable acquisitions made by copyright owners.

Application of intermediary arrangements to the multi-media industry

The ATO has finalised legislative instrument [A New Tax System \(Goods and Services Tax\) \(Application of Intermediary Arrangements to the Multi-Media Industry\) Determination 2025](#) which specifies that supplies or acquisitions of multi-media products are supplies and acquisitions of a specified kind for the purposes of subsection 153-65(1) of the *A New Tax System (Goods and Services Tax) Act 1999*.

This means that supplies or acquisitions of multi-media products are supplies or acquisitions to which a section 153-50 arrangement will apply unless the intermediary, the principal, or both, notify the other in writing that they do not wish for this arrangement to apply. This arrangement will apply to the supply of multi-media products made through retailers and distributors of those products including but not limited to newsagents, supermarkets, convenience stores and delivery agents. Lottery tickets (or similar products of a gambling nature), phone cards and gift cards are not multi-media products.

The instrument applies to intermediaries and principals in simple two-party relationships, as well as intermediaries and principals in more complex multi-level arrangements involving sub-intermediaries. It has effect from 10 September 2025.

Simplified accounting method for government entities selling food in prison

Finalised legislative instrument [A New Tax System \(Goods and Services Tax\) \(Simplified Accounting Methods – Government Entities Selling Food in Prisons and Detention Institutions\) Determination 2025](#), effective from 10 October 2025, allows eligible government entities that sell food in a prison or detention institutions through a sub-entity to continue to be able to use a simplified accounting method (SAM) to calculate their net amounts.

Among others, the eligibility conditions to use the SAM include that the government entity must be a GST-registered retailer and, through a sub-entity, sell both taxable and GST-free food at the same premises. Further, the sub-entity must be located in a prison or an institution where people are lawfully detained and have a GST turnover that does not exceed \$2 million (calculated by treating the sub-entity as if it were a separate entity from the government entity).



Simplified accounting method for small supermarkets and convenience stores

The ATO has finalised A New Tax System (Goods and Services Tax) (Simplified Accounting Methods – Supermarket and Convenience Stores) Determination 2025. The instrument, which is effective from 9 September 2025, allows eligible retailers (such as smaller supermarkets or convenience stores) to continue use a SAM to calculate their net amounts.

To be eligible, an entity with GST turnover of less than \$2 million must be a retailer whose enterprise consists mainly of selling a range of food and other goods that are commonly sold by a supermarket or convenience store (excluding retailers that mainly sell fuel). In addition, less than 5% of the total consideration for the sale of goods during the tax period must be from the sale of goods that are a taxable supply and those goods consist of, or include, ingredients that are GST-free.

The entity must also have adequate point-of-sale equipment, being equipment that can identify and record:

- a sale as being either a GST-free sale or a taxable sale
- the total consideration received for all goods sold as GST-free supplies in a specified period, and
- the total consideration received for all goods sold in a specified period.

Eligible retailers who choose to use the method will calculate the percentage of their GST-free sales of goods against their total sales of goods during the tax period and apply this percentage against the total consideration for goods they purchase during the tax period. This provides an estimate of their GST-free purchases for the tax period to enable easy calculation of the estimated amount of taxable purchases for which an input tax credit entitlement arises.

Extended time for electricity distributor or public utility provider to issue an adjustment note

The ATO has finalised legislative instrument A New Tax System (Goods and Services Tax) (Extension of Time to Issue an Adjustment Note – Electricity Distributors and Public Utility Providers) Determination 2025, effective from 17 September 2025, which extends the time period in which an electricity distributor or public utility provider must issue an adjustment note in relation to a taxable supply of electricity distributor services or utility services respectively. This variation enables relevant electricity distributors and public utility providers to issue adjustment notes in timeframes that align more closely with their normal business practices.

Global accounting method for acquisitions of second-hand goods by dealers

Legislative instrument, A New Tax System (Goods and Services Tax) (Acquisitions of Second-hand Goods) Determination 2025, which is effective from 17 September 2025, allows GST registered suppliers of second-hand goods to continue to use a global accounting method to calculate their GST liabilities for acquisitions of second-hand goods of a kind specified in the instrument. The instrument applies to second-hand goods that a GST registered entity acquires, from both registered and unregistered suppliers, for the purposes of sale or exchange (but not for manufacture) in the ordinary course of business. The instrument does not apply to acquisitions of new goods.

Valuation not reasonable for margin scheme

In ZKSM and Commissioner of Taxation (Taxation) [2025] ARTA 1298, the Administrative Review Tribunal has dismissed a taxpayer's appeal, finding that the taxpayer failed to apply an appropriate valuation methodology when calculating their GST liability under the margin scheme.

The taxpayer, a trustee company who engaged in large scale englobo land development in the ACT, entered into 'development lease arrangements' with the ACT authorised land authority, whereby in exchange for an amount of money and other non-monetary consideration (being the provision of services developing each parcel of englobo land) the land authority granted the taxpayer short-term leases over the land (to enable development of said land) and 99-year crown leases (long-term leases) over the newly subdivided residential lots, which the taxpayer was entitled to then on-sell to individual residential property purchasers.

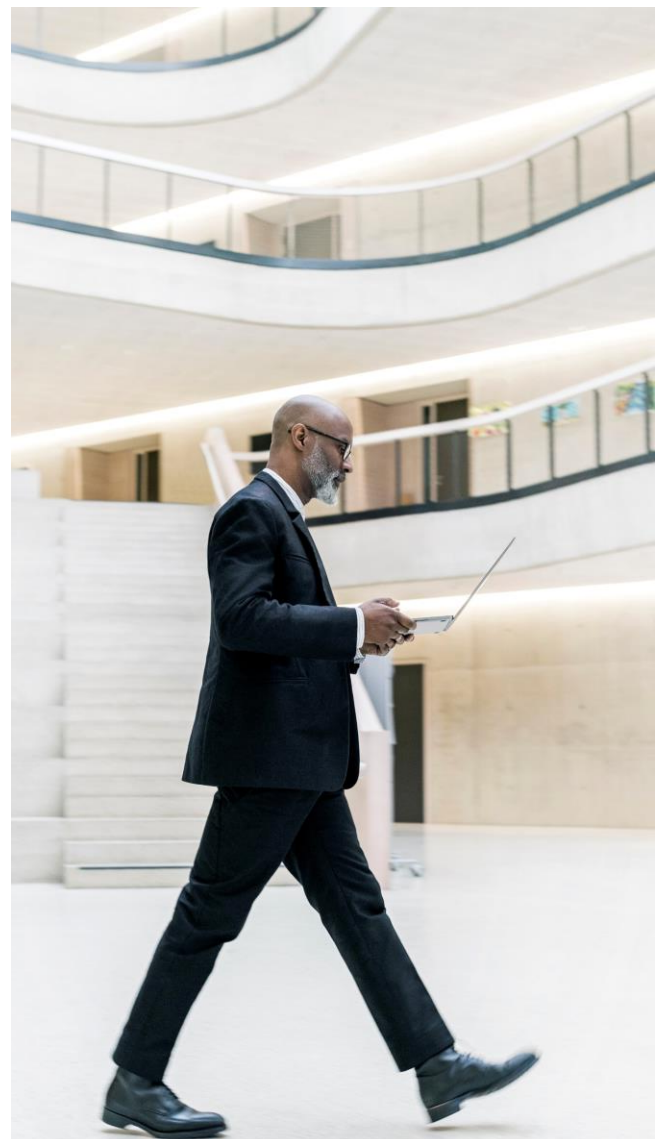
When selling the long-term leases over the new subdivided lots the taxpayer used the margin scheme to calculate its GST liabilities. The key issue in dispute was the manner in which the 'land' acquired by the taxpayer should be valued for purposes of applying the margin scheme. The taxpayer valued the land in the condition it was in at the time the long-term leases issued, i.e. fully developed, unencumbered and capable of being valued on a singular basis, whereas the Commissioner had accepted that this approach would only be reasonable if, and only if, such an approach to its valuation made express allowances reflecting that what was truly acquired was undeveloped englobo land rather than completed long-term leases.

