

NEWSLETTER – JUNE 2026

As we approach the end of the current financial year, we would like to bring your attention to the following tax planning matters, some of which need to be in place by 30 June 2026.

Superannuation

1. Superannuation Concessional Contributions (deductible)

Concessional contributions which include employer contributions, contributions made under a salary sacrifice arrangement and personal contributions claimed as a tax deduction is subject to an annual cap of \$30,000. *The concessional contributions cap is increasing to \$32,500 for the 2026-27 income year.*

From 1 July 2018, if you have a total superannuation balance of less than \$500,000 on 30 June of the previous financial year, you may be entitled to contribute more than the concessional cap of \$30,000, by utilising unused amounts from previous years.

The unused cap amounts you can carry forward depends on the amount you have contributed in previous years. You can carry forward unused cap amounts from up to five previous financial years. Unused cap amounts will expire after five years. The oldest available unused cap amounts are used first.

To utilise your unused concessional cap, you are required to meet these conditions:

- You have a total super balance of less than \$500,000 at the end of 30 June of the previous financial year
- You make concessional contributions in the financial year that exceed your general concessional contributions cap
- You have unused concessional contributions cap amounts from up to 5 previous years (but not before 2020-21)

If you meet these conditions, you can make concessional contributions above the general cap without paying extra tax.

To obtain a tax deduction in the current financial year, the contribution must be received by the superannuation fund by 30 June 2026. We recommend that payments are made by Monday 22 June 2026 to allow sufficient time for the superannuation funds (particularly industry funds) to receipt the monies by Tuesday 30 June 2026.

If the superannuation contributions are received by your superannuation fund on or after 1 July 2026, the amount received by your fund will be included in your cap for the following year (ie 26-27 year) rather than this financial year (ie 25-26 year).

With the introduction of Payday Super from 1 July 2026, some taxpayers may unintentionally exceed their concessional contribution cap for the 2026-27 financial year. This could arise where employer contributions relating to the April to June 2026 quarter are not received by the superannuation fund until July 2026, while additional employer contributions for the 2026-27 year are also made as employers transition from quarterly superannuation payments to the new Payday Super regime.

To prevent accidental cap breaches, the Government has indicated that it will introduce technical amendments specifically designed to protect individuals from exceeding their caps during the transitional period.

If you wish to claim a tax deduction for personal concessional contributions in the 25/26 year, you will need to provide a section 290-170 notice (Notice of intent to claim a deduction) to the Trustee of your superannuation fund. Please ensure that you receive written acknowledgement back from the Trustee acknowledging your request.

Eligible contributing members must submit the appropriate 'notice of intent' (NOI) form (also known as a section 290-170 form) to the super fund before the earlier of the following two dates:

- Lodgement of the contributing member's income tax return (for the income year of contribution), and
- The end of the income year following the 'contributing' income year.

2. Superannuation Non-Concessional Contributions (Non-deductible)

Non-concessional contributions are made from after tax income and not taxed by a superannuation fund. Non-concessional contributions include personal contributions for which you do not claim an income tax deduction (eg. undeducted contributions).

The non-concessional contributions cap (NCC) for 25/26 year is \$120,000. The cap will increase to \$130,000 for the 26/27 year.

Your non-concessional cap is nil for a financial year if, at the end of the previous financial year, you have a total superannuation balance (TSB) greater than or equal to the general transfer balance cap (\$2m for the 25-26 year).

Individuals under 75 years old at any time in a financial year, can make non concessional contributions of up to 3 times their annual non-concessional contributions cap in that financial year if their total super balance on 30 June of the previous financial year was less than \$1.66m (please refer to tables below). Generally, individuals can make non-concessional contributions up to 28 days after the end of the month in which they turn 75. After that time, only limited contribution types (such as downsizer contributions) may be accepted.

The tables below summarise the bring forward non concessional contribution caps that apply in the first year of the bring forward period depending on your total superannuation balance (TSB).

