

**CARBONI & CO**  
 CHARTERED ACCOUNTANTS



“Making Your Business Count”

**1. Tax Planning Tips**

As we approach the end of the financial year, it is always a good time to take a look at tax planning strategies to reduce the final year-end tax bill. **Recent budget announcements may affect future concessions and planning opportunities pending legislation being finalised.**

Common strategies to reduce tax include the following:

<b>Deferring Income</b>	<p>Most taxpayers will not be assessed on income until received, consider delaying the receipt of income until next financial year.</p>
<b>Increase Expenditure</b>	<p>Individual taxpayers may claim an immediate deduction for items costing less than \$300 provided used predominantly to earn non-business income (e.g., salary/wages). e.g., tools.</p> <p>If spend more than \$300, generally claim only depreciation on work related equipment over useful life of asset. Claim for first tax year apportioned based on number of days owned during year.</p> <p>Small businesses, with aggregated turnover of less than \$10 million, <b>are able to immediately deduct the full cost of eligible assets costing less than AUD\$20,000 that are first used or installed ready for use from 1 July 2023 onwards.</b> The current limit of \$20,000 for Instant Asset Write Off will be made permanent (Not yet law).</p> <p>Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year after that.</p> <p><b>If intend to purchase asset costing &lt;\$20,000, purchase before 30 June 2026 and install ready for use so can obtain deduction.</b></p> <p>Note passenger vehicles limited to claim for \$ 69,674 being ATO imposed cost limit.</p> <p>Eligible assets egs - cars, vans, kitchens, machinery, etc. Not eligible items are stock, software for business and Marketing costs.</p>

<p><b>Prepayments and Accelerated Deductions. (small business)</b></p>	<p>For small business taxpayers (i.e., turnover &lt;\$50 million), consider claim a deduction for payments in advance where</p> <ul style="list-style-type: none"> <li>• Less than \$1,000;</li> <li>• Under contract for service (e.g., salary and wages);</li> <li>• Services received within 13 months.</li> </ul> <p>Employee/Directors bonuses are deductible if incurred by the year end 30 June 2026 if evidence of intention to pay – i.e., passing of resolution/ minute.</p>
<p><b>Defer Capital Gains Tax</b></p>	<p>Capital Gains are taxed in the year when contracts are exchanged (not settled).</p> <p>If expecting a large capital gain from the sale of property or shares, consider the following to reduce possible tax:</p> <ul style="list-style-type: none"> <li>• delaying the exchange of contracts until the next financial year to defer any tax payable.</li> <li>• selling non-performing shares for a capital loss to offset against any capital gain.</li> <li>• consider (if you have them) capital losses available from prior years to offset against gains. (Excludes losses from collectables);</li> </ul> <p>Ensure Property or shares held for at least 12 months to access the 50% general discount for individuals (if eligible for discount); 1/3% discount for superannuation funds. Note this may change in future.</p>
	<p><b>There have been changes to CGT due to come into effect 1 July 2027. These are not law yet</b></p>
<p><b>Superannuation Deductions</b></p>	<p>For employers, to ensure superannuation for the quarter ended 30 June 2026 is tax deductible, must be paid before 30 June 2026. (These are known as concessional contributions)</p> <p>For employees (in particular those nearing retirement), consider salary sacrificing additional superannuation contributions which are taxed in a complying superfund at 15%.</p> <p>Employees can now claim a tax deduction for personal superannuation contributions made to the fund , up to cap limit (\$30,000pa).</p>

Suite 67, 42-46 Wattle Rd BROOKVALE NSW 2100  
 PO Box 423 SEAFORTH NSW 2092  
 Ph: (02) 99072985 Email: enquiry@carbonico.com.au  
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	<p><b>Note only contributions made to fund by 30 June 2026 are claimable as tax deduction in the 2026 tax return. Consider paying before 23 June 2026 to reach the Super Fund in time.</b></p> <p>Employer contributions count towards this limit. If exceed the concessional cap limit, additional tax may be payable.</p> <p>Individuals who are aged between 67 and 74 will need to meet the work test to be eligible to claim the deduction. The work test requires persons to work at least 40 hrs in 30 consecutive days during financial year.</p> <p>Please note that in considering making a concessional contribution for year end 30 June 2026, if you earn more than \$250K, additional tax is payable on concessional contributions at 15%.</p> <p>The law requires that a personal super contribution deduction can only be claimed where an individual has received an acknowledged notice of intent from their super fund prior to lodging their income tax return.</p> <p><b>A Notice of intent to claim or vary a deduction for personal superannuation contributions form must be lodged with the fund and acknowledgment received prior to lodging 2026 personal tax return and no later than 30 June 2027.</b></p> <p>From 1 July 2025 the Superannuation Guarantee Charge is 12%.</p>
<p><b>Non Concessional Super Contributions and Bring Forward Rule</b></p>	<p>Non concessional contributions are those to which no tax deduction is claimed for these when made to fund.</p> <p>Limits for non-concessional contributions for year end 30 June 2026 is \$120,000 per person. Excess contributions may attract more tax.</p> <p>Under Bring Forward rules, if you are aged under 75 years of age, you can bring forward total of 3 years non-concessional contributions in one year, and that translates into non-concessional super contributions of \$360,000 for the 2025/2026 year), before you would exceed the non-concessional cap (if your total super balance on 30 June of the previous financial year is less than \$1.76 million).</p>

