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ML Partners Pty Ltd
is a CPA Practice

Practice Update

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

MARCH 2026

\$20,000 instant asset write-off extended

The Government recently passed legislation to extend the \$20,000 instant asset write-off for small businesses by 12 months to **30 June 2026**.

Taxpayers should note that if their business has an aggregated annual turnover of less than \$10 million, they may be able to use the instant asset write-off ('IAWO') to immediately deduct the business portion of the cost of eligible assets which cost less than \$20,000.

Eligible assets must basically have been first used (or installed ready for use) between 1 July 2025 and 30 June 2026. The \$20,000 limit applies on a per asset basis, so taxpayers can instantly write-off **multiple** assets.

The IAWO can be used for both new and second-hand assets (but some exclusions and limits apply).

Fringe Benefits Tax Reminder



With the end of the FBT year fast approaching (31st March), employers are reminded of their obligations to lodge FBT returns if they provide

taxable fringe benefits to employees. The due date of the FBT return is 25th June if lodging through your tax agent.

There is no requirement to lodge an FBT return if the taxable value of benefits provided is nil, however **it is recommended to lodge an FBT return** as once the return is lodged, the audit period is generally limited to three years from the date of the assessment. If no return is lodged, there is no time limit for the ATO to conduct an audit of FBT liabilities. Common fringe benefits include:

- Cars/Wagons
- Entertainment
- Employee loans
- Expense payments
- Travel & Accommodation

The ATO has increased its compliance activity in this area and is using advanced data matching and risk profiling techniques to identify audit targets.

Please contact us if you require any additional information.

Paying super guarantee

The ATO is reminding employers that they must pay super guarantee ('SG') contributions for eligible employees.

Employers need to pay a minimum of 12% (the current SG rate as from 1 July 2025) of each employee's ordinary time earnings into a complying super fund on a quarterly basis (the due date for the March 2026 quarter is 28 April 2026).

In most cases, employees can choose the super fund.

Employers who do not pay in full, on time or to the correct super fund will have to pay the SG charge, which is made up of the super they owe, nominal interest on those amounts (currently 10%), and an administration fee of \$20 per employee, per quarter.

These payments must be made through SuperStream (where super payments and information move through the system electronically).

Employers who use the Small Business Superannuation Clearing House to make super contributions should note that this service will be permanently closed from **1 July 2026**. Existing users should switch to an alternative method to pay their employees' super guarantee.

Also, when new employees start, employers may have an extra step to take to comply with the 'choice of fund rules' if the new employee does not choose a super fund. Employers may now need to request the new employee's '**stapled super fund**' details from the ATO.

Businesses using cash to dodge obligations



The ATO is 'cracking down' on businesses that use cash to avoid meeting their tax, employer and business

obligations. Businesses that do this may:

- ◆ fail to report all sales transactions and fail to issue receipts;
- ◆ avoid paying GST, income tax, PAYG withholding, super guarantee, insurance and work cover protection;
- ◆ report their income below the \$75,000 threshold to avoid registering for GST;
- ◆ exploit workers by not meeting award conditions and work cover protections; or
- ◆ undercut honest businesses by offering cheaper prices for cash.

The ATO warns that workers who are paid cash-in-hand or working 'off the books' are often disadvantaged. Apart from not receiving the entitlements they should be, if they are injured at work, they may not be protected.

Contractors omitting income

Through data matching, the ATO is seeing some contractors incorrectly reporting or omitting contractor income. Contractors need to report all their income in their tax return, including payments made by businesses for their contracting work.

Note that, as part of the taxable payments reporting system ('TPRS'), certain businesses must lodge a '*Taxable payments annual report*' ('TPAR') to report payments made to contractors for providing the following services:

- building and construction;
- courier;
- cleaning;
- information technology;
- road freight; and
- security, investigation or surveillance.

For taxpayers who work as a contractor and provide any of these services, the business they contract to should be reporting those payments to the ATO on their TPAR. Contractors obviously then need to include this income on their tax return.

