TAX MATTERS

TAX STRATEGIES FOR YOU AND YOUR BUSINESS

WINTER 2025

Think Twice Before Posting Holiday Pics of Your FBT-Exempt Ute on K'gari

The Ford Ranger has claimed its place as Australia's top-selling vehicle. And yes, for tax purposes, it qualifies as a ***car****.*

But here's where it gets interesting: certain commercial vehicles like the Ranger can be provided to employees without attracting Fringe Benefits Tax (FBT). Even better? If you buy one through your business, and spend more than the car limit ($69,674 for the 2025-26 financial year), you are not limited in the amount of depreciation or GST you can claim

Let's say you buy a Ranger for $88,000. You can claim the full $8,000 in GST and depreciate the entire $80,000 - no car limit restrictions. Plus, depending on how it's used, there may be no FBT to pay, even without a logbook.

Now compare that to buying a $88,000 petrol passenger car, like a Lexus. In this case, you can only claim 1/11th of the car limit back in GST (around $6,334), and you're limited to depreciating just $69,674. Then, when you sell the car, you'll still need to remit the full GST, even though you couldn't claim it all upfront.

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Plus, there's the FBT to worry about. Without a logbook, the taxable value is calculated at 20% of the purchase price (less a few on-road costs), which comes in just under $17,000. The FBT payable on that is around $16,500 per year.

When compared to the tax treatment of a Ranger, it's clear which one wins on paper.

But Here's The Catch

The Ranger's FBT exemption is conditional. It only applies if the vehicle's private use is **minor and infrequent**.

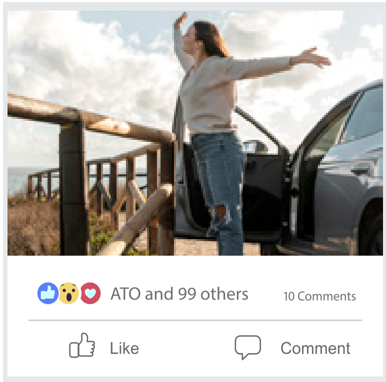
Travel between home and work is fine - but the ATO has made it clear: private use should not exceed 1,000 km in total per year, and no single private trip should exceed 200 km.

The ATO might not be tracking your daily movements, but toll records and tech leave breadcrumbs. In addition, bear in mind one of their favourite audit tools: social media.

If you or your employee post photos of that Ranger parked on K'gari, or cruising down the coast more than 200 km from home, that's a red flag.

The ATO could initiate an audit, request a logbook, and when you can't provide one, they'll point to your holiday post. Suddenly, you're facing a $16,500-a-year FBT bill, plus penalties.

So, if you're operating a commercial vehicle under the FBT exemption, be smart. Minimise personal use, understand the limits, and maybe keep those holiday snaps off Facebook.



Important News About Car Thresholds

From 1 July 2025, the Australian Taxation Office has updated the car limit, GST credit cap, and Luxury Car Tax (LCT) thresholds for the 2025–26 financial year. The car depreciation limit is now $69,674—the maximum amount businesses can use to calculate vehicle depreciation when the car is first used or leased in the 2025–26 year.

For GST purposes, if your business buys a car priced above this threshold, the maximum GST credit you can claim is $6,334 (or 1/11 × $69,674), unless specific exceptions apply.

The LCT thresholds increase to $91,387 for fuel-efficient vehicles (≤ 7 L/100 km) and $80,567 for other cars, aligning with CPI adjustments. From 1 July, the definition of "fuel-efficient" will tighten to vehicles consuming between 3.5 and 7 L/100 km.

If you're considering a business car purchase, this change could affect depreciation deductions, GST claims, and potential LCT exposure. Be sure to consult your accountant for tailored advice.

The Truck Driver Who Took On The ATO — And Won (For Now)

In a recent case, a long-haul truck driver named Mr Shaw spent 310 nights away from home for work over the year - a common reality for many in the transport industry.

The ATO has guidance in place stating that truck drivers who travel overnight can claim up to **$105.75 per night** for meals **without needing detailed receipts**, provided they can show they actually incurred the expense.

Mr Shaw, relying on this ruling and advice from his tax agent, claimed **$105.75 for 310 nights**, totalling **$32,782.50**. He didn't keep individual receipts but did provide supporting evidence through **bank records and his fatigue management diary**.

