



Practice Update

How to master employer obligations in 2025

Taxpayers who employ staff should remember the following important dates and obligations:

Fringe benefits tax ('FBT')

31 March 2025 marks the end of the 2024/25 FBT year. Employers should remember the following regarding their FBT tax time obligations.

- They should identify if they have provided a fringe benefit. If they have, they should determine the taxable value to work out if they have an FBT liability.
- They should lodge an FBT return and pay any FBT owed by 21 May 2025. If their registered tax agent lodges electronically for them, they have until 25 June 2025.
- They should keep the right records to support their FBT position.

Pay as you go ('PAYG') withholding

Taxpayers need to withhold the right amount of tax from payments they make to their employees and other payees, and pay those amounts to the ATO.

Single touch payroll ('STP')

Employers should finalise their STP data by 14 July 2025 for the 2024/25 financial year (there may be a later due date for any closely held payees).

Super guarantee ('SG')

- ◆ 28 January, 28 April, 28 July and 28 October are the quarterly due dates for making SG payments;
- ◆ The SG rate is currently 11.5% of an employee's ordinary time earnings. From 1 July 2025, it will increase to 12%.

Please read this update and contact this office if you have any queries

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- ◆ Taxpayers should ensure SG for their eligible employees is paid in full, on time and to the right super fund, otherwise they will be liable for the SG charge.

CGT withholding measures now law

The Government recently passed legislation making changes to the foreign resident capital gains withholding laws (among other changes).

*Editor: Foreign resident capital gains withholding is relevant for **all** vendors selling certain taxable real property (e.g., Australian land).*

*Even **Australian residents** can be caught by these laws because, if they do not have a valid 'clearance certificate' issued by the ATO at, or before settlement, tax must be withheld from the sale proceeds by the purchaser and paid to the ATO.*

The new legislation increases the foreign resident capital gains withholding rate to 15% (from 12.5%), and completely removes the threshold (currently \$750,000) before which withholding applies.

This means that all disposals of taxable real property are potentially subject to foreign residents' capital gains withholding requirements **regardless** of the market value of the CGT asset.

These amendments take effect from 1 January 2025.

ATO's tips to help taxpayers stay on top of their BAS

The ATO has the following tips to help taxpayers get their BAS right before they lodge:

- ❑ They should make sure they enter the figures for their obligations at the correct label, and only complete applicable fields.
 - ❑ If lodging online, or through a registered tax or BAS agent, they may be able to get an extra 2 or 4 weeks to lodge and pay.
 - ❑ If they have nothing to report for the period, they can lodge a 'nil' BAS online by selecting 'Prepare' and then 'Prepare as nil', or they can call the ATO's automated service "any time of the day".
 - ❑ If they made a mistake on their last BAS, instead of lodging a revision, they may be able to use their current BAS to fix it. For example, they can use label 1A to adjust GST on sales, or label 1B to adjust GST on purchases.
 - ❑ They can also use their BAS to vary an instalment amount.
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ATO debunks Division 7A 'myths'

Editor: The ATO has recently published a document 'debunking' various Division 7A 'myths'.

Division 7A of the tax legislation is intended to prevent profits or assets being provided to shareholders or their associates tax free.

A payment or other benefit provided by a private company to a shareholder or their associate can be treated as a dividend for income tax purposes under Division 7A, even if the participants treat it as some other form of transaction (such as a loan, advance, gift or writing off a debt).

Division 7A can also apply if a trust has allocated income to a private company but has not actually paid it, and the trust has provided a payment or benefit to the company's shareholder or their associate (as well as in other circumstances).

Myth 1: If I own a company, I can use the company money any way I like.

ATO response: A company is a separate legal entity, and there will be consequences every time the taxpayer takes money or accesses other benefits from their private company.

Myth 2: Division 7A only applies to the shareholders of my private company.

ATO response: Division 7A applies to both shareholders and their 'associates'. The definition of an 'associate' is broad.

Myth 3: I don't need to keep records when my private company makes payments, loans or provides other benefits to other entities.

ATO response: Taxpayers are legally required to keep records of all transactions relating to their tax affairs when they are running a business.

Myth 4: I can avoid Division 7A by temporarily repaying my loan before the private company lodges its tax return, and using the company's money to make my repayments.

ATO response: A repayment made on a loan may not be taken into account if similar or larger amounts are reborrowed from the same company after making the repayment.

Myth 5: There are no tax consequences if I use my private company's money to fund another business or income earning activity.

ATO response: Division 7A may apply to any loan a private company makes to its shareholders or their associates, regardless of what the loan recipient uses the amounts for.

ATO's notice of rental bond data-matching program

The ATO will acquire rental bond data from State and Territory rental bond regulators bi-annually for the 2024 to 2026 income years, including details of the landlord and tenant, managing agent identification details, and rental bond transaction details.

The objectives of this program are to (among other things) identify and educate individuals and businesses who may be failing to meet their registration or lodgment obligations.

The ATO expects to collect data on approximately 2.2 million individuals each financial year.

Study/training loans — What's new

The indexation rate for study and training loans is now based on the Consumer Price Index ('CPI') or Wage Price Index — whichever is lower.

This change has been backdated to indexation applied from 1 June 2023 for all HELP, VET Student Loan, Australian Apprenticeship Support Loan, and other study or training support loan accounts.

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Consequently, indexation rates for 2023 and 2024 have changed to:

- ❑ 3.2% for 1 June 2023 (reduced from 7.1%);
and
- ❑ 4% for 1 June 2024 (reduced from 4.7%).

Individuals who had a study loan that was indexed on 1 June 2023 or 1 June 2024 do not need to do anything.

Individuals whose study loan is in credit after the adjustment may receive a refund for the excess amount to their nominated bank account, if they have no outstanding tax or Commonwealth debts

Please note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.