Ultimately, the Tribunal found that the approach taken by the taxpayer, failed to adequately capture and value the land it had acquired for the purposes of ascertaining its margin under the GST margin scheme. To value only the long-term leases in isolation, in the Tribunal's view, failed to incorporate the reality that the land had been acquired as an englobo parcel and part of an overall development arrangement.

No input tax credits on late BAS lodgement

In The Trustee for the Barth Family Trust and Commissioner of Taxation (Taxation) [2025] ARTA 1558, the Administrative Review Tribunal determined that a taxpayer was not entitled to GST input tax credits first claimed in Business Activity Statements (BAS) lodged more than four years after their due dates.

The Tribunal noted the statutory provision that states unequivocally that a taxpayer will 'cease to be entitled to an input tax credit' that has not been taken into account during the period of four years after the time for lodgement of a return. Further, the Tribunal was not persuaded that the Commissioner allowed further time for, or deferred the time for lodgement of, the outstanding returns.





International tax and trade update

Draft instrument to exempt certain Pillar Two lodgments

The Australian Taxation Office (ATO) has issued draft legislative instrument [Taxation Administration \(Exemptions from Requirement to Lodge Australian IIR/UTPR tax return and Australian DMT tax return\) Determination 2025](#), which aims to reduce compliance costs for multinational enterprise (MNE) groups affected by Pillar Two in Australia by exempting certain entities, including a GloBE joint venture or a GloBE JV subsidiary, from being required to lodge the Australian Income Inclusion Rule (IIR)/Undertaxed Profits Rule (UTPR) tax return and the Australian Domestic Minimum Tax (DMT) tax return for a specific fiscal year. In broad terms, this applies to those global and domestic minimum tax return lodgments which the Commissioner considers to be unnecessary because they could only ever disclose a nil liability (for example, members of an Australian tax consolidated or MEC group, many foreign-resident entities, securitisation vehicles and eligible flow-through entities).

Importantly, it should be noted that the Commissioner does not have the ability to exempt lodgment of the GloBE information return (GIR) or foreign lodgment notification.

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Australian DMT tax and Australian IIR tax apply for fiscal years beginning on or after 1 January 2024. Australian UTPR tax applies for fiscal years beginning on or after 1 January 2025. With the first lodgment date coming up on 30 June 2026, affected MNE groups should be advanced in planning for their upcoming Pillar two compliance obligations in Australia.

Once finalised, the instrument will commence on the day after it is registered. Comments closed 24 September 2025.

Jurisdictions with qualified GloBE taxes

Legislative instrument Taxation (Multinational-Global and Domestic Minimum Tax) (Qualified GloBE Taxes) Determination 2025 lists the jurisdictions that are considered to have qualified taxes for purposes of applying Australia's implementation of the Pillar Two Global Anti-Base Erosion (GloBE) rules.

Specifically, the Determination specifies the jurisdictions that have a Qualified Income Inclusion Rule (IIR) tax, a Qualified Domestic Minimum Top-up Tax (DMMT), or that the Minister is satisfied has QDMMT Safe Harbour status and the applicable fiscal year from which this applies. The list of jurisdictions that have qualified GloBE taxes will continue to be updated as appropriate.

Key international forum hosted by ATO

In September 2025, the ATO hosted the 54th Study Group on Asia-Pacific Tax Administration and Research (SGATAR) Annual Meeting in Brisbane. SGATAR seeks to enhance the cooperation of tax systems from the Asia-Pacific region and contribute to the smooth development of trade and investment.

The 2025 Annual Meeting focused on three key themes:

- Fostering dialogue – providing a platform for open dialogue and exchange of best practices among tax administrators, policymakers and researchers.
- Enhancing knowledge-sharing – facilitating the sharing of insights, experiences, and research findings to promote innovation and improvement in tax administration.
- Strengthening networks – fostering meaningful connections and partnerships between tax authorities, academic institutions, and industry experts to support ongoing collaboration beyond the event.

The meeting had a broad-ranging agenda covering tax crime and fraud, artificial intelligence and tax reform with working groups looking deeper into topics such as transfer pricing, challenges arising from digitalisation of tax administrations and tax compliance risk management.



Excise and customs duty rates for tobacco products

The ATO has given notice of new customs and excise duty rates for specified tobacco products, effective 1 September 2025:

- [Notice of Substituted Rates of Excise Duty Notice No. 4 \(2025\)](#)
- [Notice of Substituted Rates of Customs Duty for Excise-Equivalent Goods Notice \(No. 4\) 2025](#)

Consultation to abolish further nuisance tariffs

Following announcements during the Economic Reform Roundtable, the Government has opened [consultation](#) into the proposed abolition of around 500 further nuisance tariffs from 1 July 2026, building on the first tranche of nuisance tariffs that were abolished in July 2024.

The list of proposed tariffs to be abolished was selected based on those tariffs' disproportionate compliance costs for business, the high proportion of goods already entering under concessional arrangements, and other policy considerations.

They include goods such as wine glasses, tyres, televisions, underpants, air conditioners, margarine and bitumen. All such tariffs were identified as 'nuisance tariffs' in the Productivity Commission's Trade and Assistance Review 2023-24.

This reform will be implemented through a customs tariff proposal to set the rate of customs duties to 'Free' for the identified tariff lines from 1 July 2026.

Comments can be made in response to this consultation by 10 December 2025, with a full and [final list](#) of agreed tariffs for removal to be published in the next Federal Budget.

OECD releases Tax Policy Reforms 2025 report

The Organisation for Economic Co-operation and Development (OECD) has released its tenth edition of [Tax Policy Reforms: OECD and Selected Partner Economies](#)—an annual publication that provides comparative information on tax reforms across 86 member jurisdictions of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) (including all OECD countries) and tracks tax policy developments over time.

Some key observations noted in the report include:

- 2023 marked a turning point away from the broad tax relief measures seen during the pandemic and the subsequent period of inflation. This trend solidified in 2024, with a mix of rate increases and targeted tax support across all major tax types.
- In 2024, personal income tax (PIT) and social security contribution (SSC) reforms increasingly reflected a balance between revenue-raising objectives and targeted support measures.
- Signs that the downward trend in corporate income tax (CIT) rates has halted or is reversing grew stronger in 2024, with more jurisdictions increasing rates than reducing them for the second consecutive year.
- While the use of reduced VAT rates as a policy instrument remained widespread in 2024, their role continued to shift from crisis management towards more targeted objectives.
- Another notable shift in 2024 is the move away from temporary fuel tax reliefs towards increases in fuel excise taxes. Additionally, the use of tax policy to support the transition to a low-carbon economy continued to broaden.
- Property tax reforms predominantly focused on rate cuts and base narrowing measures such as to make housing more affordable, simplify property tax systems, and encourage investment.

