



# Monthly Tax Update

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

September 2025





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# Corporate tax update

## CGT rollover relief and restructure – special leave to appeal refused

The High Court has refused an application by the taxpayer for special leave to appeal against the Full Federal Court's decision in AusNet Services Limited v Commissioner of Taxation [2025] FCAFC 21. In that case, the majority of the Full Federal Court dismissed the taxpayer's appeal, finding that the taxpayer had made a valid capital gains tax rollover election under Division 615 of the *Income Tax Assessment Act 1997*. For more details on the Full Federal Court's decision, refer to the April 2025 edition of Monthly Tax Update.

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## Division 7A and repayments involving notional loans

The Australian Taxation Office (ATO) has issued Taxation Determination [TD 2025/5](#), which sets out the ATO's view on the application of section 109R of the *Income Tax Assessment Act 1936* (ITAA 1997) which operates to disregard certain payments which might otherwise be taken into account in determining whether a loan has been repaid in whole or in part, or a minimum yearly repayment has been made for purposes of the deemed-dividend rules in Division 7A. The Determination states that section 109R is to prevent shareholders and their associates from avoiding the operation of Division 7A by repaying a loan, or making a minimum yearly repayment, with another loan from the same company.

The ATO's view is that:

- Section 109R can apply to disregard certain loan repayments made to a private company where the repaying entity is taken to have obtained a loan from the company by operation of the interposed entity rules (in sections 109T and 109W of the ITAA 1936).
- Section 109R can apply to disregard certain repayments when determining how much (if any) of a notional loan made by a private company under sections 109T and 109W of the ITAA 1936 has been notionally repaid.

Alternatively, the Determination notes that the ATO may also consider the application of the general anti-avoidance provisions in Part IVA of the ITAA 1936 to arrangements whereby loans from a private company are refinanced for the purposes of obtaining a tax benefit.

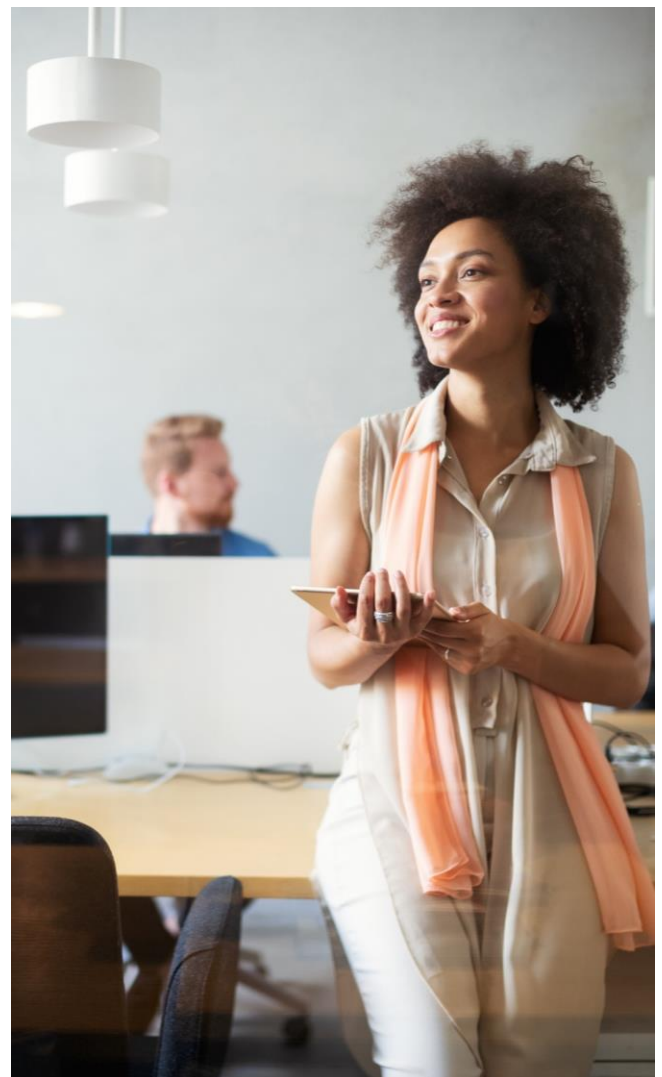
The Determination also sets out alternative views: that the deeming in sections 109T and 109W can be taken into account for the purposes of section 109R, and that section 109R cannot apply in respect of repayments of a notional loan. The Commissioner does not accept either of those views.

## Productivity Commission interim report recommends corporate tax changes

The Productivity Commission has released its interim report into [Creating a more dynamic and resilient economy](#). In this interim report, draft recommendations include:

- pivoting the corporate tax system to a more efficient mix of taxes
- lowering the headline company tax rate to 20% (for those with turnover below \$1 billion)
- introduction of a net cash flow tax of 5%, and
- enhancing regulatory practice to deliver growth, competition and innovation.

