

THE ROUND UP

The important details for accountants & advisers to June 2025.

What did I miss?

Changes that apply from 1 July 2025

As the 2025 income year comes to an end, the ATO is reminding taxpayers and practitioners of changes that come into place from 1 July 2025.

The superannuation guarantee rate will increase from 11.5% to 12% from 1 July 2025, the last in a series of increases that have been made to the SG rate in recent years.

The car limit for the 2025-26 year has been changed to \$69,674 and this is used when determining tax depreciation deductions and GST credits for clients who acquire luxury cars. From 1 July 2025, the luxury car tax threshold for fuel-efficient vehicles is \$91,387, and \$80,567 for all other luxury vehicles. The definition of fuel-efficient vehicles will also change from 1 July 2025.

The \$1,200 threshold for reporting back payments as Lump Sum E amounts through Single touch payroll will also be removed from 1 July 2025.

Finally, remember that GIC and SIC amounts incurred from 1 July 2025 will no longer be deductible. Clients with existing tax debts might find that the after-tax cost of these interest charges increases significantly from 1 July 2025 and might want to explore options for paying down ATO debt as soon as possible.

As change occurs, we'll keep you posted through Knowledge Shop's social media accounts – [twitter](#), [facebook](#) and [Linkedin](#).

Tax Adviser, Knowledge Shop

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Coming Up...

PSI Minefield Webinar How to avoid the PSI trip hazards Register.	10 July 2025 More
Tax concessions for SBEs and medium business clients Concessions for different sized businesses – how ‘small’ must the business be? Register.	17 July 2025 More
Dealing with Employee Share Schemes Applying the tax rules for employees and managing employer obligations Register.	24 July 2025 More
SMSF Residency Webinar SMSF Residency: Legal Risks, Rules, and Remedies Register.	13 August 2025 More
Extracting profits and gains from a company Unlock tax-smart strategies for extracting company wealth and avoiding costly wind-up pitfalls Register.	28 August 2025 More
'How To' Tuesdays Series 4 When you've had enough of theory Register.	Jul-Dec 2025 More
SMSF Training Web Package Practical. Flexible. Trusted. Register.	Jul-Sep 2025 More

From the Regulators

NFP extended deadline

The ATO has extended the deadline for not-for-profit (NFP) entities which self-assess their status as income tax exempt entities to update their governing documents to 30 June 2026 (previously 30 June 2025).

The NFP self-review return asks if the organisation has and follows clauses in its governing document that prohibit the distribution of income or assets to members while it is operating and winding up.

To access this extension, clients must answer ‘Yes’ to the question in the return about the NFP’s governing documents. If you answer ‘No’, the NFP will become taxable.

More information

[More time to update your NFP's governing documents](#)

Changes to car thresholds from 1 July 2025

The ATO is reminding taxpayers of the new car thresholds that apply for the 2025-26 financial year.

The car limit for tax depreciation and GST credit purposes for 2025–26 is \$69,674. This is the highest value you can use to calculate depreciation on a car where the car is used for business or other income producing purposes, and the car is first used or leased in the 2025-26 income year.

Where the purchase price of the car is over the car limit, the maximum GST credits that can be claimed (unless a specific exception applies) is 1/11th of the car limit. For 2025–26, this is \$6,334 (1/11 × \$69,674).

The thresholds for luxury car tax (LCT) also change for the 2025-26 year and will be:

- \$91,387 for fuel-efficient vehicles
- \$80,567 for all other vehicles that fall within the scope of the LCT rules

From 1 July 2025 the definition of a fuel-efficient vehicle will also change, which means that a car will only qualify for the higher LCT threshold if it has a fuel consumption that does not exceed 3.5 litres per 100km (this was 7 litres per 100km before 1 July 2025). The indexation rates applying to the thresholds for fuel-efficient vehicles and other vehicles will be aligned.

More information

[Changes to car thresholds from 1 July](#)

ATO impersonationscams

The ATO is warning clients about ATO impersonation scams as tax season approaches.

ATO impersonation email scam reports have increased by over 300% since the same time last year.