Revisions to BEPS Action 5

As part of its ongoing monitoring efforts, the OECD/G20 Inclusive Framework on BEPS has completed a [review](#) of the effectiveness of the minimum standard on the spontaneous exchange of information on tax rulings (the ‘transparency framework’), in line with the mandate set out in the *Revised BEPS Action 5 Transparency Framework on Tax Rulings*.

This review has resulted in a number of changes to enhance the effectiveness of the standard. The first part of the [report](#) contains the outcomes of that review, including an overview of the revisions to the transparency framework which includes a revised template for exchanges and best practice recommendations for completing the summary section of the template. In addition, the report contains revised terms of reference applicable from the 2025 review year, as well as the revised assessment methodology for peer reviews starting in 2026. The second part of the report sets out the revised Exchange on Tax Rulings (ETR) XML Schema and the related User Guide, which reflect consequential technical changes in light of the effectiveness review. The revised ETR XML Schema will be used for all exchanges from 1 January 2027.

Status of UN negotiations on a Framework Convention on International Tax Cooperation

The United Nations (UN) is developing a comprehensive Framework Convention on International Tax Cooperation to address global tax challenges. The work is led by an Intergovernmental Negotiating Committee with participation that includes developing and developed countries.

There were substantive negotiations in August 2025 on the Convention and two early protocols covering cross-border services taxation and dispute resolution. The final text is expected for submission to the General Assembly by 2027, with discussions so far reflecting differences between developed and developing countries.

A significant number of countries support the development of a UN Tax Framework Convention, challenging the OECD’s primacy in international tax. While the outcome is at least two years away, if successful, it has the potential to bring significant changes to cross-border taxation, particularly for cross-border services. For further information, see PwC’s [Global Tax Policy Alert](#).

State of play of digital services taxes and other similar measures

In the absence of a multilaterally agreed approach to taxing the digital economy, many countries have adopted unilateral tax measures, including digital services taxes (DSTs), to address the perceived shortfall in tax revenues. This has prompted international tensions and policy responses, notably from the United States. For more information on the current status of DSTs, see PwC’s [Global Tax Policy Alert](#).

New Zealand Tax Bill: Key proposed changes and implications

A Bill was introduced to the New Zealand Parliament on 26 August 2025, including amendments to the NZ tax law that targets non-resident visitors to NZ, changes to employee share schemes, fringe benefits tax and the rules around foreign investment funds, among others. For more information, see PwC New Zealand’s analysis in [Tax Tips](#).

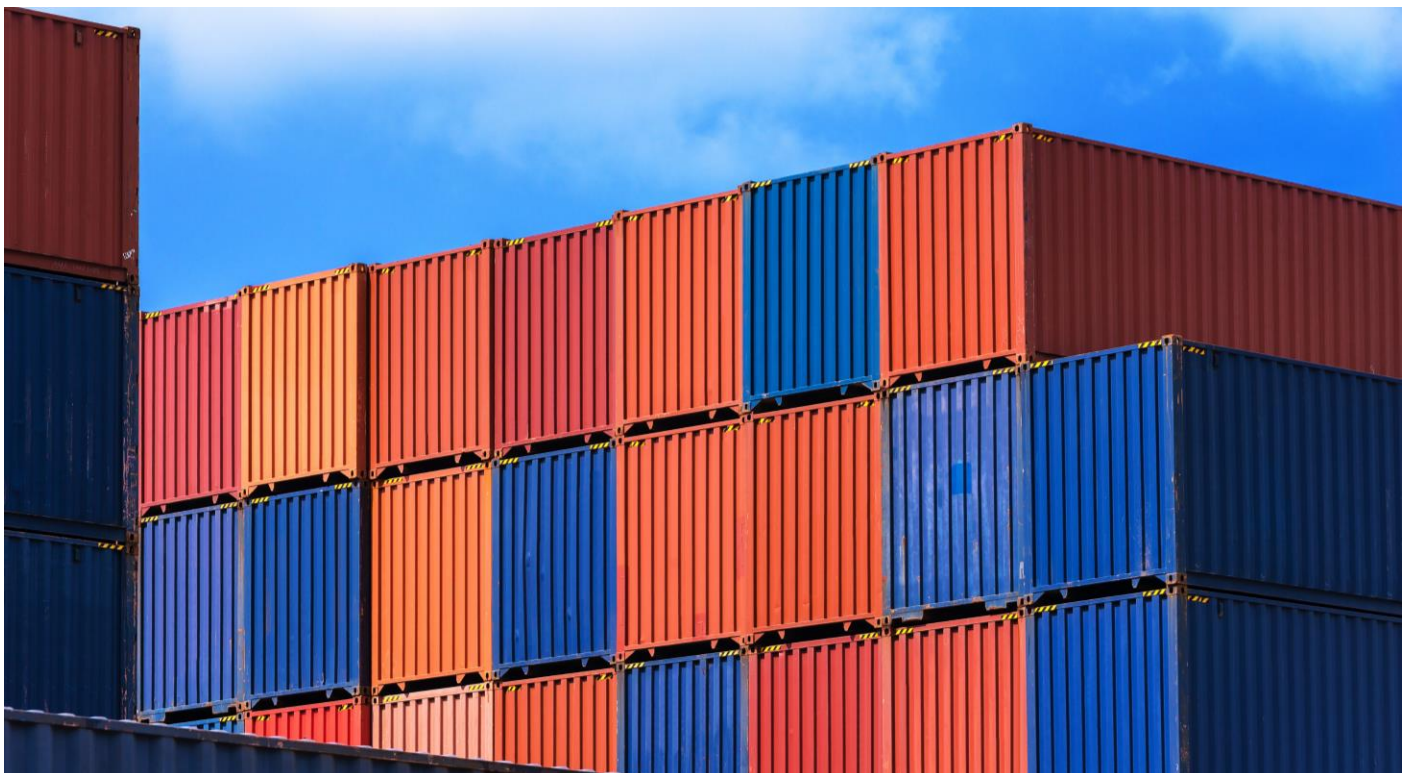
Arbitration process confirmed under Australia-New Zealand MLI

The ATO and the New Zealand Inland Revenue have released their [Memorandum of Arrangement](#) concerning the mode of application of the arbitration process that is provided for under Part VI of the Australia-New Zealand double tax treaty, as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the MLI). The Memorandum of Arrangement is effective 2 September 2025.

President Trump signs order modifying reciprocal tariffs and outlines path for trade deals

President Trump issued an [Executive Order](#) and [Fact Sheet](#) on 5 September 2025 modifying the scope of the reciprocal tariffs first announced on April 2 2025 via [Executive Order 14257](#), and establishing a framework for implementing trade and security agreements with US partners. The Executive Order revises Annex II of Executive Order 14257, which had carved out certain categories of goods from reciprocal tariff coverage. Under the new changes, bullion-related articles, certain critical minerals, and additional pharmaceutical products subject to pending Section 232 investigations have been added to Annex II, meaning they are no longer subject to reciprocal tariffs. At the same time, aluminum hydroxide, resin, and silicone products have been removed from Annex II, and are now subject to reciprocal tariffs. These modifications took effect on 8 September 2025.