Comments can be made on the report by 15 September 2025.





# Employment taxes update

## Tasmanian payroll tax relief extended for apprentices

The Taxation and Related Legislation (First Home Owner and Payroll Relief) Bill 2025 (the Bill) has been introduced to amend the *Payroll Tax Rebate (Apprentices, Trainees and Youth Employees) Act 2017* (TAS), (Payroll Tax Rebate Act), to extend the Payroll Tax Rebate Scheme for eligible apprentices from 1 July 2025 to 30 June 2026.

In addition, the Bill proposes to delay the repeal date of the Payroll Tax Rebate Act from 30 June 2028 to 30 June 2029. The amendments will commence retrospectively from 30 June 2025.

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## NSW payroll tax – Court of Appeal allows Commissioner's appeal

On 1 August 2025, the New South Wales (NSW) Court of Appeal (the Court) allowed the Chief Commissioner of State Revenue's appeal in *Chief Commissioner of State Revenue v Uber Australia Pty Ltd [2025] NSWCA 172*, finding that payments made by the taxpayer to its drivers were 'wages' for NSW payroll tax purposes. This decision centred on whether the taxpayer's contractual arrangements with its drivers fell within the 'contractor provisions' of the *Payroll Tax Act 2007* (NSW), and whether the amounts remitted to drivers were 'for or in relation to the performance of work', and thus subject to payroll tax.

The Court held that the driving service was supplied to the taxpayer under the driver contracts, as the taxpayer's business model and service fees depended on these services. The NSW Court of Appeal also found that the rating service, though a small part of the contract, was not so insubstantial as to be disregarded, as it was viewed as an essential part of the driver's continued use of the platform. Referral services, on the other hand, were found to be supplied under separate contracts, not the main driver contracts, meaning any conclusions regarding payments for those services were to be considered separately.

Having found that relevant contracts existed, the Court turned its mind to the parties' submissions regarding exemptions. The Court held that the driving service was not ancillary to the use of the vehicle, and that the principal characteristic of the contract was the supply of driving services, not the use of the car. As such, the taxpayer's submission regarding this exemption was not accepted.

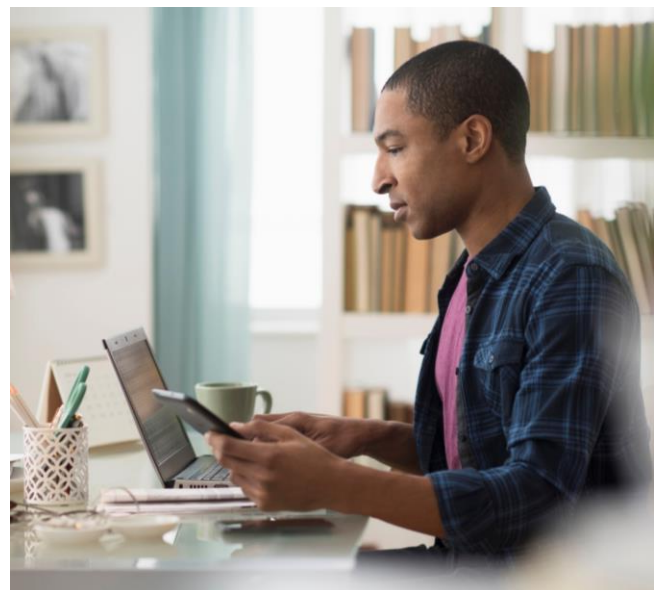
Crucially, with relevant contracts having been identified and no exemptions permitted, the Court lastly found that the payments made by the taxpayer to drivers were 'for or in relation to the performance of work', and that the primary judge (in the first instance decision of the NSW Supreme Court) had erred in requiring reciprocity between the work performed and money paid. The amounts collected from riders and remitted to drivers were therefore considered to be 'wages' paid by the taxpayer pursuant to relevant contracts for the purposes of the Act.

The Court also held that only 50% of the premium interest should be remitted, rather than the full amount as previously ordered.

## Productivity Commission recommends phase-out of FBT electric vehicle exemption

The Productivity Commission, in its interim report on the net zero transformation, has recommended, among other things, that the Federal Government phase out the Fringe Benefits Tax (FBT) exemption for electric vehicles, as well as related state and territory concessions such as vehicle stamp duty and registration discounts. The existing concessions (including the FBT exemption, the New Vehicle Efficiency Standard, and electric vehicle subsidies) have been described as being duplicative in nature.

Comments on the interim report can be submitted until 15 September 2025.