If the ATO suspects a contractor may have omitted TPRS income on their tax return, it may contact them to request they amend their tax return. If the contractor does not take action, the ATO may conduct a review and audit of their business, and penalties and interest may apply.

Government payments programs

The ATO is reminding taxpayers that receive government payments for delivering services under a Commonwealth program, such as healthcare, disability support or childcare, that they have an obligation to:

- ◆ keep accurate records; and
- ◆ report any such income they receive in their tax return.

The ATO recently advised that it would be contacting taxpayers and tax agents by email to ensure that income received from government agencies (such as the Aged Care Subsidy or under the National Disability Insurance Scheme) is reported correctly in their tax returns.

The ATO has updated its Government Payments Program data-matching program protocol to better detect non-compliance and work more effectively with other government entities.

Check GST credit claims before lodging BASs

Taxpayers who are registered for GST can claim GST credits (or 'input tax credits') for the GST included in the price of goods and services they buy for their business.

However, if they buy something for both business and private use, they need to **apportion** their GST credit to only claim the business use.

For example, if they buy a car for ride-sourcing (e.g., to use as an Uber driver), they should work out the percentage they use it for business purposes and only claim a GST credit on that amount.

Please contact our office if you require assistance with any of this, including potentially using 'annual private apportionment' to account for the private portion of your business purchases.

When completing their next BAS, the ATO is asking taxpayers to remember that they cannot claim GST credits for purchases:

- where they do not have a tax invoice;
- that were cancelled or reversed; or
- that do not have GST in the price (such as bank fees).

Taxpayers that have nothing to report still need to lodge a 'nil' BAS by the due date.

Work-related expense claims rejected by ART

The Administrative Review Tribunal ('ART') recently disallowed a taxpayer's claims for many different types of work-related expenses.

The taxpayer was employed full-time as an engineer, working from home two days a week. For the 2023 income year, he claimed deductions totalling over \$61,000, in relation to (among other things) car expenses, travel expenses, clothing expenses, and home office expenses, all of which he claimed were work-related.

The ATO largely disallowed these deductions, and the ART affirmed the ATO's decision, primarily due to problems with substantiating these claims.

For example, in relation to the car expenses, the ART noted that none of the logbooks were contemporaneous, and the logbook entries were inconsistent with independent records (e.g., car service records).

In relation to travel expenses (taxi and Uber fares), the ART noted that the taxpayer did not provide evidence clearly identifying which travel expenses had been reimbursed by his employer, and the ride share documentation did not include the date, time or destination of travel.

In relation to home office utility expenses, the ART noted that the taxpayer only provided calculations estimating the business use proportion of those expenses, without providing any documentary evidence to substantiate the expenses themselves. In any case, the ART was not satisfied that the taxpayer's apportionment of those expenses was fair and reasonable.

Mandating cash acceptance



The Government recently announced that it was delivering on its commitment *"to mandate cash acceptance for essential purchases by finalising regulations that require fuel and grocery retailers to accept cash from 1 January 2026."*

The changes mean that, from **1 January 2026**, most food and grocery retailers must accept cash for in-person transactions of \$500 or less between 7am and 9pm.

Small businesses with aggregate annual turnover under \$10 million are generally exempted from this mandate. However, this mandate still applies to small businesses that choose to share a trademark with a large retailer.

The Government noted that, in addition to the cash mandate for fuel and groceries, consumers also already have the option to pay their bills, including utilities, phone bills and council rates, in cash at their local Australia Post outlet through Post Billpay.

The Government will review this mandate after three years, to ensure it is functioning as intended.

ATO child support data-matching program

The ATO has advised that it will acquire child support data from Services Australia for the 2025 to 2027 income years, including the following:

- ◆ client identification details (names, addresses, phone numbers, and dates of birth); and
- ◆ child support details (child support identification reference number, child support role type, and child support category).

The ATO estimates that records relating to up to 300,000 individuals will be obtained each financial year, which will be matched against ATO records.