In addition, the Executive Order creates the ‘Potential Tariff Adjustments for Aligned Partners’ (PTAAP) Annex, which identifies product categories – including certain aircraft parts, generic pharmaceuticals, specific agricultural products, and natural resources that are unavailable or unavailable in sufficient quantities domestically—that may qualify for Most-Favored-Nation tariff treatment if a trading partner concludes a reciprocal trade and security agreement with the United States. For further information, see this [Tax Insight](#) from PwC US.





Personal tax update

No deductions for medical expenses

In Wannberg and Commissioner of Taxation (Taxation) [2025] ARTA 1561, the Administrative Review Tribunal rejected a taxpayer's claim that their medical expenses were deductible.

The taxpayer's sole source of income was a total and permanent disability (TPD) pension. The taxpayer applied for a private ruling from the Commissioner in relation of the deductibility of proposed medical expenses of approximately \$100,000, arguing that the medical treatments were directly relevant to his forced retirement on medical grounds.

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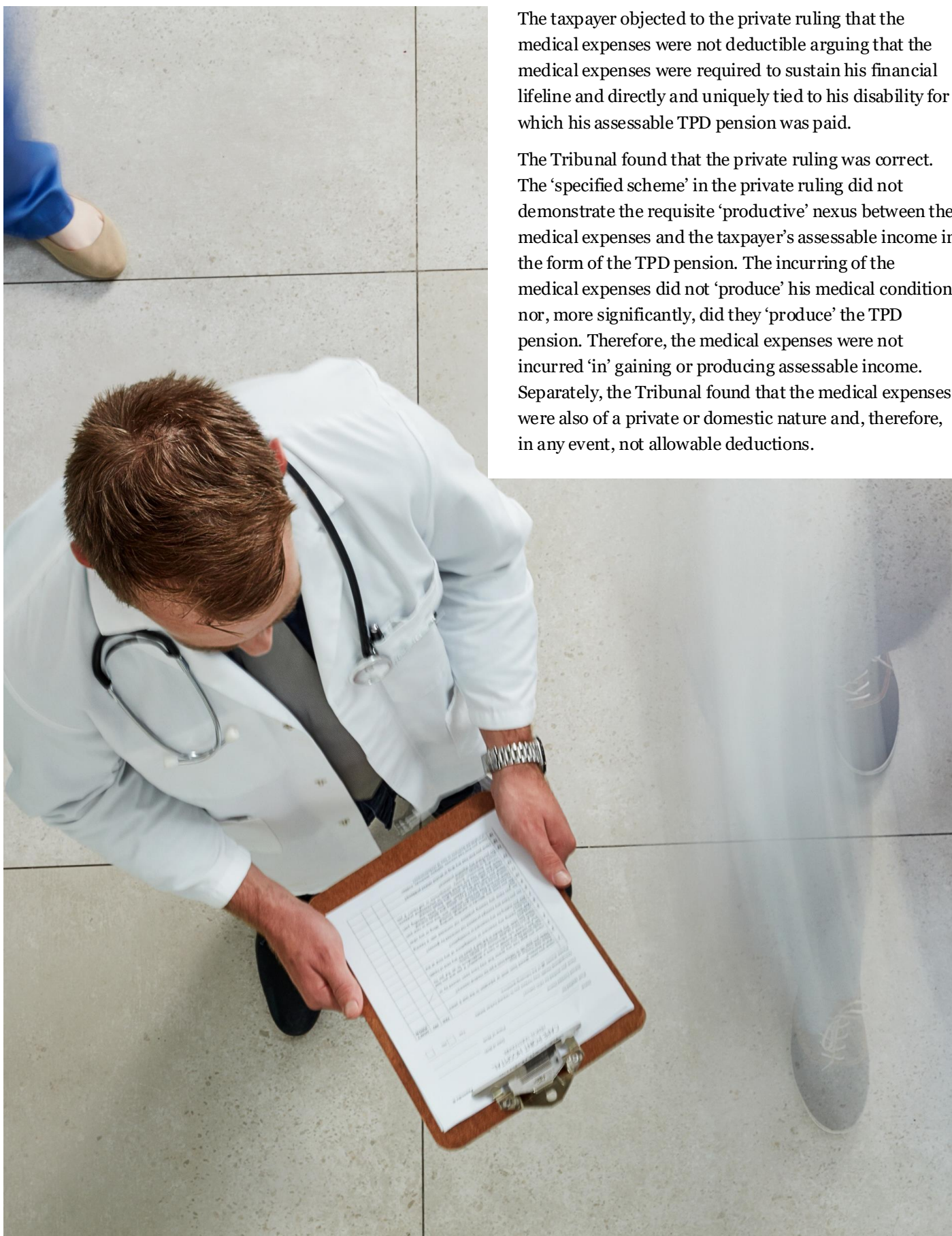
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The taxpayer objected to the private ruling that the medical expenses were not deductible arguing that the medical expenses were required to sustain his financial lifeline and directly and uniquely tied to his disability for which his assessable TPD pension was paid.

The Tribunal found that the private ruling was correct. The ‘specified scheme’ in the private ruling did not demonstrate the requisite ‘productive’ nexus between the medical expenses and the taxpayer’s assessable income in the form of the TPD pension. The incurring of the medical expenses did not ‘produce’ his medical condition nor, more significantly, did they ‘produce’ the TPD pension. Therefore, the medical expenses were not incurred ‘in’ gaining or producing assessable income. Separately, the Tribunal found that the medical expenses were also of a private or domestic nature and, therefore, in any event, not allowable deductions.



State tax update

Road user charging

On 5 September 2025, the State and Territory Treasurers met with Federal Treasurer Dr Jim Chalmers to discuss, among other matters, the potential introduction of a road user charge, for which there was ‘a lot of conceptual support’ during the [Economic Reform Roundtable](#) in August.

While it is understood that the States put together an options paper that was discussed at the September meeting, a final model of any potential road user charge is not yet known. In a [statement](#) following their September meeting, the State and Territory Treasurers commented that the design of reforms to road user charging arrangements for electric vehicles should be as simple as possible and minimise administration and compliance burden, with reforms to not deter the continued take-up of electric vehicles. The statement concluded by noting that the Treasurers will ensure any changes are phased to enable the productivity, climate and consumer benefits of increasing electric vehicle uptake over the coming years.

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New South Wales: Legislation for build-to-rent concession introduced

The Land Tax (Build-to-Rent Concessions) Amendment Bill 2025 (NSW), which was introduced into – and subsequently passed by – the New South Wales Parliament, will amend the Land Tax Management Act 1956 (NSW) to:

- establish a new ongoing land tax concession scheme for owners of certain new build-to-rent properties, and
- preserve the existing time limited land tax concession scheme for owners of certain build-to-rent properties.
- In respect of the new, ongoing land tax concession scheme, it proposes to apply in relation to land owned by a person at midnight on 31 December in any year after 2024 and provides for a 50% reduction on the land value of a parcel of land, provided that construction of the building commenced on or after 1 July 2020. The building must also be used and occupied as a build-to-rent property and must not, at any time, have been used and occupied for a purpose other than for a build-to-rent property.
- Among other conditions, the concession can be withdrawn where the parcel of land is subdivided or ownership of the parcel of land is otherwise subdivided within the first 15 years of accessing the concession.