# Indirect tax update

## ATO's GST analytical tool guide

The GST analytical tool (GAT) guide is now available on the Australian Taxation Office (ATO) Legal database to assist taxpayers in completing the GAT reconciliation process. Small modifications have been made to the guide, to clarify who it applies to and to provide clarity on the existing methodology. All taxpayers in the Top 100 or Top 1,000 program are required to apply the GAT as part of an assurance review (except those whose business is predominantly input-taxed). The GAT is an essential element of the justified trust methodology in relation to goods and services tax (GST) and is a core requirement for periods under review by the ATO.

The purpose of the GAT is to understand the reasons for the differences arising between accounting and GST figures, and to verify them with objective evidence, and the guide assists taxpayers in using the GST analytical tool. The supplementary annual GST return also includes questions about whether this reconciliation has been undertaken, and the outcomes.

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## Food marketed as a prepared meal

The Australian Taxation Office (ATO) has finalised Goods and Services Tax Determination [GSTD 2025/1](#), which outlines the Commissioner's view on the circumstances in which a supply of food is not GST-free under paragraph 38-3(1)(c) of the *A New Tax System (Goods and Services Tax) Act 1999*, because it is 'food of a kind [...] marketed as a prepared meal.'

The Determination follows from the decision of the Federal Court in *Simplot Australia Pty Limited v Commissioner of Taxation* [2023] FCA 1115.

A transitional compliance approach is provided to assist taxpayers in classifying certain products including:

- salad products (but not those sold in a dine-in or takeaway environment such as a food court or cafe)
- prepared meal products that require assembly, and
- chicken wraps – uncooked.

Specifically, where the taxpayer has treated the supply of these products as GST-free in good faith, the ATO (subject to meeting certain conditions) will not devote compliance resources to reviewing their GST treatment for tax periods ending on or before 31 December 2025.

In addition, an Addendum has been issued to amend the [GSTIL FL1](#) Detailed Food List to add new food and beverage product lines and to deal with items covered in [GSTD 2025/1](#).

## Updated GST rulings – supplies outside of Australia

The ATO has issued the following GST rulings:

- [GSTR 2025/1](#), which deals with supplies of things (other than goods or real property) made to non-residents but provided to another entity in Australia, and
- [GSTR 2025/2](#), which deals with supplies of things (other than goods or real property) where effective use or enjoyment of the supply takes place outside Australia.

These new rulings replace [GSTR 2005/6](#) and [GSTR 2007/2](#), respectively, but contain substantially the same content with updates to:

- reflect the law following the amendments made by the Tax and Superannuation Laws Amendment (2016 Measures No. 1) Act 2016, and
- modernise and simplify the previous rulings by deleting duplicated content in the Explanation section and Examples.

## Practice Statement dealing with Government agency fees and charges withdrawn

The ATO has withdrawn Practice Statement Law Administration (General Administration) [PS LA 2013/2 \(GA\)](#), which concerned the ATO's administrative approach it applied to the GST treatment of Australian fees or charges made by Australian government agencies. This administrative approach applied from 1 July 2013 to 22 July 2025 to Australian government agencies that self-assessed the GST classification of supplies that were made prior to 1 July 2013 as exempt. Its withdrawal comes as the administrative approach it outlined no longer has any application given the passage of time.

## Waiver of tax invoice requirement for Direct Entry Services

The ATO has finalised legislative instrument [A New Tax System \(Goods and Services Tax\) \(Waiver of Tax Invoice Requirement – Direct Entry Services\) Determination 2025](#), which waives the requirement for a recipient of a supply of a Direct Entry Service, in certain circumstances, to hold a tax invoice in order to attribute the relevant input tax credit to a tax period where specified requirements are satisfied. The Direct Entry System (also known as the Bulk Electronic Clearing System) allows for high-volume electronic debit and credit payments. It is used by businesses and government entities to make regular automated payments to and from bank accounts including direct debit and direct credit transactions.

The instrument repeals and replaces *A New Tax System (Goods and Services Tax) Act 1999* Waiver of Tax Invoice Requirement Determination (No.30) 2015, which would otherwise sunset on 1 October 2025. The instrument has the same substantive effect as the one it replaces.

## Determination for representatives of incapacitated entities finalised

The ATO has finalised A New Tax System (Goods and Services Tax) (Choosing to Account on a Cash Basis – Representatives of Incapacitated Entities) Determination 2025, which operates to allow representatives of incapacitated entities to choose to account for GST on a cash basis under section 29-40 of the A New Tax System (Goods and Services Tax) Act 1999. The draft instrument, which has the same substantive effect as the Goods and Services Tax: Choosing to Account on a Cash Basis Determination (No 39) 2015 – representatives of incapacitated entities, which would otherwise have sunset on 1 October 2025.

