CAPRARO CONSULTING

MONTHLY NEWSLETTER

JUNE 2025 | **ISSUE 66**

CPA AUSTRALIA CPA

End of financial year

As you prepare for the end of the 2025 financial year, this year's changes in tax law and their interpretations are relatively few, but their significance cannot be understated. Even small changes can have a significant impact on your tax planning strategies from one year to the next.

The ATO has issued a media release highlighting that this tax time, it is focusing on areas it sees frequent errors, including work-related expenses, working from home deductions and areas in relation to multiple income sources. It reminds taxpayers that work-related expenses must have a close connection to their income earning activities, with records like a receipt or invoice for substantiation.

Below are highlights the new developments to be considered as you prepare for 30 June.

Donations

foundation for a BLOODY GREAT CAUSE. Finding cures. Saving lives.

Help save lives and get a tax deduction!

Looking for a charity to donate to before 30 June? Look no further than the wonderful work being accomplished by the volunteers at ***The Foundation for A Bloody Great Cause****.*

They need your help to raise funds for the Haematology Clinical Research Unit at Concord Hospital.

Accessing these world-leading independent trials is many patients only hope of a cure and a better quality of life.

Your donation will help even more patients with blood cancer to participate in clinical trials and access millions of dollars' worth of innovative medicines locally.

Give the gift of hope – make a tax-deductible donation

(All donations over $2 are tax-deductible).

Scan to donate

Depreciation

Currently, the instant asset write-off threshold for small businesses (with aggregated turnover less than $50 million) stands at $20,000 for the 2025 financial year.

To qualify for the deduction in the 2025 year, it is crucial to ensure the assets are installed and ready for use by 30 June 2025.

Individual tax rates

For the 2025 financial year, personal tax rates remain unchanged, providing stability for taxpayers. However, Labor has proposed the following:

Personal income tax cuts:

From 1 July 2026: Reduce the 16% tax bracket (for incomes between $18,201 and $45,000) to 15%. From 1 July 2027: Further reduce this rate to 14%.

Standard Tax Deduction:

- Introduce a $1,000 instant deduction for work-related expenses for salary and wage earners.
- Taxpayers with more than $1,000 in work-related expenses can continue to claim as usual.
- Individuals with only business or investment income can continue to claim deductions under existing rules.

HECS debt reduction: From 1 June 2025, all student loan balances will be reduced by 20%.

HECS repayment threshold increase: From 1 July 2025, the minimum repayment threshold will be increased from $54,000 to $67,000.

Work from Home

From 1 July 2024, the work from home (WFH) fixed rate has increased to 70 cents per hour. To use the fixed rate method, you must **incur additional running expenses and have a record of the total number of hours worked from home and expenses you incur while working from home**.

The rate includes the additional expenses you incur for:

- home & mobile internet/data expenses
- mobile & home phone usage expenses
- electricity & gas (energy expenses) for heating, cooling and lighting
- stationery & computer consumables, such as printer ink and paper.

This rate includes the total deductible expenses for the above additional running expenses. If you are using this method, you

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cannot claim an additional separate deduction for these expenses.

This method is available to simplify the calculation of additional running expenses, such as electricity, phone & internet usage.

Repairs and maintenance

If your business genuinely requires any significant repairs to machinery or premises, consider undertaking them before 30 June to claim tax deductions for the 2025 financial year.

Note that expenses deemed capital or related to additions or improvements to existing assets are not deductible as repairs and maintenance.

Important upcoming dates

- May 2025 monthly IAS due 21/06/25
- It is recommended to pay quarter 4, 2024–25 *Superannuation contributions* before 16 June 2025 to ensure payments are received by the members account before 30 June 2025 for tax deductibility. All payments must be received before 28 July 2025.

Division 7A and personal loans

Borrowing from your private company can have tax implications under Division 7A. This section of the Tax Act contains provisions aimed at preventing private company owners accessing company profits without paying tax on those amounts.

Trusts

Trust distribution resolutions must be made before 30 June 2025, or earlier if specified in the trust deed. Such action is necessary to ensure the intended beneficiaries are entitled to the trust income, and are taxed on their proportions of trust income. A failure to make a valid resolution by the required date may see the trustee (rather than a beneficiary) assessed on the income at the top marginal tax rate.

Digital assets and crypto currency

Ensure proper reporting of cryptocurrency and digital asset holdings (such as non-fungible tokens) in your tax return.

Superannuation contribution caps

Important SG dates and upcoming rate increase

Employers need to pay eligible workers' super guarantee (SG) by 28 July. Employers need to pay in full, on time and to the right fund to avoid penalties and interest. They may need to allow extra time for payments to reach their employees' super funds if they are using a clearing house. ***Payments are only considered 'paid' when they reach their employees' super fund account.***

The SG rate will increase from 11.5% to 12% on salary payments made 1 July.

Proposed additional tax on member balances of $3m or more (Division 296 tax)

The Federal Government intends to reduce the concessions available to individuals with superannuation balances that exceed $3 million, with its proposed Division 296 Tax. If enacted (still in draft), the legislation will result in what is an additional 15% tax on the earnings of superannuation balances above $3 million.

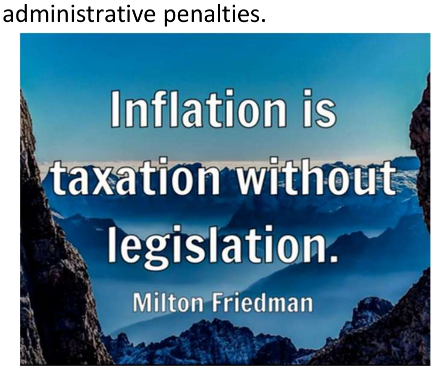
Payday Super

Under the reforms, from 1 July 2026, employers will be required to make superannuation contributions within 7 days of paying an employee's salary/wages, which represents a significant change from the current system where employers have until 28 days after the end of the quarter to make contributions.

The legislation introduces the term "qualifying earnings" (QE), which is broadly based on ordinary time earnings, with the "QE day" referring to the day the employer makes the payment to the employee (payday).

Employers will become liable for the superannuation guarantee charge (SGC) if contributions are not received by the employee's fund within seven days of the QE day, unless specific exceptions apply, such as a two-week grace period for new employees.

While it is also proposed that SG statements will no longer be compulsory, employers may still need to make voluntary disclosures if they want to access discretionary reductions in administrative penalties.



Tax agent 25977827

Financial planning

Blake Cullen from Evalesco (part of The Principal Edge Licensee Network) can assist with all your financial planning needs. They provide a more personal service and empower Clients not only in terms of wealth strategies but are also mindful we need healthy and happy lives.

Feel free to contact our office to arrange an initial appointment.

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