Scammers take advantage of taxpayers as the financial year ends by sending fake messages purporting to be the ATO to try to steal contact details and personal information.

Three steps to protect against scammers:

1. **Stop:** Never share your MyID or ATO online services login. Only share personal information, such as your tax file number (TFN) or bank account details, if you trust the person and they genuinely need them. If in doubt, don't disclose anything.
2. **Check:** Take a moment to check. Ask yourself if it could be fake? Is it really the ATO? If a link or QR code is directing you to provide information or to log into an online portal don't click on it.
3. **Protect:** If something doesn't feel right or you notice unusual activity, act quickly.

The ATO is also reminding taxpayers that while they may send SMS texts or emails asking you to contact them, they will never send unsolicited messages with links asking for personal information or to log in to online services. Further, the ATO will never use social media accounts (Facebook, Instagram, X and LinkedIn) to request personal information, documentation or for payments.

More information

[Scam emails – real consequences](#)

[Scam emails. Real consequences](#)

[Scam emails. Real consequences.](#)

[A second of caution can safeguard your future](#)

Upcoming employer obligations

As the end of the financial year approaches, the ATO is reminding employers of upcoming key dates:

- **Super guarantee (SG)** - Pay all SG contributions by **28 July** in full, on time and to the right fund. For the quarter ending **30 June**, apply the 11.5% SG rate for salary and wage payments made before 1 July.
- **Super guarantee rate** - Increases to 12% on **1 July**. This rate applies for payments of salary and wages to eligible workers on and after 1 July, even if some or all of the pay period it relates to is before 1 July.
- **Pay as you go (PAYG) withholding** – From **1 July**, some withholding schedules and tax tables will be updated, but not all. Update payroll software to withhold, report and pay the correct amount of tax.
- **Single touch payroll (STP) reporting** – complete a STP finalisation declaration by **14 July**.
 - Lodge a finalisation declaration for all employees paid and reported through STP so they have the right information to lodge their income tax returns.
 - Finalise all employees paid in the financial year, even those you haven't paid for a while, like terminated employees.
 - If you change payroll software providers, finalise your records before you change.

More information

[Take charge of your upcoming employer obligations](#)

SMSF annual return

The ATO has updated the form and instructions for the self-managed superannuation fund (SMSF) annual return for the 2025 income year.

More information

[Self-managed superannuation fund annual returns](#)

[Self-managed superannuation fund annual return instructions](#)

- Individuals and small businesses (including sole traders and trusts) that may already have a lodgment deferral for the 2023–24 income tax return; or May activity statement lodgment obligation, may lodge up to 26 June.

The deferred lodgment dates apply automatically for agents and taxpayers that are identified as residing within the declared areas, only for those lodgments as listed above. There is no requirement to contact the ATO regarding the deferral.

There's an indicator on the accounts of affected clients, which you can identify by running an on-demand Outstanding Lodgment Report for either Income Tax or Activity Statements in Online services for agents, or through practice management software.

This does not affect the payment due date for these obligations, which has not changed. General interest charge (GIC) will apply if a payment is not made by the original payment due date. While it is possible to ask the ATO to remit GIC amounts, this is considered on a case by case basis and there are no guarantees of this occurring.

More information

[Flexible lodgment for those affected by NSW floods](#)

[Natural disaster support - Natural disaster - Services Australia](#)

SG rate increase

The super guarantee (SG) rate will increase to 12% on 1 July 2025 and applies for all salary and wages paid to eligible workers on and after 1 July. This is the final scheduled increase to the SG rate.

The increased rate of 12% will apply even if some or all of the pay period it relates to is before 1 July.

The next quarterly due date is 28 July. Contributions must be paid at least quarterly, but can be paid more frequently.

Deductions aren't available for SG contributions until they are actually paid. If the employer misses the due date this triggers SGC and the employer loses any ability to deduct amounts paid under the SGC system.