The Bill also amends the Duties Act 1997 (NSW) and Land Tax Act 1956 (NSW) to:

- provide for the refund of surcharge purchaser duty and surcharge land tax in relation to land on which new build-to-rent developments are constructed and in relation to which the land owner is eligible for land tax concessions under the new ongoing BTR concession scheme, and
- preserve the existing entitlement to the refund of surcharge purchaser duty and surcharge land tax in relation to land on which build-to-rent developments are constructed and in relation to which the land owner is eligible for land tax concessions under the existing time limited BTR concession scheme.

Victoria: Livestock duty paused

The Victorian Government has announced a temporary pause on livestock duty, effective from 1 October 2025 to 30 September 2026.

The pause applies to duty on cattle, sheep, goats and pigs. The pause also covers both the requirement to lodge returns and pay duty to the Victorian State Revenue Office during this period. However, taxpayers should still maintain accurate records during this period, as per Agriculture Victoria requirements.

Queensland: Updated penalty tax ruling

The Queensland Revenue Office has updated Public Ruling TAAO60.2.7, which sets out the general manner in which the Commissioner of State Revenue will decide whether to remit penalty tax imposed in relation to QLD duties, payroll tax, land tax, betting tax and royalties, and the extent of any remission. The updated Ruling is effective 1 September 2025.

Queensland: Mineral resources royalty updates

On 1 September 2025, the Mineral Resources (Royalty) Regulation 2025 (QLD) took effect. The 2025 Regulation remakes the royalty provisions of the Mineral Resources Regulation 2013 in a standalone regulation. Importantly, it makes no changes to the formulas for working out royalty liability and no change to royalty rates.

Following the commencement of the 2025 Regulation, the mineral royalty return Form RO1.6 has been updated, alongside associated public rulings.



South Australia: Ex gratia scheme ruling withdrawn

Revenue Ruling [SDA007](#), which related to the ex gratia scheme for a stamp duty exemption for the intergenerational transfer of primary production land and associated farming goods as applicable to transferor/transferee trusts has been withdrawn. The policy the Ruling had supported has since been embedded in legislation, making the ex gratia mechanism redundant.

Tasmania: Boost to first home owner grant

The [Taxation and Related Legislation \(First Home Owner and Payroll Relief\) Bill 2025](#) has been introduced into the Parliament of Tasmania. In addition to changes to payroll tax (see Employment taxes update for further information) the Bill increases the First Home Owner Grant from \$10,000 to \$30,000 from 1 July 2025 until 30 June 2026.

NSW: No land tax exemption for skipped boarding house registration

In [Chung v Chief Commissioner of State Revenue \[2025\] NSWCATAD 229](#), the New South Wales Civil and Administrative Tribunal has upheld assessments to land tax in the relevant years, finding that the taxpayer's failure to obtain registration under the Boarding Houses Act 2012 (NSW) during the relevant years denied them exemption from land tax.

Under section 10Q of the Land Tax Management Act 1956 (NSW), exemption from land tax is available for certain land used as a boarding house. Among other conditions, exemption is only permitted where the land is used and occupied in accordance with guidelines approved by the Treasurer which include that the land in NSW be used as a 'boarding house' which is defined as relevant premises that are registered under the Boarding Houses Act 2012. In the disputed years, the land in issue was not registered as a boarding house under the relevant Act. Even if the taxpayer could show that they satisfied the requirements to allow for registration and that they could have obtained registration at all relevant times, the fact the land was not so registered meant the land could not satisfy the exemption conditions.

NSW: No primary production land tax exemption applied

In [Zappia v Chief Commissioner of State Revenue \[2025\] NSWCATAD 210](#), the New South Wales Civil and Administrative Tribunal upheld assessments to land tax, finding that the taxpayers failed to establish that, on the balance of probabilities, the land in question qualified for the primary production exemption.

The taxpayers argued that the relevant land should be exempt from land tax on the basis that the dominant purpose (and use) of the land was for the maintenance of greyhounds for the purpose of selling them or their natural increase.

Ultimately, the Tribunal agreed with the Commissioner's position that the taxpayers had not discharged their onus of proof, and so did not satisfy the legislative requirements for the exemption, noting some inconsistencies in some of the evidence set out, with some evidence pointing to the taxpayers maintaining greyhounds for the purpose of breeding and/or for racing for personal enjoyment and not for the purpose of sale.

NSW: Corporate reconstruction duty exemption

In [Big Ben Holdings Pty Limited v Chief Commissioner of State Revenue \[2025\] NSWSC 984](#), the New South Wales Supreme Court considered whether the corporate reconstruction exemption in section 273B of the Duties Act 1997 (NSW) was available in respect of the transfer of certain interests in land from a company to its wholly-owned corporate subsidiary (the taxpayer).

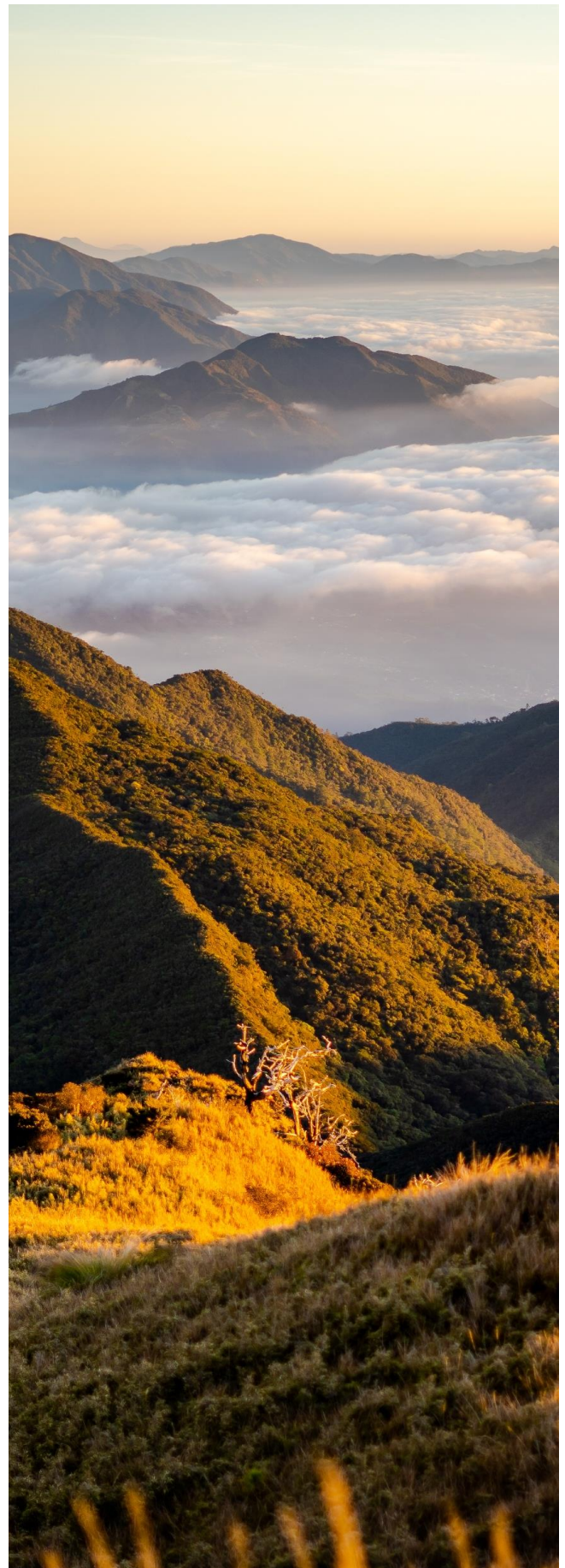
Three corporate entities owned the land as tenants in common in equal shares subject to the terms of a Co-ownership Agreement, which required that sale to a third party could only occur with mutual agreement and on terms that the third party became a party to the Co-ownership Agreement. Two of the entities were independently owned while the other was the parent of the taxpayer.