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	<p>Caution required under bring forward rules required to ensure do not exceed cap limits due to prior contributions.</p>
<b>Super Co-Contributions</b>	<p>For taxpayers with assessable income &lt;\$47,488 per year, the Government will contribute 50c for each \$1 of after-tax contributions by taxpayers, up to a \$500 maximum co-contribution. Super co-contributions extend to the self-employed.</p> <p>Co-contributions reduces if income &gt; \$47,488 and phases out at \$62,488.</p>
<b>Spouse Super Rebate</b>	<p>A taxpayer can receive a tax rebate of up to \$540 for super contributions made for a spouse who has income &lt;\$40,000.</p> <p>Rebate is 18% of contribution amount up with max contribution \$3,000.</p>
<b>Bad Debts</b>	<p>Write off bad debts before 30 June 2026 to obtain a tax deduction.</p> <p>To be validly claimed the debt must have previously been included as assessable income and written off in the debtors' ledger.</p>
<b>Transition to Retirement Pension and retirement pension</b>	<p>Once preservation age is reached transition to retirement income streams are a measure that allow individuals who have reached preservation age to access their superannuation benefits and continue working.</p> <p>The total payments made in a financial year must be no more than 10 per cent of the account balance as at 1 July of each year.</p> <p>From the age of 55 years – age 59 the taxable component included in assessable income and taxed at marginal tax rates with 15 per cent tax offset.</p> <p>From age 60 pensions are Tax-free.</p> <p>Effective 1 July 2017, the tax exemption on earnings within TTR pension account will be removed for recipients who have not yet retired.</p> <p>Ensure the minimum required pension has been met.</p>

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	<p>Consider effect of contributions towards new maximum limit of \$2 Million allowed in pension balance from 01 July 2025. The maximum limit increases to \$2.1m from 1 July 2026.</p> <p><i>From 1 July 2026, the transfer balance will increase to \$2.1 million dollars. Therefore, if individual is thinking about starting retirement phase income stream, they can put \$100,000 more into tax-effective pension if they delay their pension to start from 1 July 2026 (cap \$2.1m) than if they commence before then (cap \$2m).</i></p>
<b>Re-contribution strategy</b>	<p><b>How the bring-forward arrangement works from 1 July 2025</b></p> <p>The amount of the non-concessional contributions cap you can bring forward is either:</p> <ul style="list-style-type: none"> <li>• 3 times the annual non-concessional contributions cap over 3 years (that is, \$360,000) if your total super balance on 30 June of the previous financial year is less than \$1.76 million</li> <li>• 2 times the annual cap over 2 years (that is, \$240,000) if your total super balance on 30 June of the previous financial year is above \$1.76 million and less than \$1.88 million</li> <li>• \$1.88 to \$2 million – only one year contribution can be made for that year (\$120,000)</li> </ul> <p>This measure may provide the opportunity for individuals to increase their superannuation savings into super which is a tax-effective environment.</p> <p>If member is reaching the cap, by withdrawing monies from super and recontributing non-concessional contributions to their spouse (equalise balances) individuals may potentially increase the amount deposited in tax-free pension as a couple.</p>
<b>Trust Distribution Resolutions</b>	<p>Due to recent court cases, the ATO now requires trust distributions for the 2026 year to be made before 30 June 2026. Should the ATO determine that inadequate steps were taken by the required date, they may tax the income of the trust for 2026 at 47%.</p>