More information

[The final SG rate increase is coming on 1 July](#)

NSW floods lodgment dates

Clients who have been affected by the recent NSW floods and who are within the declared natural disaster area as per Services Australia, will have until 26 June to lodge the following obligations:

- May monthly BAS with an original due date of 21 June
- Income tax returns for the 2023–24 income year for individuals and small businesses (including sole traders and trusts), with a current lodgment due date between 29 May and 26 June 2025

Monthly exchange rates

The ATO has updated the monthly foreign exchange rates to include monthly rates for May and June 2025.

More information

[Monthly exchange rates for 1 July 2024 to 30 June 2025](#)

Top 500 groups – when to seek advice

The ATO is reminding Top 500 private groups to seek the input of expert advisers when necessary to make sure the correct tax treatment is being applied.

Having a documented procedure in place explaining when, and how, a Top 500 group should seek external advice is Principle 3 of the ATO's [Seven principles of effective tax governance](#).

The ATO recommends that groups have documented processes to:

- Identify the escalation thresholds, including quantitative and qualitative factors, for when you should seek external advice
- Inform your advisers of any significant changes within your group, or any new, or atypical transactions
- Make sure the facts and assumptions underpinning the advice you receive are always based on accurate and current information
- Consider ATO published guidance and advice
- Know when, and how, you should engage with the ATO directly and, where pre-lodgment positions are agreed to, lodge in accordance with that position.

More information

[Top 500 private groups - know when to seek the right advice](#)

Bendel update

On 12 June 2025, the High Court of Australia granted the ATO special leave to appeal the decision in the Bendel case which deals with the issue of whether unpaid distributions owed by a trust to a private company should be treated as loans for Division 7A purposes.

As published in the Interim Decision Impact Statement, the ATO will continue to administer the law in accordance with the views that are set out in TD 2022/11 while waiting for the High Court's decision.

The ATO will not be granting a blanket extension of time for affected companies for lodgments of tax returns during this period.

More information

[Updated: DC Louise Clarke discusses Bendel decision](#)

Lump Sum E threshold removed

The ATO is reminding taxpayers that from 1 July 2025, the \$1,200 threshold for reporting Lump Sum E amounts through STP will be removed.

From 1 July 2025 clients will need to report all back payments which accrued more than 12 months ago as Lump Sum E in their STP, regardless of the amount.

More information

[The way you treat and report back payments is changing](#)

Client list

The ATO is reminding practitioners to review their client lists to ensure that any new clients are added and old clients are removed.

This is to ensure that new clients are covered by the ATO's lodgment program, the ATO doesn't contact you about previous clients, and the lodgment performance percentage is accurate.

Old clients need to be removed using the Online services for agents or the Practitioner lodgment service. Simply lodging a final return or advising that further returns are not necessary, doesn't remove a client from the list.

Before removing a client from your client list, practitioners must remove their details from the records including removing the practice's details.

More information

[Review your client list](#)

Trustee declarations for SMSFs

The ATO is reminding trustees of self-managed super funds (SMSFs) of their obligations around trustee declarations.

Trustees and directors of corporate trustees must complete a separate trustee declaration within 21 days of starting their role as a trustee (or director of a corporate trustee) to declare they understand their obligations and responsibilities.

Trustees must keep the completed trustee declaration for the longer of while they are trustee, or for 10 years.

It is the trustee's responsibility to make sure the fund is run for the sole purpose of managing superannuation for its members, including:

- Protecting super assets in the fund
- Making decisions in the interest of members
- Making sure all actions taken are allowed under super laws
- Implementing and regularly reviewing the SMSF's investment strategy.

Additionally, there are a range of administrative responsibilities when running an SMSF including:

- Keeping records for required timeframes
- Appointing an SMSF auditor each year
- Lodging the SMSF annual return by the due date
- Notifying the ATO of changes to the SMSF.

More information

[Trustee declaration - get it right](#)

Transfer balance account reports

All SMSFs must report relevant transfer balance account (TBA) events using a transfer balance account report (TBAR). All events must be reported regardless of the member's total superannuation balance.

TBARs for the June quarter are due by 28 July. If no TBA event occurred during the quarter, no lodgment is required.