In January 2024, all three corporate land owners entered into a contract to sell their respective interests in three contiguous lots to the taxpayer.

The dispute came as to whether duty was chargeable in respect of the acquisition by the taxpayer of the one-third interest in the land from its parent. While there was no dispute that the taxpayer and its parent transferor were members of the same corporate group, the NSW Chief Commissioner formed the view that entry into the sale contract involved a single dutiable transaction, being the sale by the vendors of the whole of the fee simple in the three lots and since the sale had included two non-group members, the Chief Commissioner determined that the transaction was not a corporate reconstruction transaction and so was subject to duty.

The Supreme Court was unable to accept that the land sale contract involved a single dutiable transaction concerning a single item of dutiable property. There was no exchange of identical or substantially identical interests corresponding to the fee simple in each parcel of land. There was, rather, a transfer of three separate estates in each parcel, the result of which was that the taxpayer came to hold the fee simple in the whole of each parcel.

Once it was established that the land sale contract involved an agreement by three vendors to sell their respective one-third interests in each parcel of land, there was no difficulty in identifying three separate dutiable transactions, each of which was required to be brought to duty on its own terms. In the case of the parent transferor's agreement to transfer its one-third interest, the transaction was between itself and the taxpayer, and so was a corporate reconstruction transaction. Further, as the taxpayer's acquisition of the interest in the land was undertaken for the purpose of changing the holding of assets within a corporate group, that particular transaction was eligible for the corporate reconstruction exemption.

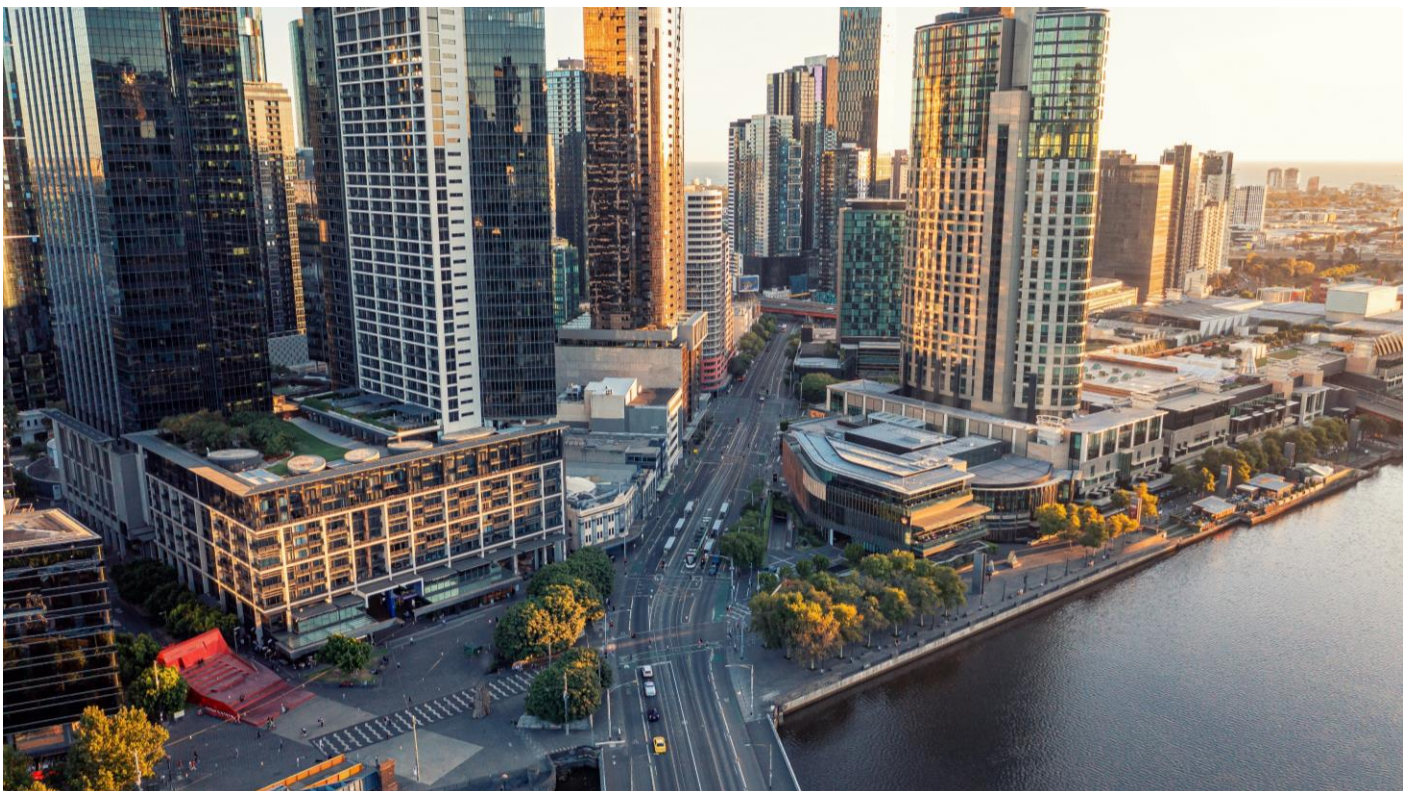


Victoria: Assessments to landholder duty upheld

In Victory International Pty Ltd v Commissioner of State Revenue [2025] VSC 484, the Supreme Court of Victoria has dismissed the taxpayer's appeal, finding them assessable to landholder duty in addition to the transfer duty already paid on a direct transfer of land. However, the Supreme Court did direct that the amount of assessment be remitted to the Commissioner for recalculation.

The taxpayer, acting in its capacity as trustee for a unit trust, purchased land for which settlement took place (and for which transfer duty was paid) in February 2013. However, prior to settlement, the two natural persons who had held all of the shares in the trustee company and all of the units in the unit trust at the time when the contract was entered into, transferred those shares and units into three newly-formed trustee companies (the transferees). The Commissioner assessed duty in respect of the three (alleged) relevant acquisitions under the landholder provisions.

Ultimately, the Supreme Court rejected the taxpayer's argument that none of the transferee unit holders acquired an interest and accordingly, no 'significant interest' was obtained, since none of the unit holders could assert any 'entitlement' to a distribution of trust property on a winding up of the landholder which was a hybrid trust with discretion granted to the trustee. The Court was satisfied that the rights each of the transferees acquired in the landholder, being the unit trust, entailed a 'relevant acquisition' under section 78 of the Duties Act. This is because having regard to the terms of the relevant trust deed and entitlements to a distribution of property on statutory winding up of the landholder, each of the transferees, as holders of units (being 'Capital Units') in a 'unit trust scheme', have acquired an 'interest' in a landholder under section 79(1). The interest that each of the transferees acquired was, of itself, and when aggregated with the significant interest of each of its associates, a 'significant interest' in the landholder under section 79(2) and accordingly was a 'relevant acquisition' under section 78(1), rendering the taxpayer as trustee liable to pay landholder duty on each such relevant acquisition.