Despite this, the ATO audited his return and knocked back most of the claim, allowing just **$19 per night**, or **$5,890 in total**. This was in direct contrast to their own published guidance.

Mr Shaw took the matter to the Administrative Appeals Tribunal (AAT), which found in his favour. The tribunal concluded that he had **sufficient evidence** to prove the expenses were incurred and that the ATO had enough information available to verify this. The AAT accepted that Mr Shaw had genuinely spent the amounts claimed.

However, this case comes with a warning.

While the ATO's ruling does allow certain claims without receipts, **you still need to show that the money was actually spent**. Simply withdrawing a lump sum of cash or receiving an allowance isn't enough. Mr Shaw succeeded because he had clear spending patterns and documentation that aligned with his travel schedule.

Interestingly, Mr Shaw also mentioned that he likely spent more than the $105.75 per day and could have claimed a higher amount if he'd kept all receipts.

The **ATO has since appealed the decision**, so the matter isn't entirely settled. But for now, it serves as a timely reminder:

Always keep some form of evidence to support your claims.

Don't rely on blanket allowances or assumptions.

Know the difference between not needing a receipt and not needing proof.

In short, it pays to be diligent, especially when your deductions are under the microscope.

Amending a Tax Return: 5 Facts & A Common Myth

Even with the best intentions, mistakes can happen when lodging your tax return.

Whether you forgot to include some income or missed a deduction, here are five key facts you should know about amending a tax return, plus a myth we hear all too often.

1 You Can Fix It

The ATO allows you to amend your return if you've made an error or left something out. This includes income, deductions, offsets, or even bank interest you forgot to include.

2 There Are Time Limits

You generally have **two years** from the date the ATO issued your notice of assessment to amend your return. If you are a sole trader, from the 2024-2025 income year, you will have **four years** to amend the return. Any tax returns prior to that financial year will be the **two year time limit**.

3 Online amendments are possible

If you lodged your return via myTax, you can usually amend it online. But if you lodged through a tax agent, they'll need to lodge the amendment on your behalf.

4 Interest or penalties may apply

If your mistake resulted in underpaid tax, the ATO may apply interest or penalties, especially if they believe it was careless or intentional.

5 Amendments can go both ways

It's not just about fixing underpayments. If you discover you missed a deduction or over-reported income, you may be entitled to a refund after amending.

"If I fix it quickly, the ATO won't care."
Unfortunately, this is a common myth. Many taxpayers believe that if they spot an error on a rushed tax return and correct it quickly, the ATO will overlook it. But that's not always the case.

The ATO takes accuracy seriously — and even if you amend a return yourself, you may still face penalties if the mistake was avoidable or part of a pattern of repeated errors. Taking care to get it right the first time is always the safer option.

Need To Make A Change?
Navigating amendments isn't always straightforward, and errors can cost you time and money in the long run. Using a registered tax agent ensures your return is correct the first time, or appropriately amended if needed.

Talk to us today - we're here to help you get it right every time.

Tax Time Scams: What to Watch For & How to Stay Safe

Every year, tax time brings a surge in scam activity. Fraudsters often pose as the ATO or other government agencies to trick individuals into revealing personal details, bank information, or even handing over money.

This year alone, the ATO has reported a 300% increase in impersonation email scams compared to the same period last year.

That’s why it’s more important than ever to ensure you are safe, informed and aware this tax time.

HOW THESE SCAMS WORK

Scammers may reach out via phone, SMS, email, or even social media. Common tactics include:

- Claiming you’re owed a refund and asking for bank details to “process” it
- Threatening arrest or legal action over a fake tax debt
- Asking you to click on a link or open an attachment
- Pretending to be your accountant, the ATO, or another trusted organisation

These messages are designed to trigger urgency or fear, so you act quickly without thinking.

WATCH OUT FOR THE WARNING SIGNS

- Unexpected contact claiming to be from the ATO asking for sensitive details
- Demands for payment using gift cards, cryptocurrency, or wire transfer
- Poor grammar in written messages, odd phrasing, or suspicious links
- A caller ID that appears legitimate, but the interaction feels “off

AN EXAMPLE OF A SCAM EMAIL

From: ATO Refund Services refunds@ato-gov-au.net
Subject: Important: You Are Eligible for a Tax Refund

Dear Taxpayer,

We have reviewed your tax records and determined you’re eligible for a refund of **$1,348.52**.