If an SMSF does not lodge a TBAR by the due date, it may result in compliance action and penalties and could also negatively impact the member's transfer balance account.

More information

[TBAR for June quarter due 28 July](#)

Work-from-home questions

The ATO has provided answers to some common work-from-home questions for the 2025 year. A summary of the key issues is below.

1. What is the fixed rate for Tax Time 2025?

The fixed rate for the 2024–25 income year is 70 cents per hour worked from home. This rate can change and was 67 cents per year for the 2023-24 income year.

2. Is there a minimum number of hours to qualify for a working from home (WFH) deduction?

There is no minimum number of hours required to claim a WFH deduction. To claim these expenses, the client must:

- Be working from home to fulfil their employment duties, not just carrying out minimal tasks, like checking emails or taking calls
- Incur some additional running expenses because of working from home
- Have records that show they incurred these expenses.

3. What types of records do taxpayers need to prove their 'total hours worked from home'?

To use the fixed rate method, clients need to have records that show all of their hours worked from home between 1 July 2024 and 30 June 2025, including start and finish times for each day worked from home. This can be recorded through a diary, spreadsheet, rosters, or timesheets.

The record of hours must be made at the time they work from home or as soon as possible afterwards. Estimates or representative records are not accepted.

If using the actual cost method, clients will need a record showing a continuous 4-week period that represents their usual pattern of working at home, such as a diary.

4. What is a practical way to prove work use of my phone?

If your client is planning to use the actual cost method to claim their working from home expenses, they will need to calculate their work-related percentage of phone calls and data usage on a reasonable basis.

Keeping a spreadsheet or diary for a continuous 4-week period is the easiest way to work out the deduction. This can be paper or electronic records that show how they calculated the percentage of work-related use (e.g. number of phone calls made, or time spent using the internet for work versus private use).

5. Can an employee claim rent as part of the actual cost method if they work from home full time?

An employee working from home generally can't claim occupancy expenses such as rent, insurance, or mortgage interest, except in limited circumstances where they have an area of their home set aside as a 'place of business'.

If clients are able to claim a deduction for occupancy expenses, this can prevent them from accessing a full CGT exemption under the main residence rules on sale of the property.

More information

[Your top 5 work-from-home questions](#)

Rulings, Determinations & Guidance

Simplified GST accounting methods

The ATO has issued a draft legislative instrument *A New Tax System (Goods and Services Tax) (Simplified Accounting Methods - Government Entities Selling Food in Prisons and Detention Institutions) Determination 2025*, which allows certain government entities that sell food in prisons to use a simplified GST accounting method.

The draft legislative instrument will replace the earlier *A New Tax System (Goods and Services Tax) Act 1999 Simplified GST Accounting Method Determination (No.*

28) 2015.

More information

[LI 2025/D8](#)

GST extensions of time for adjustment notes

The ATO has issued a draft legislative instrument *A New Tax System (Goods and Services Tax) (Extension of Time to Issue an Adjustment Note – Electricity Distributors and Public Utility Providers) Determination 2025*, which extends the time for public utility providers or electricity distributors to issue adjustment notes.

More information

[LI 2025/D9](#)

Attribution rules for copyright owners

The ATO has issued a draft legislative instrument *A New Tax System (Goods and Services Tax) (Attribution Rules – Supplies and Acquisitions Relating to Collecting Societies) Determination 2025*, which sets out attribution rules made by copyright owners and collecting societies under the *Copyright Act 1968*.

More information

[LI 2025/D10](#)

PAYG withholding schedules for 2025-26

The ATO has issued a draft legislative instrument *Taxation Administration (Withholding Schedules) Instrument 2025*, which includes 15 schedules that specify the amounts, formulas and procedures to be used for working out the amount to be withheld by an entity from a withholding payment under the PAYG system.

The instrument applies from 1 July 2024. It repeals and replaces the *Taxation Administration (Withholding Schedules) Instrument 2024*.