Superannuation update

Private Member's Bill to address the gender super gap

A Private Member's Bill – the Superannuation Legislation Amendment (Tackling the Gender Super Gap) Bill 2025 – was introduced into the Senate for a first reading on 4 September 2025. The Bill proposes to amend the Superannuation Industry (Supervision) Act 1993, the Superannuation Industry (Supervision) Regulations 1994 and the Income Tax Assessment Act 1997 to provide spouses with the opportunity to evenly split their superannuation balances on an ongoing annual basis. It allows a partner with a higher superannuation balance to provide their spouse with a top-up, limited to an amount that brings the balance to less than or equal to the general balance transfer cap. The measure, if progressed and ultimately passed in Parliament, would not apply to defined benefit schemes, would not be available to those who are in a pension phase, and would only be available to individuals who have only one superannuation account.

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Legislative update

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

- Administrative Review Tribunal and Other Legislation Amendment Bill 2025, which was introduced into the House of Representatives on 3 September 2025, amends the Administrative Review Tribunal Act 2024 and the Migration Act 1958 to expand the circumstances in which the Tribunal may make a decision without holding an oral hearing, and require the Tribunal to make decisions in relation to certain kinds of applications without holding an oral hearing.
- Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Bill 2025, which was introduced into the House of Representatives on 4 September 2025, among other measures, extends the \$20,000 instant asset write off for small business by a further 12 months to 30 June 2026, as well as minor and technical amendments to Treasury portfolio legislation. See Other News and Indirect Tax Update for further information.

Since our last update, no tax or superannuation related Bills have completed their passage through Parliament and received Royal Assent.

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

- The Income Tax Assessment (Effective Life of Depreciating Assets) Determination 2025, effective 16 September 2025, specifies the effective life of certain depreciating assets that have been determined by the Commissioner. This instrument repeals and replaces with the same substantial effect, the equivalent 2015 Instrument which would otherwise have sunsetted on 1 October 2025.
- The Taxation (Multinational-Global and Domestic Minimum Tax) (Qualified GloBE Taxes) Determination 2025, which specifies the jurisdictions that have a Qualified Income Inclusion Rule (IIR) tax, a Qualified Domestic Minimum Top-up Tax (DMTT), or QDMTT Safe Harbour status for a Fiscal Year. See the International Tax and Trade Update for further information.
- The Taxation Administration (Withholding Schedules) Instrument (No. 2) 2025, which commenced 24 September 2025, makes fifteen withholding schedules that specify the amount, formula and procedures to be used for working out the amount required to be withheld by an entity under the pay as you go (PAYG) system. It repeals and replaces the previous legislative instrument Taxation Administration (Withholding Schedules) Instrument 2025 so as to deal with the changes to compulsory repayments for study and training support loans.
- The A New Tax System (Goods and Services Tax) (Attribution Rules – Supplies and Acquisitions Relating to Collecting Societies) Determination 2025, effective 10 September 2025, sets out particular GST attribution rules for supplies and acquisitions made by copyright owners and collecting societies.
- The A New Tax System (Goods and Services Tax) (Application of Intermediary Arrangements to the Multi-Media Industry) Determination 2025, effective 10 September 2025, specifies that supplies or acquisitions of multi-media products are taken to be supplies or acquisitions to which the arrangements in section 153-50 of the GST Act apply.



- The A New Tax System (Goods and Services Tax) (Simplified Accounting Methods – Government Entities Selling Food in Prisons and Detention Institutions) Determination 2025, effective 28 August 2025, allows eligible government entities that sell food in prisons and detention institutions through a sub-entity to adopt a simplified accounting method (SAM) to calculate their GST net amounts.
- The A New Tax System (Goods and Services Tax) (Simplified Accounting Methods – Supermarket and Convenience Stores) Determination 2025, effective 9 September 2025, allows eligible food retailers to adopt a SAM when calculating their GST net amount.
- The A New Tax System (Goods and Services Tax) (Extension of Time to Issue an Adjustment Note – Electricity Distributors and Public Utility Providers) Determination 2025, effective 17 September 2025, extends the time in which a public utility provider or an electricity distributor must issue a GST adjustment note in certain circumstances.
- The A New Tax System (Goods and Services Tax) (Acquisitions of Second-hand Goods) Determination 2025, effective 17 September 2025, allows GST-registered entities to apply a global accounting method (pooling of credits and GST) for specified acquisitions of second-hand goods.



- The Income Tax Assessment (Methods for Valuing Unlisted Shares for the Employee Share Scheme start-up concession) Legislative Instrument 2025, which commences 1 October 2025, provides approved valuation methods for companies that provide Employee Share Scheme (ESS) interests to eligible persons (generally employees) under an ESS that meets the criteria for the ESS start-up concession. This instrument repeals and replaces the equivalent 2015 Instrument which would otherwise have sunsetted on 1 October 2025.
- The Customs (United Arab Emirates Rules of Origin) Regulations 2025, which prescribes matters to give effect to the new rules in respect of originating goods under the Australia-United Arab Emirates Comprehensive Economic Partnership Agreement. The instrument commences when the Agreement enters into force for Australia.
- The Customs (International Obligations) Amendment (Australia-United Arab Emirates Comprehensive Economic Partnership Agreement Implementation) Regulations 2025, which amends the Customs (International Obligations) Regulation 2015 to prescribe two new customs duty refund circumstances in respect of UAE originating goods imported into Australia. The instrument commences when the Australia-United Arab Emirates Comprehensive Economic Partnership Agreement enters into force for Australia.
- The Income Tax Assessment (1936 Act) Regulations 2025, which commenced 1 October 2025, remake and improve the operation of the Income Tax Assessment (1936 Act) Regulation 2015 which would have sunsetted. The 2025 instrument repeals redundant provisions, simplifies language and updates existing rules and requirements to ensure they continue to operate in accordance with existing policy. Similarly, the Treasury Laws Amendment (Income Tax Assessment Repeal and Consequential Amendments) Regulations 2025, makes consequential amendments to support the remake of the 2015 Regulations.



Other news update

Outcomes from Economic Roundtable

Following the three-day Economic Roundtable held during August, the Treasurer has outlined that there were 10 clear areas of consensus, which help set some reform directions for the Government, for the Cabinet and for the Treasury portfolio. From a tax perspective, this included:

- simplifying trade and reforming tariffs (including abolishing more nuisance tariffs)
- better regulation and how to cut the clutter (including later this year, a regulatory reform bill to progress a 'tell us once' principle)
- attracting capital and deploying investment, and
- a better tax system (with focus on a fair go for working people and in intergenerational equity; an affordable, responsible way to incentivise business investment; and how to make the tax system simpler and more sustainable to fund the services needed).

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Legislation to extend instant asset write off

The Treasury Laws Amendment (Strengthening Financial Systems and Other Measures) Bill 2025, which was introduced into Parliament on 4 September 2025, proposes (among other measures) to extend the \$20,000 instant asset write-off for small business by 12 months until 30 June 2026.