Please confirm your details via the secure link below:
Claim My Refund Now

Respond within 48 hours to avoid cancellation.
Kind regards,
Australian Taxation Office

NOTE: THE RED FLAGS

- A fake domain name (not from ato.gov.au)
- A generic greeting like “Dear Taxpayer”
- A false sense of urgency (48 hours)
- A suspicious link asking for personal or financial details

If you receive something like this, don’t click and don’t respond. Report it to Scamwatch and the ATO, and always check with us first before taking any further action.

WHAT YOU CAN DO TO PROTECT YOURSELF

- Avoid clicking on links in unexpected ATO messages
- Never share personal or banking details without verifying the request
- Use strong passwords and multi-factor authentication
- Confirm with your accountant or contact the ATO directly through official channels

WE’RE HERE TO HELP

When you lodge your return through a registered accountant, you benefit from an added layer of protection. We understand how the ATO communicates—and what they won’t ask you to do.

Stay scam-aware, stay safe, and as always, let us take care of your tax with confidence.

"Just Pay Me in Cash" – Why A Simple Sentence Can Be a Red Flag To The ATO

Cash-in-hand jobs might seem harmless - after all, what's the harm in a quick weekend gig paid in cash?

But when it comes to tax time, failing to declare this income can land you in hot water with the Australian Taxation Office (ATO).

WHY IS THE ATO CONCERNED ABOUT CASH-IN-HAND JOBS?

The ATO considers undeclared cash income a form of tax evasion. While getting paid in cash isn't illegal, **not reporting that income is.**

With sophisticated data-matching tools and industry benchmarks within its arsenal, the ATO can spot discrepancies between reported income and lifestyle, bank deposits, or known business activity in your field.

For example, if you're a tradesperson, cleaner, hospitality worker, or working in another industry known for cash payments, the ATO has specific expectations for your income levels.

If your reported income falls short compared to others in similar roles—or if your bank statements show more income than you've declared—it could trigger a red flag.

WHAT ARE THE RISKS OF NOT DECLARING INCOME?

Failing to report cash income can result in serious consequences:

- **Back taxes** – You may be required to repay tax on any unreported income, often going back several years.
- **Interest and penalties** – The ATO can apply penalties of up to 75% of the tax owed, plus daily interest.
- **Audit or investigation** – A review of your full financial history could be triggered.
- **Criminal prosecution** – In severe cases, especially if deliberate fraud is found, criminal charges may apply.

IT'S NOT WORTH THE RISK

The short-term gain of keeping a few extra dollars in your pocket isn't worth the long-term risk.

Whether it's a few tutoring sessions, odd jobs, or regular weekend work, all income needs to be reported, even if paid in cash.

If you've accidentally left out some income in your return, it's best to amend your tax return before the ATO contacts you. Voluntarily disclosing errors can reduce penalties and show that you're trying to do the right thing.

STAY ABOVE BOARD

Staying compliant not only keeps you out of trouble but ensures you get the most from your return - legally and confidently.

If you're unsure how to report occasional cash income or need help reviewing past returns, speak to a registered tax agent (like us).

Why Is The ATO Watching WFH Claims More Closely This Tax Season?

Working from home is now a regular part of life for many Australians, with home offices replacing the daily commute for a growing number of professionals. While this shift brings flexibility, it also comes with critical tax implications, particularly when it's time to claim deductions.

For the 2024–25 financial year, the ATO has introduced changes that affect how you claim work-from-home expenses, including an increased fixed-rate method and stricter record-keeping rules.

If you've clocked hours from your home office this year, it's essential to understand the latest updates to make sure your tax return is accurate—and that you don't miss out on any legitimate claims.

IS THERE A MINIMUM NUMBER OF HOURS REQUIRED?

The good news is that there is no minimum hours required to claim working from home as a tax deduction.

To claim WFH expenses, you must:

- Be genuinely working from home (not just checking emails or taking calls occasionally)
- Incur additional running costs because of working from home
- Keep records that prove these expenses

FIXED-RATE METHOD RISES TO 70 CENTS PER HOUR

From 1 July 2024, the fixed rate for WFH expenses has increased to **70 cents per hour**, up from 67 cents.