For the 2025-26 year:

TSB on 30 June of previous year	NCC for the first year	Bring forward period
< \$1.76m	\$360,000	3 years
\$1.76m to < \$1.88m	\$240,000	2 years
\$1.88m to < \$2m	\$120,000	No bring forward period – general NCC cap applies
\$2m or more	nil	N/A

For the 2026-27 year:

TSB on 30 June of previous year	NCC for the first year	Bring forward period
< \$1.84m	\$390,000	3 years
\$1.84m to < \$1.97m	\$260,000	2 years
\$1.97m to < \$2.1m	\$130,000	No bring forward period – general NCC cap applies
\$2.1m or more	nil	N/A

Please note that if you exceed the non-concessional contributions cap, you will have two options:

- Withdraw the excess amount, plus 85% of the associated earnings of the excess contributions, or
- Elect to leave the excess non-concessional contributions in super and pay excess contributions tax equal to the top individual tax rate, on the excess amount.

3. Transfer Balance Cap

The General Transfer Balance Cap (TBC) is the maximum amount of superannuation that can be moved into the retirement phase, where earnings on those funds are generally tax-free.

For individuals starting a retirement phase pension during the 2026–27 financial year, the cap will be \$2.1 million. Individuals who have previously commenced a retirement phase pension may be entitled to a proportional increase in their personal cap, depending on how much of their transfer balance cap has been used in prior years.

The increase in the transfer balance cap will also affect a range of superannuation measures, including contribution eligibility thresholds, government co-contributions and various superannuation-related tax offsets.

4. Superannuation for Spouse

Taxpayers that make non-concessional contributions for their low-income earning (with assessable income below \$40,000 per annum) or non-working spouse are eligible for a superannuation spouse contribution tax offset.

Tax offset amounts for the 2025/26 year are as per the table below:

Spouse assessable income (SAI)	Maximum rebatable contributions (MRC)	Maximum offset
\$0 - \$37,000	\$3,000	\$540
\$37,001 - \$39,999	$\$3000 - (\text{SAI} - \$37000)$	$\text{MRC} \times 18\%$
Over \$40,000	Nil	Nil

The offset is not available if your spouse exceeds their non-concessional contributions cap for the 2025-26 year or their total super balance is over the general transfer balance cap of \$2 million (for the 2025-26 year).

5. Division 293 Tax

Individuals with income and concessional contributions exceeding \$250,000 may be subject to Division 293 tax, which imposes an additional 15% tax on some or all concessional contributions.

Clients that are expecting their taxable income to exceed this threshold should seek advice before making additional concessional contributions.

Tax Planning for Businesses

1. Company tax rate

A company must be a base rate entity to be eligible for the lower 25% company tax rate. A company is a base rate entity if both of the following apply:

- The company has a turnover less than the turnover threshold of \$50 million for the 2025-26 year
- 80% or less of the company's assessable income is base rate entity passive income (such as interest, dividends, rent, royalties and net capital gain)

If your business is a company, your aggregated turnover includes your annual turnover, plus the annual turnover of all the entities that are connected or affiliated with your company, which may be based in Australia or overseas.

The company tax rate for entities that are not base rate entities remains 30%.

2. Instant Asset Write-Off

The Government has legislated the extension of the \$20,000 instant asset write-off threshold for the 2025-26 income year.

Under this measure, small businesses with aggregated turnover of less than \$10 million, will be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use between 1 July 2025 and 30 June 2026.

For a small business entity to access the instant asset write-off threshold, the business must satisfy the following conditions:

- The entity must carry on a business under general principles in the 2026 income year;
- It must have aggregated annual turnover of less than \$10m (based on current or previous year figures)
- It must choose to apply the simplified depreciation rules for the 2026 income year;
- The asset must have a cost of less than \$20,000; and
- The asset must be first used, or installed ready for use, for a taxable purpose between 1 July 2025 and 30 June 2026.

The \$20,000 limit applies to each asset, so small businesses can instantly write off multiple assets. Assets costing more than \$20,000 will be required to be placed into a small business simplified depreciation pool and taxed at 15% for the first year and 30% in subsequent years.

On 12 May 2026, the Government announced during the Federal Budget, that the instant asset write-off will be permanently increased to \$20,000 (This measure is not yet law).

3. Depreciation limits for cars

The maximum value that can be used for calculating depreciation the business use of a car first used, or leased in the financial year, for the 2025-26 year is \$69,674. (The ATO has not yet released the car depreciation limit for the 2026-27 year at time of writing this report).