## Correcting wine tax errors

The ATO has finalised A New Tax System (Goods and Services Tax) (Correcting Wine Equalisation Tax Errors) Determination 2025, which provides an alternative mechanism to allow errors made in respect of an amount of wine tax or wine tax credit previously reported to be corrected in a later tax period, by including the amount of that error in the next lodged GST return. This instrument replaces the Wine Equalisation Tax: Correcting WET Errors Determination 2015.

## Addendum to GST determination on supplies of interconnection services

The ATO has issued an Addendum to Goods and Services Tax Determination GSTD 2012/7, which deals with when supplies of interconnection services made by an Australian resident telecommunication supplier are GST-free under item 2 in the table in s 38-190(1) of the *A New Tax System (Goods and Services Tax) Act 1999*, to cover recent legislative amendments from the Treasury Legislation Amendment (Repeal Day) Act 2015 and to update references.

## Taxpayer Alert focused on false invoicing

The ATO has issued a Taxpayer Alert TA 2025/2 which sets out the ATO concerns over arrangements that it has seen involving false invoicing, where entities claim GST credits for acquisitions they did not make or did not make to the extent claimed and are established to obtain a benefit from the tax system to which there is no entitlement.





# International tax and trade update

## Finalised compliance approach on restructures and thin capitalisation and debt deduction creation rules

The Australian Taxation Office (ATO) has finalised Practical Compliance Guideline [PCG 2025/2](#), which outlines its compliance approach in relation to restructures undertaken in response to the new thin capitalisation regime and the debt deduction creation rules (DDCR).

The final PCG mostly expands upon last year's draft, without significant deviations from it. There are some newly added examples and guidance which will have practical relevance for taxpayers that are considering the repayment of related party debt using third party debt, or the repayment of third party debt using related party debt.

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

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## High Court finds no royalty withholding tax and no DPT

The High Court of Australia has handed down its judgment concerning an appeal regarding royalty withholding tax and diverted profits tax (DPT), finding by majority (4:3), that none of the taxpayers were liable to pay royalty withholding tax or diverted profits tax (DPT) in the matters in dispute.

On the matter of whether royalty withholding tax applied, the High Court found that while a local soft drink manufacturer did obtain a licence to use the taxpayer's intellectual property (IP), no part of the price for the concentrate was payment for that licence, instead forming part of a comprehensive commercial arrangement.

Even if part of the payments made under exclusive bottling agreements for concentrate was a 'royalty' as defined in section 6(1) of the *Income Tax Assessment Act 1936*, no part of those payments was 'derived by' or 'paid or credited to' the relevant non-resident taxpayer, and so there was no liability to royalty withholding tax in any event.

Turning to the application of the DPT provisions, the High Court agreed with the majority of the Full Federal Court in concluding that the taxpayer obtained no tax benefit, with the result that DPT did not apply. This was largely based on the taxpayer showing that it was not probable that a different arrangement would reasonably have been entered into to achieve the commercial outcomes it was seeking.

The ATO has indicated that it is currently considering this decision, including any broader impact it may have on the reasoning set out in its draft Taxation Ruling TR 2024/D1, which deals with the character of payments in respect of software and intellectual property rights.

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



## ATO's draft guidance on low risk payments for software

The ATO has released draft Practical Compliance Guideline PCG 2025/D4, which outlines its compliance approach to cross-border payments for software arrangements and the associated risk of royalty withholding tax. This guidance aims to provide greater certainty for certain businesses making payments to non-resident software suppliers, clarifying when the ATO will consider such payments to be low risk and unlikely to attract further review. Whilst the examples provided in the PCG are limited, they provide some certainty for taxpayers with simple arrangements. For more information, see our [Tax Alert](#).

## OECD publishes latest batch of transfer pricing country profiles

The Organisation for Economic Cooperation and Development (OECD) has released a new batch of updated transfer pricing country profiles, reflecting the current transfer pricing legislation and practices of 12 jurisdictions, including Austria, Belgium, Canada, Ireland, Latvia, Lithuania, Mexico, the Netherlands, New Zealand, Singapore, South Africa, and Spain. These latest country profiles present new information on country-specific legislation and practice regarding the transfer pricing treatment of hard-to-value intangibles and the simplified and streamlined approach for baseline marketing and distribution activities.

Updates to the transfer pricing country profiles are being released in batches throughout 2025.

