PETER I. PRICE
& ASSOCIATES PTY LTD
(ABN: 73 010 341 250)

Phone : (07) 3376 3411
www.peterprice.com.au

CERTIFIED PRACTISING ACCOUNTANTS
TAX AGENTS

POSTAL ADDRESS:
P.O. Box 465,
Mount Ommaney. Q. 4074

2025 End of Financial Year Newsletter

Hello Everyone,

It's that time of year again ….

The Federal Government certainly provided an 'interesting' budget for the 2025 year, and as it was just before the May election, it was very generous with the handouts for so many things. If you have a HECS debt, or have children in childcare, or are receiving welfare of some sort, then the Federal Government handouts are increasing for you all…BUT someone has to pay for all of this – the Government does not just find money by waving a magic wand. The answer is TAXES…and whether you are receiving one of the handouts from the Government or not – you all will be paying for these handouts.

Superannuation is the big target for the Government – there is a massive amount of money invested into peoples' superannuation funds – and this money is used for the investment and development of so much of the Australian economy. The Government is wanting an increased share of your Super Fund monies and we are expecting that many of the benefits of superannuation will be either reduced or disappear over the coming years. This probably means to get in now while you still can !!! The Treasurer's taxing of unrealized increases in values on property or investments held in superannuation funds is only the tip of the iceberg, and while this all starts from 1st July 2025, so much of it has not been worked out as yet….we will probably send you all a further newsletter in the future on just this topic as legislation is proposed – and most likely passed – as the Federal Government now have control of both Houses of Parliament.

Tax information we need from you to prepare your return…

Most of you will know that we have been trying to help you, our clients, to better prepare for the annual tax return preparation, by retrieving information the ATO allows us to access from their files, such as your income from wages & salaries, allowances, super contributions etc. This can also include amounts that you have received from bank interest, dividends on shares, and other taxable amounts that you may have received from early withdrawals from your super funds. We can also get the amounts that you have paid into your health funds, and any HECS or HELP debts that you may have outstanding. All this is a massive help to you, and saves you a lot of work – particularly as most employers do not provide a Group Certificate or Statement of earnings anymore, and you don't need to summarize all your dividends received.

There is however one catch – if you ask us to prepare your tax return in the very early part of the next financial year (e.g. July), then some of this information will not yet be available on the ATO tax portal, and we still need you to dig out all this information to be able to prepare the return. Usually from August onwards, the details are flowing through and are usually complete. The worst example is if you have Managed Fund investments, as these results are often not available until September. Please be mindful of this when making your appointment, as several clients are disappointed when we are unable to finish the return because of missing information.

The ATO is now starting to 'data match' information on rental properties from Real Estate offices, and clients who provide only "net" rental income received, risk an audit from the ATO. Please ensure you provide us with the Agent's annual statement, so that we can provide the 'gross' rentals received, less any agents expenses, and any other expenses that you have paid.

The ATO does collect all your “income” information, however does not collect your “deductions” information – together we still need to do all of this side of things, and we ask you to please keep your records of all tax deductible expenditure for the year. In summary, you can help us to help you.

The ATO have stated that they will be looking for returns which claim the same dollar values each year, and it is very important that you do not “guess” your expenses, or ask us “to claim the same as last year”…this really is a recipe for disaster.

In a nutshell, many of the “rebates” that taxpayers used to claim, have now gone, and it is only your ‘deductions’ which will either give you a refund, or reduce your tax payable.

If you have income from shares (called dividends), these are mostly ‘franked’ (i.e. taxed) beforehand, whereas ‘interest’ received from bank term deposits or investment accounts usually do not have tax deducted in advance from them, so you may have additional tax payable on this interest income.

Should you now earn over $4000 from investments, or net rental or business income, the ATO may also expect you to pay quarterly taxation payments. Please be aware of this change.

Business Clients

Please understand that the bottom line is that the Government wants more of your money. If you are late in paying anything (GST, Periodic Tax Instalments (PAYGI), tax withheld from wages (PAYGW), Employee Super Payments, etc.), they will charge you interest on the outstanding payments, and in most cases there may be a penalty also attached. From 1st. July, this interest charged (and the associated penalty) is not allowable as a tax deduction.

The ATO is also increasing the number of Director Penalty notices for outstanding debts of a company. This is where the individual Director is being charged personally, for the outstanding debts of the company, as well as for late lodgments, unpaid staff superannuation, and even uncollectable GST. The ATO have stated they are also moving late paying/late lodging clients to monthly BAS’s if they have a history of late lodgment. This will create increased compliance and increased lodgment costs for you, if you are in this category.

Please be aware of any outstanding tax debts you may accumulate, and either contact the ATO directly, or ask us to speak to the ATO on your behalf – as early as possible – to arrange payment plans of the outstanding debt. Please do not leave it until the ATO chases you for unpaid monies, as payment arrangements are getting more and more difficult to obtain.

If you operate your business through a “Trust” structure, remember that the ‘Trust Distribution declaration forms must be completed, signed, and returned to our office before 30 June. This is not new, but we have found that every year some clients ‘forget’ to do this on time.

For employers, the Superannuation Guarantee Contribution (SGC) for the new year (2025-26) will increase from 11.5% to 12%.