If you purchase a car and the price is more than the car limit, the maximum GST credit you can claim is 1/11th of the car limit will be \$6,334 in the 2025-26 year. For cars that are only partially used for business, you are only entitled to claim a partial GST credit based on how much you use the car for business purposes.

Businesses are required to keep a record of asset acquisitions and disposals during the year showing the cost price or disposal value and relevant dates.

4. Business assets (plant & equipment)

Businesses are required to keep a record of asset acquisitions and disposals during the year showing the cost price or disposal value and relevant dates. We recommend that you review your business's asset register to write off any obsolete or destroyed items before 30 June 2026 and advise us if any assets are to be scrapped.

5. Prepayments

Business prepayments are expenditure incurred for things to be done (in whole or part) in a later income year. Prepaid expenses are deductible over the eligible service period rather than being immediately deductible.

Prepaid expenses may be immediately deductible if:

- It is excluded expenditure
- The 12-month rule applies
- It relates to a pre-review of business taxation (RBT) obligation

Excluded expenditure includes:

- Amounts less than \$1,000
- Amounts required to be incurred by a court order or law of the Commonwealth, State or Territory
- Payments of salary or wages
- Amounts that are capital, private or domestic in nature

The 12-month rule

Small business entities* can claim an immediate deduction under the 12-month rule for prepaid expenses if:

-
- The payment is incurred for an eligible service period not exceeding 12 months
- The eligible service period ends in the next income year.

** Small business entities that carry on a business and have an aggregated turnover of less than \$10m.*

If applicable, please provide us with a list of all prepayments in excess of \$1,000 and include information such as date and nature of payment, period of service and amount paid.

We recommend that small business entities review their expenses and, subject to cash availability, consider bringing forward any payments which are currently being paid monthly such as subscriptions and insurances.

6. Bad Debts

All non-recoverable trade debtors should be written off by 30 June 2026. We recommend a review of trade debtors to be conducted to identify any amounts that are considered uncollectable and written off prior to 30 June 2026.

Where a bad debt has been written off and it has been determined that it is unlikely to be recovered through any reasonable and commercial attempts before 30 June 2026, you may claim a tax deduction for it in the 2026 financial year. Entries should be made in the debtor's ledger, including a directors' resolution drawn up or evidence of written approval of the directors.

If your business is registered for GST on an accruals basis, there may be an adjustment required to the company's Business Activity Statement (BAS), which can be made in the June 2026 quarter BAS or at a later point by amending a prior BAS (subject to amendment time limits and correction error value limits).

7. Superannuation Guarantee (SG)

We recommend that you review the payroll records, to ensure that the appropriate percentage of ordinary time earnings has been paid as superannuation contributions to a complying superannuation fund or RSA.

Superannuation contributions must be paid and received by the employee's superannuation fund by 30 June 2026. Accordingly, to claim a tax deduction for the June 2026 quarter,

businesses should ensure that contributions are processed and received by the fund by approximately 22 June 2026 to allow sufficient processing time.

For the purposes of SG, the due date for contributions for the 2025-26 year is 28 July 2026. If a payment is made after the due date, the tax deduction is denied.

As the \$450 threshold for super guarantee was removed from 1 July 2022, super guarantee applies to all eligible employees over 18 years old regardless of their monthly earnings.

The SG rate for the 2025-26 year is 12% of ordinary time earnings.

Under Payday Super regime, the SG rate will be 12% of qualifying earnings for the 2026-27 year.

Qualifying earnings (QE) includes:

- Ordinary times earnings (OTE) i.e.
 - earnings for ordinary hours of work
 - over-award payments, shift-loading or commission
 - Allowances
 - Paid sick leave/annual leave/ long service leave
 - Bonuses where they relate to ordinary hours of work
- Payments to employee under extended definition of employee rules (eg contracts for labour)
- Director fees
- Salary-sacrificed amounts paid into super, provided the underlying payment would have been considered QE if paid directly as cash.

Attached is link to ATO's website on what payments are qualifying earnings:

<https://www.ato.gov.au/businesses-and-organisations/super-for-employers/payday-super/paying-super-on-payday/what-payments-are-qualifying-earnings>

Payday Super – transitional rules:

For this financial year, with Payday Super commencing from 1 July 2026, we recommend that employer contributions relating to the April to June 2026 quarter are paid to the relevant superannuation funds by Monday, 22 June 2026 to help ensure the contributions are received by the funds before 30 June 2026.