## OECD data exchange formats for llobal minimum tax and crypto asset reporting

The OECD has [released](#) two XML Schemas and associated User Guides to support the reporting and exchange of information under the Global Minimum Tax (GMT) and the Crypto-Asset Reporting Framework (CARF):

- The [GloBE Information Return \(Pillar Two\) Status Message XML Schema](#) allows Competent Authorities that have received information through the GloBE Information Return (GIR) XML Schema to report back to the sending Competent Authority whether the information was provided in line with the agreed GIR validation rules, which are aimed at ensuring quality GIR data.
- The updated version of the [CARF XML Schema](#) supports the automatic exchange of information pursuant to the CARF, as approved by the OECD in 2023 and contains a number of technical adjustments on the CARF XML Schema approved in 2024.

The OECD has also issued a new set of frequently asked questions (FAQs) to provide interpretative guidance on the CARF and the amended Common Reporting Standard (CRS). These FAQs help to ensure consistency in the implementation of both standards.



## New alcohol customs and excise rates released

The following Gazettes have been published to give notice of new rates for customs and excise duties relating primarily to alcohol products from 4 August 2025:

- [Notice of Substituted Rates of Excise Duty Notice No. 3 \(2025\)](#),
- [Notice of Substituted Rates of Customs Duty for Excise-Equivalent Goods Notice \(No. 3\) 2025](#).

## Trump Administration sets forth its digital assets agenda

The United States (US) digital asset tax and regulatory framework is in a period of significant transition. While foundational guidance treats digital assets as property, many substantive and reporting issues remain unresolved. Ongoing US legislative and regulatory efforts aim to clarify the classification, reporting, and taxation of digital assets, stablecoins, and related transactions, with the dual goals of fostering innovation and ensuring tax compliance. Read more in this PwC US [Tax Insight](#).

## Latest on US trade agreements

New framework trade agreements between the United States and the EU, Indonesia, Japan, and the Philippines were recently announced, which provide greater clarity for businesses operating in these countries, while signaling broader trade policy shifts that are likely to affect US operational supply chains and sourcing decisions in many industries.

Preliminary trade agreements with China and Vietnam also have been reached and a trade agreement with the United Kingdom has been finalised. Further steps have also been taken regarding the release of executive orders, fact sheets, and presidential proclamations related to copper, new tariff rates for Brazil, suspension of the de minimis exemption, new reciprocal tariff rates, updates on Canada and Mexico trade talks, and additional tariffs for India. President Trump has also announced that a preliminary trade deal had been reached between the United States and South Korea. For further details, [read more](#) from PwC US. For further insight on what the latest tariff and trade measures mean for Australian businesses, refer to the latest [Tax Alert](#) from PwC Australia.



# Personal tax update

## Income assessable at time of receipt

In Bennetts and Commissioner of Taxation (Taxation) [2025] ARTA 1092, the Administrative Review Tribunal has dismissed a taxpayer's appeal, finding that the taxpayer derived interest income at the time it was received, rather than the prior year, as the taxpayer had claimed.

The taxpayer had worked in the building and construction industry in Victoria for a considerable period. In this case, the Tribunal considered the time at which the taxpayer derived interest on contributions he made to the Construction Industry Long Service Leave Fund in Victoria.

Having regard to the operation of the relevant deed and fund rules governing the taxpayer's entitlement to the income from the fund, the Tribunal was not satisfied on the balance of probabilities that the taxpayer derived the interest payments any earlier than when they were paid in the relevant year. Among other matters, the Tribunal noted that the taxpayer did not derive interest income any earlier than the relevant year, as the mere calculation and expectation of interest did not give rise to any entitlement.

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# State tax update

## Stamp duty and land tax maps

PwC Australia's Australian Stamp Duty and Land Tax Maps have been updated as of 1 August 2025. These maps provide an overview of the current stamp duty and land tax rates for each State and Territory of Australia.

## NSW: Self-transfer of property subject to full duty

In Shand v Chief Commissioner of State Revenue [2025] NSWSC 818, the NSW Supreme Court has found that a taxpayer who entered into a contract with herself to acquire a property was liable to pay duty on the full value of the transaction under section 8(1)(b)(ix) of the *Duties Act 1997 (NSW)*.

The taxpayer who was the executor of her mother's deceased estate entered into a contract with herself to acquire a property that was owned by her in her capacity as executor. The parties agreed that, one way or another, a 'transaction' within the meaning of section 8(1)(b) of the *Duties Act 1997 (NSW)* had occurred upon execution of the contract.

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The dispute was, however, whether that transaction was a 'surrender of an interest in land' by the other beneficiaries of the estate within the meaning of section 8(1)(b)(iii), or an 'agreement for the sale or transfer of dutiable property' within the meaning of section 8(1)(b)(i) or otherwise dutiable as 'another transaction that results in a change in beneficial ownership of dutiable property, other than an excluded transaction' within the meaning of section 8(1)(b)(ix).