Individual taxpayers

Our “telephone appointments” have continued to be popular with so many clients, both because of the time saved in travelling to our office, as well as the convenience and speed of completion.

We complete your return with you on the phone, and then we send you the completed return where you could review everything and simply click the box to insert your electronic signature, and then e-mail it back to us…the whole signing process takes seconds, and is very easy.

This was so convenient and so popular with so many clients, that we are happy to do this again for all those who wish…

We get so much of your information from the ATO beforehand, and prefill this, so that when we contact you, we can concentrate on the items such as deductions, which maximize your refund.

However, if you do choose the ‘telephone’ format, please remember to give us your mobile number when booking, so that you will be available when we call. Your ‘home’ phone number is not much help if you are at work when we call.

Deductions

These have not really changed, however please be aware that the ATO is being much more vigilant on deductions claimed. The ‘hit’ areas are again motor vehicle expenses, as well as clothing and footwear costs, and other general expenditure. Expenditure of allowances received must be substantiated, and it is no longer acceptable to claim an allowance as “fully expended” without substantiation.

The golden rule is that it is still better to incur a tax deductible expense in June, than it is to incur the expense in July. This means that you can claim it NOW rather than waiting for a whole year to claim it in the future.

Of course the easy way is to keep (and summarise beforehand) all your deductions that you have incurred during the year. Some clients have used technology to their advantage, by taking photos with their phone of all their receipts during the year. This certainly makes it very easy to recall and summarise your expenses, however please do this before your appointment with us, as we will otherwise need to hold your phone (with all its photos) for a few weeks while we extract and summarise all the data for you.

Working from Home… any employees who worked from home, must keep records of the dates, start time, finish time, and total hours worked – as a ‘log book’ record, and we ask you to please keep and calculate the number of hours that you did this, so that you can claim this expenditure. This ‘log book’ must be kept for the full year. You will be able to claim a set amount based on the number of hours, so please think about this beforehand. This rate per hour will include all previously claimable items such as home phone, internet, electricity, etc.

Please also remember that if you are claiming expenses for a motor vehicle used for work, rental property, or a capital gain or loss on the sale of an asset, we have a number of checklists/worksheets on our website, which will help you to put everything together. These are freely available for you to download, and will ensure that you don’t miss out on anything.

Prepaying Expenses … Remember that if you are able to pay interest on loans, leases, rentals of business premises, etc. in advance – for a period of up to 12 months in advance – you can claim this as a tax deduction. There must be a ‘commercial advantage’, and this is usually a reduction of payments, or the avoiding of rental increases, etc. If you want to know more, please contact us before the end of the financial year.

A couple of requests please for all clients…

1. Please spend a few minutes before your appointment (whether it be face-to-face or telephone appointment), to go through your records and summarise everything. Last year we had a number of cases of clients with rental properties who had a list of property agent’s statements, and expenses such as rates, water, repairs and maintenance, etc., for each month, and the accountant spent most of the appointment time adding up all the receipts to get a summary of everything.

2. We respectfully request children do not attend appointments held at our office as it is often very distracting for both the parent clients as well as the accountants, and work often takes longer to complete. We ask that you find alternative arrangements for your children or instead select a ‘telephone’ appointment.

Superannuation issues

The Maximum Superannuation contribution remains at $30,000. This means that with salaries continually rising and the Superannuation guarantee contributions increasing again from 11.5% to 12% of salary, more people will automatically go over this maximum limit – especially if they also ‘salary sacrifice’ into super, so please be aware of this. This is the effect of ‘Bracket Creep’ and means that the Federal Government will get more tax from you. The Treasurer has been made aware of this on several occasions and has done nothing to address the issue for this year. The Superannuation changes mentioned at the beginning of this newsletter have also not had any ‘indexation’ put into the provisions, so more and more people will be caught with this additional tax burden as time goes by.

Superannuation funds are seen by the Federal Government as a massive money pit that they really want to get their hands on…legislation has not yet been drafted but as I said above – it is coming. There are still a couple of worthwhile things that you can still do however …

- The first is to maximize your concessional contributions. If you haven’t yet used all of your $30,000 concessional cap this year, consider increasing your contribution potentially through your employer by salary sacrifice, or through an individual contribution.

- And/or, a catch-up contribution – your super balance must be under $500,000, and you have unmaximized contributions over any of the last 5 years.

  But please don’t exceed your limits for the year, including your 11.5% (for the 2025 year) employer contributions. !!!

ALSO, don’t forget that if you are making your own personal super contributions, to notify your Superannuation Fund that you are intending to claim your contributions as a deduction, so that they acknowledge your contribution and you can then claim this contribution as a deduction. The ATO will ask for this acknowledgment letter. Please have this letter with you when we prepare your return, because without it, your tax return processing will most likely be delayed.

If you are under retirement age, and withdraw funds from your superannuation for any reason, please remember that this may be added to your taxable income.

As usual, if you should have any queries at any time during the year – and especially as you are putting together your information for the tax preparation time, please do not hesitate to ask us. Any one of our accountants will always be willing to help in any way that we can.

Happy New Financial Year….

Kind regards,

Peter Price

Peter & the Team.
Peter Price & Associates.

15 Loffs Road, Mt Ommaney Qld 4074