Under the Payday Super transitional rules, any superannuation contributions received by a fund between 1 July and 28 July 2026 will first be allocated against liabilities arising under the previous quarterly system, with any remaining amounts then applied under the new Payday Super regime.

8. Substantiation and Record-Keeping

Ensure that all logbooks, travel diaries and odometer records are completed where applicable in respect of the 2025-26 year. Please note that log books are required to be kept for at least 12 weeks in the first year and then every five years.

New log books are required where circumstances have changed and the previous determined rate (on prior log book) is no longer representative of the business/private usage.

9. Entertainment

Please ensure your meal entertainment is dissected between:

- non-deductible customer entertainment and
- deductible but subject to FBT, such as employee entertainment and
- deductible but free of FBT, such as employee sustenance while travelling on business or in an in-house dining facility.

10. Loans to shareholders/associates – Div 7A loans

Any loans or advances to shareholders or their associates, that are not fully repaid to the company by the lodgement time of the company's income tax return for the relevant year will need to be documented with a complying loan agreement before the company's lodgement due date.

The complying loan agreements require shareholders/associates to make minimum yearly repayments (of principal and interest) starting from the income year after the loan is made. Missing the minimum yearly repayment or not meeting the minimum repayments could result in payment of unfranked dividends to the shareholder/associate.

The benchmark interest rate for 2025-26 year is 8.37%.

11. Stock on hand

Businesses that own stock should ensure that a stocktake is completed at 30 June 2026. Stock can be valued at cost, market value or replacement value, whichever is the lower.

For tax purposes, most businesses that trade stock are required to do an annual stocktake at the end of the financial year. It is important to plan and execute a stocktake in a way which gives a reliable and accurate stock figure. As part of stocktake, you should identify any old, obsolete or damaged stock which can be written off or written down.

12. Year End Single Touch Payroll (STP) finalisation

Employers should have procedures in place to ensure they are able to lodge the STP year-end finalisation report by 14 July 2026. This will allow their employees to complete their tax returns.

Please note that where fringe benefits are provided to employees and the taxable value of benefit provided exceeds \$2,000, the grossed-up value of the fringe benefit will be reported as a reportable fringe benefits amount (RFBA) through Single Touch Payroll reporting.

13. Trust distributions

Discretionary trusts are required to prepare and execute distribution minutes prior to 30 June for each financial year. The minutes specify how the income of the trust will be distributed to beneficiaries for the relevant financial year. Minutes must be prepared in accordance with the trust deed. For the distribution minutes to be effective, they must be prepared and executed by 30 June 2026.

14. Payroll tax and Fringe Benefits Tax (FBT)

Fringe benefits provided to employees may be subject to payroll tax in NSW where the benefits are taxable under the Fringe Benefits Tax Assessment Act 1986.

A fringe benefit generally arises where:

- a “payment” or benefit is provided to an employee in a form other than salary or wages; and
- the benefit is provided in respect of employment.

Common examples of fringe benefits include the provision of motor vehicles to employees or their associates.

We remind clients to declare taxable fringe benefits in their annual payroll tax return, using either:

- the actual method; or
- the alternative method, which is the simpler method as it is based on the FBT return immediately preceding the payroll tax annual return.

Tax matters for individual clients

1. Capital Gains

Level 4, 55 York Street
Sydney NSW 2000

GPO Box 5360
Sydney NSW 2001

email office@cdtl.com.au
ABN: 86 317 736 260

Liability limited by a scheme approved under Professional Standards Legislation

If you have capital losses (current year or brought forward) or current year capital gains, consideration may be given to advancing future gains or losses to offset the position.

Please note that non-residents are not entitled to the CGT discount or main residence exemption.

We also remind clients that disposing of one crypto asset in exchange for another crypto asset is generally a CGT event. The ATO has advised that they will be utilising crypto assets data-matching program for the 2026 year.

2. Working from home deductions

From the 2025-26 year onwards, there are two methods to calculate working from home deductions:

- fixed rate method
- actual cost method

A) Fixed rate method

Using the fixed rate method, taxpayers can claim a rate of 70 cents per hour they worked at home in the 2025-26 tax year. There is no requirement an employee to have a dedicated home office area to be able to claim under this method.