Both parties accepted that the transaction was nevertheless dutiable, but the point of distinction was the extent to which duty was imposed. That is, if the transaction was dutiable under paragraph (iii) of section 8(1)(b), duty would only have been payable by reference to the value of the interests in land surrendered to the taxpayer by the other beneficiaries. However, if the transaction was dutiable under either paragraph (i) or (ix), duty would have been payable on the whole of the property's value.

Ultimately, the Supreme Court found that the taxpayer could not succeed in relation to section 8(1)(b)(iii). Given that the transaction was otherwise within the scope of section 8(1)(b)(ix) and that the assessment could be supported on that footing, the taxpayer's appeal was unsuccessful.

### **NSW: Surcharge land tax applied despite exceptional circumstances**

In Chen v Chief Commissioner of State Revenue [2025] NSWCATAD 189, the NSW Civil and Administrative Tribunal found that a taxpayer was subject to surcharge land tax, notwithstanding that the taxpayer established exceptional circumstances for their period of absence from Australia.

The taxpayer was in Australia for 122 days at the required taxing date for the 2024 land tax year (31 December 2023) and so had not 'actually been in Australia' for the required 200 days in the preceding 12 months to be considered ordinarily resident of Australia. Even though the taxpayer was in Australia for 278 days during the 2024 calendar year, the Tribunal noted that the test for presence in Australia for the requisite number of days is required to be satisfied for the 12 months preceding the taxing date (31 December 2023 in this case). This meant, absent any exemption, a liability to surcharge land tax arose.

Section 5B of the *Land Tax Act 1956 (NSW)*, however, can provide an exemption from surcharge land tax if the land is used and occupied by the taxpayer as their principal place of residence for a continuous period of 200 days in the land tax year. The requirement for a continuous 200 days of physical presence is subject to a discretion allowed under section 5B(2B) to waive the requirement in exceptional circumstances in relation to a person's brief physical absence from Australia.

While the Tribunal acknowledged that there were exceptional circumstances in this case, owing to a terminal illness in the family, the discretion is only available in relation to a brief physical absence from Australia. The Tribunal ultimately found that the taxpayer's absence from Australia was not brief, having regard to the benchmark of 200 days, and therefore the requirement for a continuous 200 days of physical presence could not be waived.

### **VIC: Updates to commercial and industrial property tax guidance**

The State Revenue Office of Victoria has updated its guidance relating to the commercial and industrial property tax (CIPT) to reflect changes contained within the State Taxation Acts Amendment Act 2025. Those changes include:

- when the Commissioner can make a provisional determination that a property has a 'qualifying use' where a property has no allocated Australian Valuation Property Classification Code, and
- what happens to CIPT property that is subdivided.

## QLD: Updated practice directions

The Queensland (QLD) Revenue Office has updated the following practice directions:

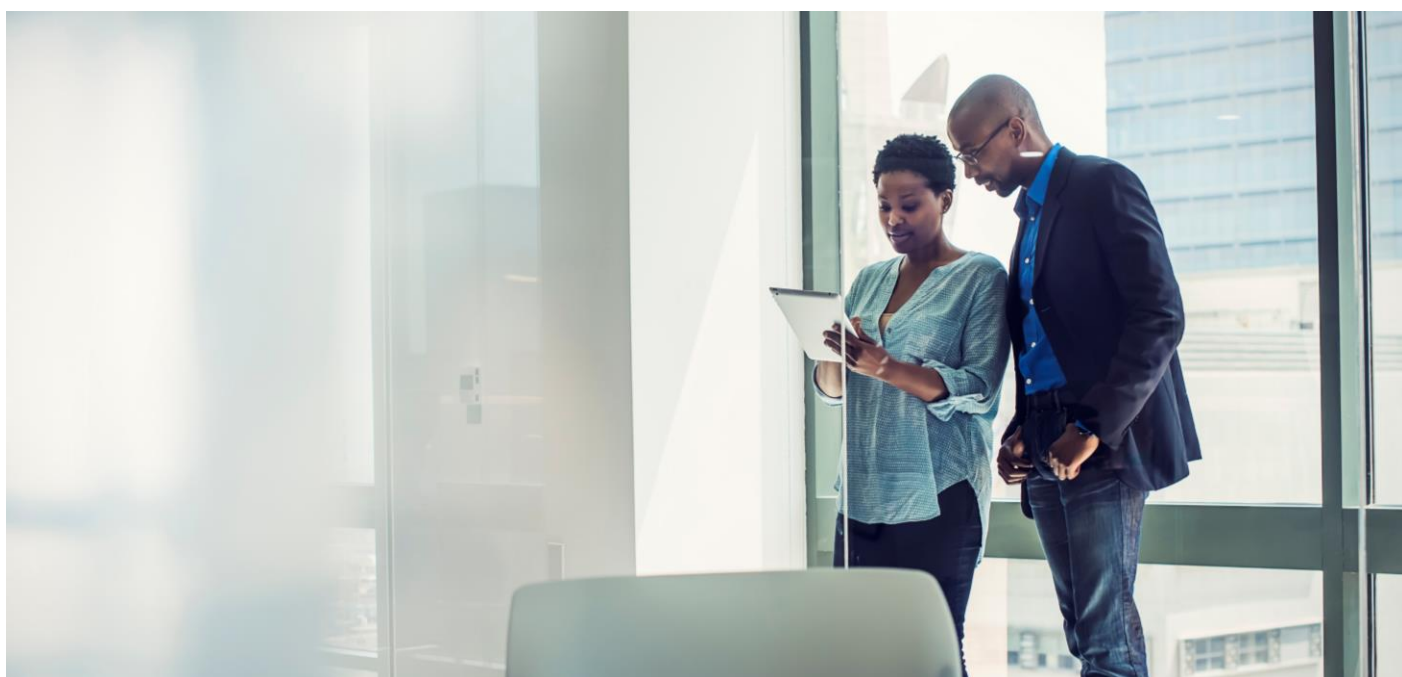
- Practice direction [FHOGA005.1.1](#) Eligible transactions-oral contracts - clarifies the circumstances in which the Commissioner will be satisfied there is an eligible transaction for purposes of the First Home Owner Grant in cases where there is no written contract in existence
- Practice direction [FHOGA008.1.1](#) An interest that is subject to a trust - clarifies the evidence the Commissioner requires to be satisfied of the existence of a trust for the purposes of determining eligibility for the first home owner grant
- Practice direction [FHOGA019.1.1](#) Instalment contracts - clarifies when the first home owner grant will be paid to a purchaser before completion of an instalment contract
- Practice direction [DA501.1.1](#) Variations to agreements for the transfer of land by deed or by exchange of solicitors' letters or other correspondence - sets out the Commissioner's practice in relation to the application of duty when the purchase price or another essential element of an agreement for the transfer of land is varied.

## QLD: Land tax - Corporate beneficiary could not use property as a home

In Wright ATF IB Quadrant Trust v Commissioner of State Revenue [2025] QCAT 301, the QLD Civil and Administrative Tribunal has upheld assessments to land tax in the relevant years, as a corporate beneficiary of a discretionary trust did not use the property as a home and as such the exemption under section 41 of the *Land Tax Act 2010 (Qld)* was not available.

The taxpayer was the owner (as trustee) of a property that the taxpayer and his children lived in during the relevant years. During that time, the taxpayer, as trustee of the trust, made distributions to a beneficiary company. The Commissioner of State Revenue issued land tax assessments in respect of the property, having determined that the property was not exempt from land tax because 'all the beneficiaries of the trust' did not use it as a home as required under the section.

The Tribunal found that although the effect of a deed of variation was to preclude the company from having a beneficial interest in the property, this did not prevent the company from receiving distributions from the trust derived from other trust assets. As the company received distributions from the trust in the relevant years it was, accordingly, still a beneficiary of the trust. This meant the section 41 home exemption did not apply because the company did not (and could not) use the land as a home.





# Legislative update

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

- The Customs Amendment (Australia-United Arab Emirates Comprehensive Economic Partnership Agreement Implementation) Bill 2025, which amends the *Customs Act 1901* to introduce new rules of origin to determine if goods imported from the United Arab Emirates (UAE) into Australia are eligible for preferential tariff treatment under the Comprehensive Economic Partnership Agreement between Australia and the United Arab Emirates
- The Customs Tariff Amendment (Australia-United Arab Emirates Comprehensive Economic Partnership Agreement Implementation) Bill 2025, which amends the *Customs Tariff Act 1995* to give effect to the preferential tariff treatment applicable to goods covered by the Comprehensive Economic Partnership Agreement between Australia and the United Arab Emirates.

## Let's talk

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

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

- A New Tax System (Goods and Services Tax) (Waiver of Tax Invoice Requirement – Direct Entry Services) Determination 2025, which waives the requirement for a recipient of a supply of a Direct Entry Service, in certain circumstances, to hold a tax invoice before the relevant input tax credit will be attributable to a tax period
- A New Tax System (Goods and Services Tax) (Correcting Wine Equalisation Tax Errors) Determination 2025, which allows a taxpayer to correct a debit or credit error that relates to an amount of wine tax or wine tax credit that was made in working out their net amount for an earlier tax year in specific circumstances
- A New Tax System (Goods and Services Tax) (Choosing to Account on a Cash Basis – Representatives of Incapacitated Entities) Determination 2025, which allows representatives of incapacitated entities to choose to account for GST on a cash basis.