This will allow small businesses (i.e. those with an aggregated annual turnover of less than \$10 million) to immediately deduct the full cost of eligible depreciating assets costing less than \$20,000 that are first used or installed ready for use for a taxable purpose on or before 30 June 2026.

Denial of general and shortfall interest deductions

The Australian Taxation Office (ATO) has published a fact sheet regarding the new law that denies deductions for the general interest charge (GIC) and shortfall interest charge (SIC) where incurred in income years commencing on or after 1 July 2025.

The fact sheet clarifies when the GIC and SIC are 'incurred' with reference to common scenarios (for example, amended assessments, late lodgement and RBA deficit debts), and outlines the effect for taxpayers with substituted accounting periods, the assessability of remitted amounts, and the deductibility of interest on borrowings used to pay tax debts.



Tax Ombudsman review into general interest charge

The Tax Ombudsman is undertaking a review of the ATO's decision making in relation to GIC on tax debts. In particular, the Ombudsman is reviewing where the ATO agrees (or does not agree) to requests for the interest to be reduced or remitted when taxpayers are seeking to pay their debts.

The review will examine whether the ATO's GIC decisions are:

- consistent with the law
- meeting community expectations
- meeting the principles of good tax administration, and
- supporting taxpayers with empathy and respect.

The review will also consider whether there are opportunities to improve GIC remission systems and processes, in view of the growing cost on taxpayers.

Comments close 10 October 2025. The final report is expected to be published in early 2026.

Feedback sought on taxpayer relief

The ATO has also announced that it is seeking feedback on its approach to the following administrative relief that can be afforded to taxpayers:

- lodgement and payment deferrals
- interest and failure to lodge penalties, and
- payment plans.

Specific feedback is sought on the ATO's draft guiding principles (fairness, conditionality, context, engagement and exclusion) that explain its approach to administering some forms of taxpayer relief. These principles are intended to help shape ATO practice statements and guidance as to what can be expected at a high level when the ATO makes decisions.

Comments close 2 October 2025.

ATO to include debts on hold in account balances

The ATO will progressively commence a process to include any tax debts on hold (i.e. a tax debt the ATO has paused taking actions to collect) in the taxpayer's account balances from August 2025. If a taxpayer has a debt on hold of at least \$100, it or the agent will receive an ATO letter before it's added to the account balance.

One of the consequences of this change is that the GIC will be applied to debts on hold after 6 months, i.e. once a tax debt on hold has been included in the account balance, the ATO will continue to remit GIC for an additional 6 months only. Businesses have the option to pay part or all of their debt on hold at any time, which will reduce the GIC that will apply 6 months after their debt on hold is included in their account balance.

Note also that there is a yet-to-be-legislated Government proposal from the 2024-25 Federal Budget to provide the Commissioner with the discretion not to apply refunds or credits owing to a taxpayer against debts of an individual, small business or not-for-profit entity that were put on hold before 1 January 2017.

New ATO complaint service commitment

The ATO has announced that it will be introducing a new complaint service commitment that sets a clearer expectation of the level of service taxpayers and tax professionals can expect when they lodge a complaint.

The new service commitment will be to resolve 80% of complaints within 28 business days, with the taxpayer to be kept informed throughout the complaints process, including notification if the service commitment is exceeded. The ATO will start reporting against this new commitment in late September 2025, with the ATO's performance to be reported on its website and through the ATO's annual report.

Effective life of depreciating assets

The ATO has finalised Income Tax Assessment (Effective Life of Depreciating Assets) Determination 2025 which specifies the effective life of certain depreciating assets determined by the Commissioner that can be used by taxpayers as a basis to calculate the decline in value of a depreciating asset for income tax purposes.

This determination has the same substantial effect as the Income Tax (Effective Life of Depreciating Assets) Determination 2015, which it repeals and replaces and that would otherwise have sunsetted on 1 October 2025.

Focus on Next 5,000 private groups lodgment performance

The ATO has issued a prompt to encourage entities that form part of the ATO's Next 5,000 privately owned and wealthy groups to take prompt corrective action to get up to date with outstanding 2024 and earlier tax lodgment obligations as soon as possible. These lodgements include tax returns, self-managed superannuation fund annual returns, fringe benefits tax returns, and business activity statements (BAS). The ATO's Next 5,000 population consists of all entities within a group that is controlled by Australian resident individuals who, together with their associates, control wealth of more than \$50 million.

GIC on FTDT: ATO's administrative approach to GIC remission

A recent article by the ATO discusses information and insights on Family Trust Distribution Tax (FTDT), including the ATO's current approach to remitting the GIC that applies to an FTDT liability. FTDT is a 47% tax payable by a trustee, director, or partner when any distributions are made outside the 'family group' by a trust or entity that has made a family trust election or an interposed entity election.

Generally, GIC will accrue not long after the time a distribution that was made outside the family group gave rise to the FTDT liability. However, up to 31 December 2026, the ATO may consider it fair and reasonable to remit the GIC on an FTDT liability by 80% down to 20% where a taxpayer has:

- proactively self-reviewed their FTDT liability (before an ATO review has commenced)
- lodged the Family trust distribution tax payment advice form, and
- paid the FTDT (which cannot be remitted).

Affected groups which have a suspected FTDT liability should take correction action to ensure that any potential for GIC is mitigated in accordance with the above.

Bitcoin not foreign currency

An Addendum has been issued to Taxation Determination TD 2014/25 to reflect the amended definition of 'foreign currency' that excludes digital currency (including bitcoin) for the purposes of applying the foreign currency gains and loss provisions in Division 775 of the Income Tax Assessment Act 1997.

ATO and Treasury identify projects to reduce red tape

In response to a request made by the Treasurer and the Minister for Finance to 30 regulators and 8 portfolio departments as to new ideas to improve regulation and reduce unnecessary compliance burdens, the ATO has responded indicating that it plans to focus on the following:

- making it easier for individuals in business to comply through better use of data
- embedding an ATO approved simplified instalment calculation in accounting software products to modernise PAYG instalments for small businesses
- supporting small businesses to move to monthly GST reporting to align reporting and payment frequency to their existing businesses processes and rhythms
- supporting businesses through eInvoicing
- data driven improvements in relation to trusts tax administration by facilitating more accurate and efficient tax reporting

- modernising ATO assurance programs and reporting obligations for large business to reflect the individual levels of tax compliance and modern day tax risks, whilst maintaining high levels of compliance
- delivering an online experience for unrepresented individuals when disputing their tax assessment
- strengthening the ATO App with new security features, and
- developing a framework to estimate compliance costs to help identify the drivers of, and opportunities to reduce, existing compliance burden and help better inform the compliance cost consequences of future policy.

Similarly, Treasury flagged in its response to the request that it is considering policy and process changes to remove barriers and burdens related to low-risk foreign investment including reviewing decision-making delegations for foreign investment applications and opportunities to remove conditions or reduce the reporting requirements for low-risk investments, and longer term legislative changes such as simplifying reporting obligations in relation to the Register of Foreign Ownership of Australian Assets. In relation to the Payment Times System Reporting Scheme (PTRS), it suggests that the next statutory review of the scheme, due in the first half of 2027, would be an appropriate time to revisit the need for further material changes to the PTRS.





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