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<p><b>First Home Super Saver Scheme</b></p>	<p>The FHSS Scheme allows you to save money for a first home inside your superannuation fund. The scheme provides concessional tax treatment within super.</p> <p>From 1 July 2017 you can following voluntary contributions into your super fund to save for your first home:</p> <ul style="list-style-type: none"> <li>• Concessional contributions – including salary sacrifice amounts or contributions for which a tax deduction has been claimed. These are taxed at 15%.</li> <li>• Non-concessional contributions – these are made after tax or where a tax deduction has not been claimed.</li> </ul> <p>You can apply for the release of voluntary contributions up to a maximum of \$15,000 from any one financial year and \$50,000 in total across all years. You can contribute up to your existing superannuation contribution caps. Conditions apply to qualify.</p>
<p><b>Contributing proceeds of downsizing into superannuation</b></p>	<p>From 1 July 2018, the Australian Government introduced the Contributing the proceeds of downsizing into superannuation measure. This measure applies to the sale of your main residence, where the exchange of contracts for the sale occurs on or after 1 July 2018.</p> <p>If you are 55 years old or over and meet the eligibility requirements, you may be able to choose to make a downsizer contribution into your superannuation of up to \$300,000 from the proceeds of selling your home.</p> <p>Your downsizer contribution will not count towards your contributions caps or be affected by the total superannuation balance test in the year you make it.</p> <p>However, it will count towards your total super balance and transfer balance cap, currently set at \$2 million. This cap applies when you move your super savings into retirement phase.</p> <p>You can only make downsizing contributions for the sale of one home. Conditions apply. The transfer balance cap increased to \$2 million from 1 July 2025. From 1 July 2026 the transfer balance cap will increase to \$2.1m</p>

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<b>Carry forward concessional contributions</b>	<ul style="list-style-type: none"> <li>• If you have unused cap amounts from previous years, you may be able to <u>carry them forward</u> to increase your contribution caps in later years.</li> <li>• Allows 5 years of concessional contributions (unused) to be utilised at once if total Superannuation Balance is &lt; \$500,000 as at 30 June 2025</li> <li>• This deduction may be useful if expecting large capital gain. Can offset the deduction against the gain.</li> <li>• Unused cap amounts are available for <b>5 years</b> and expire after this</li> <li>• Splitting of spouse contributions will increase opportunity to use concession</li> <li>• Catch up contributions can trigger div 293 assessment</li> <li>• <b>There have been changes to CGT due to come into effect 1 July 2027. These are not law yet.</b></li> </ul>
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2. **What's new for 2026/2027 tax year.**

**Personal tax rates 2026-27**

From 1 July 2026, the **16 per cent tax rate on taxable income between \$18,201 and \$45,000 will drop to 15 per cent from 16 per cent.:**

Rate 1 July 2025 to 30 June 2025	Rate
\$0-\$18,200	Nil
\$18,201 - \$45,000	15%
\$45,001- \$135,000	30%
\$135,000-\$190,000	37%
\$190,001 +	45%

\*\* Please note the above rates do not include Medicare Levy of 2% on taxable income and any Medicare Levy Surcharge (1.0-1.5%) which may be applicable.

Superannuation Guarantee rate will remain at 12%

**Small Business – \$20,000 instant asset write-off from 1 July 2023 will become permanent (not yet law)**

The instant asset write-off for small businesses to \$20,000 (Excluding GST) from 1 July 2026 will become permanent

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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 from 1 July 2026

Assets valued at \$20,000 or more (which cannot be immediately deducted) can continue to be placed into the small business simplified depreciation pool and depreciated at 15% in the first income year and 30% each income year after that.

**Limit From 1 July 2026 the maximum General Transfer Balance Cap (TBC) will be \$2,100,000.**

This was indexed up from \$2,000,000 in the previous year. The limit is indexed by reference to CPI. It is indexed in \$100,000 increments. A person's TBC is the maximum amount that can be transferred into pension mode in their super fund(s).

Transfers into pension mode cause a credit (increase) to a person's transfer balance account. Lump sum withdrawals cause a debit (decrease) to a person's transfer balance account.

From 1 July 2026, the transfer balance will increase to \$2.1 million dollars. Therefore, if individual is thinking about starting retirement phase income stream, they can put \$100,000 more into tax-effective pension if they delay their pension to start from 1 July 2026 (cap \$2.1m) than if they commence before then (cap \$2m).

**From 1 July 2026 Non-concessional cap is increasing from \$120,000 to \$130,000.**

**From 1 July 2026, concessional cap is increasing from \$30,000 to \$32,500.**

*Non-concessional (after-tax) contributions include:*

- personal contributions for which you do not claim an income tax deduction, and
- spouse contributions.

Under Bring Forward rules, if you are aged under 75 years of age, you can bring forward total of 3 years non-concessional contributions in one year, and that translates into non-concessional super contributions of \$390,000 (for the 2026/2027 year), before you would exceed the non-concessional cap (if your total super balance on 30 June of the previous financial year is less than \$1.84 million).