This rate includes common running expenses like electricity, phone and internet usage, stationery, and heating or cooling. However, it doesn't cover depreciable assets such as desks or computers - you can still claim those separately using the depreciation rules.

NEW RECORD-KEEPING RULES

The ATO now requires **detailed records of your actual working hours** at home across the full year. A rough estimate or sample diary won't cut it anymore. You'll also need **at least one bill or invoice** for each type of expense you're claiming under the fixed-rate method.

If you're claiming asset depreciation separately, make sure you keep receipts, records of work-related use, and any relevant calculations.

YOU STILL HAVE TWO METHODS TO CHOOSE FROM

While the fixed-rate method is more straightforward, the actual-cost method is still available for those who may have higher expenses, such as if you're running heating all day or using significant data. This method requires a four-week representative diary and documentation for all expenses.

TIPS TO GET IT RIGHT

- Choose one method for each hour worked - don't mix and match!
- If using the fixed-rate method, maintain a full-year work log and relevant bills.
- For the actual-cost method, keep detailed records and evidence of work-related use.

The ATO is paying closer attention to WFH deductions this year, so good record-keeping is essential.

The increase to 70 cents per hour is helpful, but paired with stricter documentation rules, it's more important than ever to be precise. If you're unsure which method suits you best, speak with your accountant to ensure you're maximising your deductions while staying compliant.

A REMINDER ABOUT WORK-RELATED EXPENSES IN GENERAL

It can be tempting to try to claim everyday items as work-related expenses, especially when working from home blurs the line between personal and professional use. But it's important to tread carefully, particularly when the risk far outweighs the reward.

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For example, one client in the trades tried to claim an air fryer, microwave, two vacuum cleaners, a TV, a gaming console, and gaming accessories as tools to support their workday. While they may have been used during breaks, these are considered personal expenses and don't meet the criteria for deductions.

In another case, a truck driver tried to claim swimwear for rest stops during long-haul trips, which was also knocked back. In a more extravagant example, a manager in the fashion industry attempted to deduct over $10,000 in luxury clothing and accessories to maintain a polished appearance at functions and events. However, because the clothing wasn't a required uniform or specific to the job, it couldn't be claimed.

These cases are a good reminder that just using something while working doesn't automatically make it tax-deductible; the expense must be directly related to earning your income and backed by solid records.

GST Refund Fraud: A Growing Concern for Businesses

GST refund fraud has emerged as one of the most costly tax issues in recent years, with the ATO issuing ***Taxpayer Alert TA 2025/2*** *to warn against schemes involving inflated or fake GST refund claims.*

These schemes often involve **false invoicing between related parties**, fictitious purchases, or applying for GST credits on transactions that never occurred. In some cases, fake ABNs and dummy businesses have been used to lodge fraudulent BAS statements, all to secure illegitimate refunds.

One of the most high-profile examples was **Operation Protego**, which uncovered a scam circulating on social media that encouraged individuals to apply for an ABN and claim thousands in GST refunds without running a genuine business.

The result? **Over $2 billion** in fraudulent claims and **more than 57,000** people involved. Although some funds were recovered, many perpetrators have already been prosecuted, with sentences of up to **seven years in jail**.

The ATO is cracking down on these arrangements. Businesses claiming large refunds involving related parties or high-value assets are under increased scrutiny.

1 JULY

From **1 July 2025**, the ATO will have the power to **delay suspicious GST refunds by up to 30 days** to investigate.

Importantly, the ATO's message is clear: even if you're not the mastermind, if you're involved — as a participant or adviser — you can be held accountable. The promoter penalty laws may also apply to those encouraging others to engage in these schemes.

WHAT SHOULD YOU DO?

Only claim GST on actual business expenses.

Maintain proper documentation, including invoices and proof of payment.

Be cautious of any arrangement that seems too good to be true.

If you've made a mistake or suspect you've been caught up in something dodgy, consider making a voluntary disclosure.

Even if a scheme is presented as "low risk" or "everyone's doing it," the consequences can be severe.

If you're ever uncertain about a GST claim, arrangement, or refund that doesn't feel quite right, please speak with us first. A quick chat now can save you from audits, penalties, or even prosecution later. It's just not worth the risk.