# Other news update

## Discussion points for economic reform roundtable

Between 19 and 21 August 2025, the [economic reform roundtable](#) was held in Canberra, with attendees drawn from a mix of government, business, union, and civil society representatives and experts.

The roundtable's focus was on lifting living standards for Australians, with three main themes:

- making the economy more productive
- building resilience in the face of global uncertainty, and
- strengthening the budget and making it more sustainable.

### Let's talk

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On the topic of budget sustainability and tax reform, material published ahead of the roundtable noted that the tax system is under pressure from demographic and economic shifts, with the tax system's design critical to productivity, budget sustainability and intergenerational equity. Some observations of note included:

- Structural changes to the economy, including an ageing population and the transition to net zero, are expected to change the composition of the revenue base
- The share of indirect taxes will fall, as the decarbonisation of the transport industry and changing consumer preferences erode the fuel and tobacco excise bases. This, in turn, will increase reliance on the income tax base
- Over time, without government intervention, bracket creep will also result in rising average tax rates
- Inconsistent taxation of passive income is also distorting how and where people save and creates opportunities for tax planning.

### **ATO Corporate Plan 2025-26**

The Australian Taxation Office's (ATO) Corporate Plan 2025-26 provides coverage of the functions of the ATO, the Tax Practitioners Board (TPB) and the Australian Charities and Not-for-profits Commission (ACNC). From the ATO perspective, as noted in his address to ATO employees at the corporate plan 2025-26 launch, Commissioner of Taxation, Rob Heferen, noted that the ATO will focus on five priority areas in 2025-26:

- improving payment performance and debt collection
- strengthening fraud prevention and response
- rolling out Payday Super, subject to the passage of legislation, to create a fairer and more efficient superannuation system for businesses and individuals
- making the tax experience simpler and more digital for small businesses, and
- implementing the ATO's response to the Australian Public Service Commission's Capability Review of the ATO.

The ATO will also maintain its focus on properly differentiating between those taxpayers who may be experiencing vulnerability from those who are deliberately non-compliant.

The ATO also noted its commitment to providing support for those who need help with their obligations or when unexpected events make it hard to lodge or pay on time, and has established a new vulnerability capability to strengthen the way it supports people experiencing vulnerability through targeted support options.

### **Government response to report on not-for-profit entities**

In November 2024, the Senate Economics References Committee handed down its final report on Not-for-profit entities—Tax assessments. The report considered the recent implementation by the ATO of a requirement that certain non-charitable not-for-profit entities that self-assess as income tax exempt must lodge an annual not-for-profit self-review return to confirm their eligibility to self-assess as income tax exempt from 1 July 2023.

That report contains the following recommendations:

- the introduction of thresholds that exempt smaller, low-risk not-for-profit entities from completing the self-review assessment, capturing only those with a turnover above a certain amount
- the ATO extend the deadline for the return of the not-for-profit self-review assessment beyond 31 March 2025
- the Government explore the appropriateness and/or practicality of the ACNC managing the self-review assessment regime in place of the ATO
- the ATO and ACNC work to harmonise their guidance on tax obligations for not-for-profit entities, and that the ACNC update its online information on factors affecting the registration of not-for-profit entities as charities, and
- the ATO undertake enhanced and results-focused consultation with the sector, aimed at genuinely resolving challenges and uncertainties being experienced in the self-review assessment process.

On 24 July 2025, the Government tabled its response to the Committee's report in which it noted all the above recommendations, commenting (among other matters) that the Government supports the ATO and ACNC in continuing to provide guidance to charities and NFPs on their obligations.

## Pre-CGT entity interests – Update to Ruling on application of CGT event K6

Capital gains tax (CGT) event K6 can result in capital gains (but not capital losses) if certain CGT events happen to pre-CGT shares in a ‘private’ company or pre-CGT interests in a ‘private’ trust where the market value of its post-CGT property is at least 75% of its net value.

The ATO has released an Addendum to Taxation Ruling TR 2004/18 to:

- reflect the view that only one capital gain may arise in circumstances where paragraphs 104-230(2)(a) and (b) of the *Income Tax Assessment Act 1997* (ITAA 1997) are both satisfied, and
- clarify which property is taken into account in calculating the capital gain under subsection 104-230(6) of the ITAA 1997.

These matters are potentially relevant for taxpayers who sell pre-CGT shares or pre-CGT trust interests in entities that hold post-CGT property directly and indirectly through lower-tier entities.

The Addendum applies both before and after its date of issue (23 July 2025). However, for the period prior to the issue date of the Addendum, taxpayers may choose to rely on either the original version of the Ruling or the amended version.





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