There are no updates to 11 of the schedules from the 2024 instrument. The following four schedules were updated in the new instrument:

- Schedule 5 was updated to remove the \$1,200 lump sum E threshold, in line with changes that apply from 1 July 2025.
- Schedule 8 was updated to reflect changes in repayment income thresholds for study and training support loans.
- Schedule 12 was updated to account for the annual indexation to the untaxed plan cap.
- Schedule 13 was updated due to the indexation of the general transfer balance cap and the defined benefit income cap amount.

More information

[LI 2025/9](#)

Central management and control test

The ATO has updated PCG 2018/9 which provides practical guidance to assist foreign-incorporated companies determine whether they should be classified as residents of Australia for income tax purposes under the central management and control test in section 6(1) of the ITAA 1936.

The ATO has inserted a new paragraph 5D which provides guidance for public companies that are required to produce a Consolidated Entity Disclosure Statement (**CEDS**) in annual financial reports. The CEDS requires disclosure of both the Australian and foreign tax residency position of the company and its subsidiaries in annual financial reports for each financial year commencing on or after 1 July 2023.

A company will not be considered 'low-risk' under the PCG if the company self-assesses and reports as a non-resident for Australian tax purposes but has inconsistently reported as an Australian tax resident in the CEDS. This applies for financial years commencing on or after 1 July 2024. The update reflects amendments in the *Treasury Laws Amendment (Fairer*

for Families and Farmers and Other Measures) Act 2024.

More information

[PCG 2018/9 - Update](#)

GST input tax credits for second-hand goods

The ATO has issued a draft legislative instrument A *New Tax System (Goods and Services Tax) (Acquisitions of Second-hand Goods) Determination 2025*, which allows GST-registered entities to apply a global accounting method for acquisitions of certain specified second-hand goods.

The global accounting method in Subdivision 66-B pools notional GST credits for eligible acquisitions and offsets them against GST payable on subsequent sales for the second-hand goods.

Once finalised, the Instrument replaces the previous determination set to sunset on 1 October 2025, and has the same substantive effect as the one it is replacing.

More information

[LI 2025/D11](#)

Simplified accounting method for supermarkets and convenience stores

The ATO has issued a draft legislative instrument A *New Tax System (Goods and Services Tax) (Simplified Accounting Methods - Supermarket and Convenience Stores) Determination 2025*, which continues to allow eligible supermarkets and convenience stores to apply a simplified accounting method (**SAM**).

The SAM allows input tax credits to be calculated by subtracting the estimated GST-free acquisitions from total acquisitions and multiplying the result by 1/11th. GST-free acquisitions are estimated by applying the percentage representing the GST-free portion of sales to total acquisitions (trading stock only) for each Business Activity Statement period.

The instrument also sets out the eligibility criteria for entities including that they are registered, with GST turnover not exceeding \$2 million, less than 5% of total consideration is for goods that are taxable supplies or GST-free, and possesses adequate point-of-sale equipment.

More information

[LI 2025/D12](#)

Additional time for registration of foreign acquisitions

The ATO has issued a draft legislative instrument *Foreign Acquisitions and Takeovers (Register Notices – Extensions of Time) Instrument 2025*, which allows the Registrar of the Register of Foreign Ownership of Australian Assets to extend the period for foreign persons to register acquisitions or disposals of interests in Australian assets.

Currently, foreign persons acquiring interests in Australian land, water, entities, businesses, or other assets are required to notify the Commissioner of Taxation (acting as the Registrar) within 30 days of the relevant event. These notifications are recorded in the Register of Foreign Ownership of Australian Assets.

Under the draft instrument, the Registrar can extend the 30-day notification period by any number of days and to grant multiple extensions as necessary.

The Explanatory Statement also provides examples which illustrate scenarios where extensions might be appropriate, such as companies engaged in complex transactions, facing administrative delays, or newly aware of their registration obligations.

More information

[LI 2025/D13](#)

[LI 2025/D11 - Explanatory Statement](#)

Part IVA and ESIC arrangements

The ATO has issued TD 2025/3 which explains that the general anti-avoidance rules in Part IVA may apply to certain early stage innovation company (ESIC) investment arrangements, particularly those involving circular financing schemes designed to exploit the ESIC tax offset.