Caution required under bring forward rules required to ensure do not exceed cap limits due to prior contributions

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**Non-concessional contributions: Bring forward provisions**

**Person's non-concessional contribution cap for the financial year ended 30 June 2027**

<b>Total Superannuation Balance at 30 June 2026</b>	<b>Standard non-concessional contribution cap for 2026-27</b>	<b>Non-concessional contributions cap for bring forward period 2026-27</b>
Less than \$1.84m mil	\$130,000	\$390,000 (over three years)
\$1.84 to less than \$1.97 mil	\$130,000	\$260,000 (Over 2 years )
\$1.97 m to less than \$2.1 mil	\$130,000	\$130,000 (no bring forward )
\$2.1 mil or more	Nil	Nil

**Person's non-concessional contribution cap for the financial year ended 30 June 2026**

<b>Total Superannuation Balance at 30 June 2025</b>	<b>Standard non-concessional contribution cap for 2025-26</b>	<b>Non-concessional contributions cap for bring forward period 2025-26</b>
Less than \$1.76m mil	\$120,000	\$360,000 (over three years)
\$1.76 to less than \$1.88 mil	\$120,000	\$240,000 (Over 2 years )
\$1.88 m to less than \$2.0 mil	\$120,000	\$120,000 (no bring forward )
\$2.0 mil or more	Nil	Nil

**Division 296 Tax Super tax changes for account balances above \$3million from 1 July 2026 (Now law)**

The legislation adopts a two-tiered structure keyed to an individual's total superannuation balance (TSB) at the end of the income year.

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- Existing concessional 15 per cent fund tax on accumulation-phase earnings (For balance < \$3million)
- For earnings corresponding to the portion of TSB between \$3 million and \$10 million, an additional 15 per cent tax is applicable.
- For earnings corresponding to the portion of TSB above \$10 million, an additional 25 per cent tax is applicable.
- The result is combined effective rates of 30 per cent and 40 per cent respectively. Additional tax only applies to earnings above the thresholds.
- Unrealised valuation movements NOT included as was originally announced in earnings subject to the Division 296 tax. Both of these thresholds will be indexed.

The ATO will issue an assessment for the additional tax to the individual not at the fund level similar to how division 293 assessment is issued (additional concessional contributions tax at 15%)

Individuals will need to plan to make certain that they have funds to pay the additional tax.

#### **Work-related expenses – Standard \$1,000 deduction from 1 July 2026 (Not yet law)**

The Government released for public consultation a draft Bill and explanatory memorandum. The draft Bill will amend the tax law to:

- The measure will provide eligible Australian tax residents who earn income from work with a simpler way to claim a standard deduction of up to \$1,000 without needing to incur or substantiate work related expenses covered by the standard deduction.
- keep current arrangements for people who have more than \$1,000 in work-related expenses or earn only business or investment income. **It would generally need to keep receipts for deductions > \$1,000.**
- allow some deductions to be claimed in addition to the standard deduction, including expenses that are not work-related, such as investment expenses and charitable donations; union and professional association membership fees; income protection insurance premiums
- prevent people from receiving a double benefit by salary packaging expenses covered by the standard deduction
- update substantiation and capital allowance rules to support the new standard deduction.

The measure will commence on 1 July 2026 and apply to the 2026–27 individual tax return. The standard deduction **does not** apply to the 2025–26 individual tax return.

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### **Payday Super from 1 July 2026**

From 1 July 2026, employers must pay their employees' superannuation at the same time as wages, instead of quarterly. This change is known as Payday Super and applies to all employers.

Under Payday Super:

- super contributions must be paid on each pay run
- contributions generally need to reach an employee's super fund within 7 days of payday

the Australian Taxation Office (ATO) will use payroll and reporting data to monitor compliance more closely.

If you employ staff, you may need to:

- review and update your payroll systems
- check your super payment processes and clearing house arrangements
- plan for the cash-flow impact of more frequent super payments.

### **Closure of the Small Business Super Clearing House**

The Small Business Super Clearing House (SBSCH) will close permanently on 1 July 2026.

- Businesses can check with your payroll providers as many already include a super payment functionality in their software
- use the SuperStream product register to find approved alternatives.

Businesses need to allow enough time to finalise payments and download reports before the SBSCH closes permanently. There will be no access to records after this date.

### **Loss carry back returns (Not yet law) from 1 July 2026**

Companies with aggregated annual global turnover of less than \$1bn will be able to carry back a tax loss and offset it against tax paid up to 2 years earlier. Loss carry-back will apply to revenue losses only and will be limited by a company's franking account balance.

### **Anti-money laundering and counter-terrorism financing (AML/CTF) reforms**

From 1 July 2026, updated anti-money laundering laws will apply to more businesses. Depending on your industry, you may need to enrol with AUSTRAC and meet new requirements. This can include checking your customers' identity, keeping records and reporting certain transactions.

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If your business is affected, you may need to:

- check if your services are covered
- enrol or update your details with AUSTRAC
- set up processes to identify customers
- review your record-keeping and reporting.

\*\* Note that information above is general in nature. Seek further advice before making decisions. \*\*

\*\* The 2026 Federal budget proposes significant tax changes that may affect content pending legislation being finalised.\*\*

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