The fixed rate covers additional expenses incurred (from working from home) in relation to:

- Electricity/gas
- Internet usage
- Mobile phone/home phone
- Stationery and computer consumables

However, depreciation for assets used in home office (eg desk, chair, computer) are not included in the revised rate and can be claimed separately. You will need to keep records for any equipment purchased to work from home.

If you intend to use the revised fixed rate method to claim home office deductions in the 2025-26 year, you will need to calculate the actual number of hours worked for the entire year (from timesheets, rosters, diary or other similar documents).

In limited circumstances, where you have a dedicated home office, you may also be able to claim occupancy cost (such as rent, rates, mortgage interest).

To be eligible to claim occupancy expenses, you must show that:

- It was necessary for you to work from home because your employer does not provide you with an alternative place to work from
- The area in your home that you use for work is exclusive or almost exclusively used for work purposes and isn't readily capable of being used for any other purpose.

Please note that they may be CGT implications when you sell your home if you claimed occupancy expenses.

B) Actual Cost method

To be eligible to use the actual cost method, you must meet the following criteria:

- incur additional running expenses as a result of working from home
- keep records/written evidence which shows the amount you spend on expenses or depreciating assets used while working from home

Additional running expenses you may incur include:

- Depreciation for assets used such as home office furniture
- Electricity/gas
- Home phone, mobile, internet
- Stationery, computer consumables
- Cleaning costs of your dedicated home office area

You can't claim running expenses if the area you work from is shared by others while you are working from home.

To claim your work from home expenses using actual costs, you must keep either a record showing the number of actual hours you worked from home in the whole year (for example timesheet or spreadsheet) or a continuous 4 week period that represents your usual pattern of working at home.

3. Car expenses

To claim a deduction for car expenses, you must:

- own or lease the car *
- the expenses must be for work-related trips
- you must have spent the money yourself (and were not reimbursed)
- you must keep required records

**You cannot claim car expenses if the car you use is under a salary sacrifice or novated lease arrangement.*

There are two methods to calculate deductions for car expenses:

a) Cents per kilometre method

To calculate your deduction under this method, you multiply your work related kilometres by the rate per kilometre for that income year (in 2025-26, the rate is 88 cents per km). You can only claim a maximum of 5,000 work related kilometres per car.

Taxpayers need to keep a record of how they calculated the work-related kilometres.

b) Log book method

In order to use this method, you will need to keep a log book that shows your work-related trips for a continuous 12 week period and also keep receipts and other records of car expenses you paid during the financial year.

Log books are valid up to 5 income years. However, if your circumstances change (such as changing jobs or moving to a new house), and the log book is no longer representative of your work related use, you will need to keep a new log book.

Your log book must:

- cover at least 12 continuous weeks and be broadly representative of your travel
- include the destination and purpose of every journey, the odometer reading at the start and end of each journey, and the total kilometres travelled during the period
- include odometer readings for the start and end of the logbook period.

You can keep a log book using the myDeductions tool in the ATO app <https://www.ato.gov.au/online-services/online-services-for-individuals-and-sole-traders/ato-app/using-mydeductions/mydeductions> or keep a paper log book.

Under this method, the deduction for car expenses will be calculated by multiplying your business use percentage (determined from your log book), with your total expenses.

4. Tax deductible super contributions

If you wish to make tax deductible superannuation contributions to your fund, please note that payments must be made before 30 June 2026.

We recommend making the payment by 20 June 2026 to allow sufficient time for your superannuation fund to receipt your contribution by 30 June 2026 so that the contribution is counted towards your contribution cap for the 25-26 year.

If the contribution is received by your superannuation fund on or after 1 July 2026, the amount will count towards your 2026-27 year contributions cap. Please refer to page 1 regarding contribution caps for 2025-26 year.

You will also need to advise your superannuation fund that you would like to claim a tax deduction for this contribution by completing a 'Notice of intent to claim or vary a deduction for personal super contributions' form (NAT 71121).

If you wish to discuss any of the above matters, please contact our office.

Should you have any questions, please feel free to contact our office on 0402 277282 (Carl) and 0412 404128 (Tina).

Yours faithfully

CARL DUMBRELL & TINA LOH
Partners – CDTL Accountants & Advisors