These arrangements, as outlined in Taxpayer Alert TA 2024/1, typically involve promoters facilitating investments where funds are circulated back to investors, allowing them to claim tax offsets with minimal financial risk.

The determination provides that if Part IVA applies to an arrangement, the usual two-year amendment period may be extended to four years, enabling the Commissioner to review and amend returns accordingly.

More information

[TD 2025/3](#)

Reasonable travel and overtime meal allowances amounts

The ATO has issued TD 2025/4 which sets out the reasonable amounts for the substantiation exception in Subdivision 900-B of the *Income Tax Assessment Act 1997* for the 2025-26 income year in relation to claims made by employees for:

- Overtime meal expenses – for food and drink when working overtime
- Domestic travel expenses – for accommodation, food and drink, and incidentals when travelling away from home overnight for work (particular reasonable amounts are given for employee truck drivers, office holders covered by the Remuneration Tribunal and Federal Members of Parliament)
- Overseas travel expenses – for food and drink, and incidentals when travelling overseas for work.

More information

[TD 2025/4](#)

Interim decision impact statement – Hall and Commissioner of Taxation [2025] ARTA 600

The ATO has issued an Interim decision impact statement that outlines the ATO's response to the Tribunal's decision in *Hall and Commissioner of Taxation* [2025] ARTA 600.

In that case, the ART allowed home office and car expense deductions to be claimed by a taxpayer who was required to work from home during COVID-19.

The ATO is of the view that the mere fact that a room in the house has been set aside during the circumstances of COVID-19 lockdowns for work purposes is not sufficient to enable a deduction for a portion of the rent.

As for travel expenses, the mere fact that an employee undertakes some work duties at home does not make expenses incurred when travelling to their regular place of work deductible. This is because these expenses are not incurred in gaining or producing assessable income as they are a prerequisite to earning assessable income. In the ATO's view, this treatment will not change even if the travel occurs during work hours. They do not consider that the circumstances of COVID-19 lockdowns requiring some work to be undertaken at home changes this outcome.

Until the appeal process is finalised, the ATO will continue to administer the law in accordance with its current views which are contained in:

- Taxation Ruling TR 93/30 *Income tax: deductions for home office expenses*
- Taxation Ruling TR 2021/1 *Income tax: when are deductions allowed for employees' transport expenses?*
- *Employees guide for work expenses*.

More information

[Hall and Commissioner of Taxation \[2025\] ARTA 600 \(Published 25 June 2025\)](#)

Cases

FBT on luxury cars provided to directors

The Federal Court has allowed the ATO's appeal of the AAT decision in *BQKD v FC of T* [2024] AATA 1796, holding that the non-cash benefits provided to the directors of a trustee company were provided in respect of their employment and this could trigger fringe benefits tax (FBT).

The company in question acted as corporate trustee for a trust which operated a family business, with three brothers acting as directors and shareholders of the corporate trust. They were also potential beneficiaries of the trust.

There was no written employment contract entered into by the three brothers and the trust and the trust didn't pay them any cash salary or wages for work they performed in the business. The trust tended to make distributions to family trusts controlled by the brothers each year. The trust also made superannuation contributions in respect of the brothers over the years.

The company owned more than 40 luxury and high performance motor vehicles and made these available for the three brothers for both private and business use. For the 2016 to 2020 FBT years, the Commissioner assessed the trustee for FBT in connection with the use of these vehicles.

At first instance, in *BQKD and FCT* [2024] AATA 1796, the AAT concluded that the directors were not employees of the trust under general principles and that the non-cash benefits were not subject to FBT. Further, the AAT held that the benefits were not provided in connection with employment because the brothers were accessing the benefits on the basis that they genuinely believed they were entitled to them as beneficiaries.

The Commissioner appealed the decision to the Federal Court. The Federal Court allowed the Commissioner's appeal, finding that the FBT legislation contains some specific provisions which need to be considered in determining whether an individual is classified as an employee for FBT purposes. The key

provision in this case was section 137(1) of the FBT Act, which can apply to treat someone as an employee for FBT purposes even if they don't receive any cash salary or wages, but they receive non-cash benefits which would be classified as salary or wages if provided in cash form.