The objectives of this program are to (among other things):

- allow Services Australia to more accurately assess child support obligations, and maximise opportunities to collect child support debts; and
 - identify and educate individuals who may be failing to meet their lodgement obligations and help them to finalise their lodgement obligations or notify the ATO that an income tax return is not required.
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Time limits on GST and fuel tax credit claims



Taxpayers should note that GST credits and fuel tax credits will expire if not claimed within the 4-year credit time limit (i.e., generally four years from the due

date of the original BAS in which the taxpayer could have claimed them).

Once credits expire, the ATO has **no** discretion or ability to amend the assessment to include those credits.

The 4-year credit time limit is different to the period of review and applies more strictly.

There may be situations where the ATO is able to amend for overpaid or underpaid GST or overclaimed credits, but additional credits cannot be included in an amendment assessment.

If credits are near expiry, instead of writing to request an amendment, taxpayers should consider:

- claiming the credits in their next BAS that is still within the 4-year credit time limit;
- requesting the amendment by lodging a revised BAS for the tax period to which the credits are attributable (these are generally processed faster than amendment requests in other forms); or
- lodging a valid objection against their assessment for the period to which the GST credits are attributable before the end of the 4-year credit time limit.

If you identify any unclaimed input tax credits, we can assist with actioning the above options to try and ensure the credits are not lost.

Taxpayer's dog breeding activities held to be an enterprise

The Administrative Review Tribunal ('ART') recently held that a taxpayer had carried on an enterprise of dog breeding for GST purposes.

He had lodged activity statements for the quarters ended 30 September 2018 to 31 December 2021 inclusive, claiming input tax credits ('ITCs') for the dog breeding activities he carried on from his home (among other activities).

The ATO disallowed the taxpayer's claims for the above periods, arguing that enterprises were not carried on, and that there was a lack of appropriate substantiation (among other reasons).

The ART however held that the taxpayer's dog breeding operation **was** an enterprise for GST purposes, noting that his activities had *"the necessary commercial character."* Therefore, the taxpayer was entitled to ITCs for that enterprise.

However, the ART affirmed the ATO's decision to reduce the taxpayer's other ITC claims, such as in relation to stamp duty on the acquisition of a property and for café and grocery expenses.

The ART also admonished the taxpayer for apparently using artificial intelligence in the presentation of his case, as he appeared to rely on cases and principles that did not exist.

Tax dodgers banned from leaving the country

The ATO is actively using departure prohibition orders ('DPOs') as part of a broader shift towards strengthening payment performance and debt collection. A DPO is an enforcement action available to the ATO to prevent certain persons with tax liabilities from leaving Australia without paying their outstanding tax.

Since July 2025, the ATO has issued 21 DPOs, more than the total number issued in the entire financial year ended 30 June 2025.

The ATO notes that a taxpayer was recently prevented from boarding a flight in the early hours of the morning due to a DPO imposed because of deliberate non-payment of a significant debt

Reminder: Be Aware of Third-Party Marketing for ASIC-Related Services

It's becoming increasingly common for businesses to receive marketing material that appears to relate to official ASIC processes, particularly company or business name renewals. These communications often encourage payment through external platforms rather than through your usual ASIC channels.

While these campaigns are run by legitimately registered businesses, they are marketing promotions, not official ASIC notices. They may include attachments or links requesting payment, and the fees they charge are often higher than ASIC's standard rates. For example, a company renewal marketed at \$449 contrasts with ASIC's official annual fee of \$329.

ML Partners Pty Ltd will only manage company and business name registrations or renewals directly through ASIC on your behalf. We do not use third-party marketing services, and we will never request payment through external platforms for these processes.

If you ever receive a notice that seems unusual or you're unsure about its legitimacy, we're always here to help review it.

Audit Shield Insurance

With increasing ATO audit activity in many compliance areas, it may be worth considering audit shield insurance which provides cover for professional fees up to a prescribed limit. We have attached a brochure which provides further information or alternatively please contact Amy Pirrone at ML Partners.

Staff News

We sadly farewell Carmel Fiamingo & Danielle Hibberd this month who have both been part of the ML Family for many years. Wishing you both every success as you embark on new adventures!



Quote of the month

“Cooperation is the thorough conviction that nobody can get there unless everybody gets there.”– Virginia Burden

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.