The Federal Court found that the brothers were directors of the trustee company, they performed a significant amount of work in the business and received benefits in connection with this work. As a result, they should be treated as employees for FBT purposes and the objective evidence indicating that the benefits were provided to them in connection with this deemed employment relationship. The Court confirmed that this requires an analysis of objective evidence, rather than looking at the subjective views of the brothers.

This is a common issue, especially when it comes to private groups where the owners might operate in a number of different capacities. We often need to consider whether someone is receiving a benefit in their capacity as an employee or director or in their capacity as a shareholder or beneficiary of the entity, which can then impact on whether the benefit is subject to FBT or Division 7A and can also impact on deductions and GST credits that can be claimed.

More information

[Commissioner of Taxation v SEPL Pty Ltd as trustee of the SFT Trust \[2025\] FCA 581 \(5 June 2025\)](#)

Travel not undertaken while on duty

The ART determined that the taxpayer, who was a salaried employee of a major oil and gas company, was not entitled to claim deductions for travel expenses incurred while commuting between various locations and his primary workplace.

Although the taxpayer resided in Queensland and occasionally worked from home or the employer's Perth office, his main employment duties commenced upon arrival at the offshore facility and concluded upon departure. Consequently, travel undertaken outside this period, including trips to Broome, Perth,

Brisbane, and time spent in quarantine in Darwin, was considered outside the scope of his employment duties. Therefore, the associated expenses were deemed non-deductible.

The ART also denied deductions for the depreciation of an Omega watch and a toolbox, as these items were not sufficiently linked to the performance of the taxpayer's employment duties. However, the Tribunal allowed the full claim for home office expenses, overturning the initial decision to permit only 50% of the claimed amount.

More information

[CBRX and Commissioner of Taxation \(Taxation and business\) \[2025\] ARTA 768 \(16 June 2025\)](#)

Non-resident despite Australian connections

The ART has varied an ATO objection decision, deciding that the taxpayer was not a resident of Australia for the 2014 income year and was therefore not liable for administrative penalties or shortfall interest charges for that year.

The taxpayer held executive positions with a company which had business interests in China, where he lived, until he departed in February 2015.

While the ATO had concluded that the taxpayer was a resident of Australia while working in China, the ART disagreed, despite the fact that the taxpayer maintained some strong ties to Australia. His significant physical absence and establishment of a permanent place of abode in Shanghai indicated he had abandoned his Australian residence.

While the taxpayer maintained some connections to Australia, the Tribunal found that these ties were primarily for the convenience of his family residing in Melbourne.

In relation to some factors which ordinarily suggest an ongoing connection with Australia, the Tribunal held that they did not weigh significantly in favour of finding a connection with Australia in this case:

- **Bank Accounts:** The taxpayer maintained joint Australian bank accounts with his wife, necessary for family expenses in Melbourne. His income came from OnCard, and he used company products instead of opening Chinese bank accounts. He also had a Hong Kong-issued credit card.
- **Health Insurance:** The family's Australian private health insurance covered the taxpayer, though his wife and children made more claims than he did. The ATO couldn't prove that removing him from the policy would have reduced costs.
- **Driver's Licence:** The taxpayer kept his Victorian driver's licence (useful for Australia visits) while also holding a Chinese licence and having access to vehicles in Shanghai.
- **GPO Box:** He retained a Melbourne PO Box due to concerns about China's mail system, with a friend forwarding contents digitally.
- **APEC Card & Residency:** Despite a 60-day limit per visit, he managed to stay in China long-term (2009–2015) due to his executive roles with OnCard and subsidiaries, without a fixed-term contract.

Ultimately, the Tribunal found that the Applicant was not a resident for the 2014 year.

More information

[Abotomey and Commissioner of Taxation \(Taxation and business\) \[2025\] ARTA 719 \(10 June 2025\)](#)