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CLIENT INFORMATION BULLETIN

Welcome to this Autumn edition of our newsletter! In this edition we provide an overview of the recent Federal Budget and the proposed tax cuts from 1 July 2026 and 1 July 2027. With a federal election announced for 3 May 2025, many of these proposed budget measures will be dependent on the Albanese Government being re-elected.

We also bring to your attention our updated office hours from 1 April 2025. While our Monday to Thursday office hours remain unchanged - 9.00am to 5.00pm with after-hours appointments available on request, each **Friday** our office will now be open from **8.00am to 4.00pm**. We hope the opportunity to contact us or schedule an early appointment time on Friday may be helpful to you. Please feel free to forward any feedback to our reception staff regarding this change.

We hope your footy team has enjoyed a good start to the AFL season! It is not too late to join our footy tipping competition, and we have provided an update on the current leaders in this newsletter.

✓ The 2025/26 Federal Budget

1. Personal income tax measures

New tax cuts for individual taxpayers in 2027 & 2028

The Government will **deliver new tax cuts** to individual taxpayers commencing from 1 July 2026 (i.e., from the 2027 income year). Under the new tax cuts, it is proposed that:

- the (current) 16% tax rate will be **reduced to 15%** from **1 July 2026**; and
- the 15% tax rate will be further **reduced to 14%** from **1 July 2027**.

The personal income tax rates (excluding the Medicare levy) for the 2025 and 2026 income years are set out in the following table, along with the proposed changes to the tax rates for the 2027 and 2028 income years:

Thresholds	2025 & 2026 income years	2027 income year	2028 income year
\$0 - \$18,200	Tax-free	Tax-free	Tax-free
\$18,201 - \$45,000	16%	15%	14%
\$45,001 - \$135,000	30%	30%	30%
\$135,001 - \$190,000	37%	37%	37%
\$190,001 +	45%	45%	45%

By way of example, a taxpayer earning between \$18,201 and \$45,000 will get a tax cut of up to \$268 in the 2027 income year and up to \$536 from the 2028 income year.

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 **The 2025/26 Federal Budget (cont'd)**

Increased Medicare levy low-income thresholds

The Government will **increase the Medicare levy low-income threshold amounts** and phase-in ranges for single individuals, families and seniors and pensioners that apply from 1 July 2024 to provide cost-of-living relief, as set out in the table below.

The increase to the thresholds ensures that low-income individuals continue to be exempt from paying the Medicare levy or pay a reduced levy rate.

The Medicare levy low-income thresholds for single individuals and families for the 2025 income year, together with the comparative thresholds for the 2024 income year, will be as follows:

Category of taxpayer	No Medicare levy payable at or below:	
	2025	2024
Single individual	\$27,222	\$26,000
Families not eligible for the SAPTO	\$45,907	\$43,846
Single individual eligible for the SAPTO	\$43,020	\$41,089
Families eligible for the SAPTO	\$59,886	\$57,198

For each dependent child or student, the family income thresholds will increase by a further \$4,216 (up from \$4,027).

2. Non-tax related budget measures of interest

Making student loans fairer

As previously announced by the Prime Minister on 3 November 2024, the Government will reduce all outstanding Higher Education Loan Program ('HELP') and other student debts by 20%, subject to the passage of legislation. The 20% reduction is in addition to the recent indexation reforms.

The Government is also increasing the amount that people can earn before they are required to start paying back their loans, from \$54,435 in the 2025 income year to \$67,000 in the 2026 income year.

Energy bill relief

The Government is extending energy bill relief by providing eligible households and small businesses with two \$75 bill rebates directly off their electricity bills until 31 December 2025.

Expansion to Help to Buy scheme for first home buyers

Under the Help to Buy scheme, the Government will provide an equity contribution of up to 40% to support eligible home buyers to purchase a home with a lower deposit and a smaller mortgage.

The Government will boost the scheme by increasing income caps from \$90,000 to \$100,000 for individuals and from \$120,000 to \$160,000 for joint applicants and single parents.

Property price caps will also be increased and linked with the average house price in each state and territory, rather than dwelling price.

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☑ The 2025/26 Federal Budget (cont'd)

Restricting Foreign Ownership of Housing

The Government will take action to ensure foreign investment in housing supports the Government's broader agenda to boost Australia's housing supply in the following ways:

- Banning foreign persons (including temporary residents and foreign-owned companies) from purchasing established dwellings for two years from 1 April 2025, unless an exception applies.
- Exceptions to the ban will include investments that significantly increase housing supply or support the availability of housing on a commercial scale, and purchases by foreign-owned companies to provide housing for workers in certain circumstances.
- An enhanced compliance approach by the ATO and Treasury to target land banking will ensure foreign investors comply with requirements to put vacant land to use for residential and commercial developments within reasonable timeframes.

National Anti-Scam Centre

The Government will provide \$6.7 million in the 2026 income year to extend the operation of the National Anti-Scam Centre.

Operating within the Australian Competition and Consumer Commission, the Centre will continue to protect consumers and businesses from scam activity.

Support for the Hospitality Sector and Alcohol Producers

The Government will increase support for hospitality venues, brewers, distillers and wine producers through changes to the alcohol tax settings in Australia.

The Government will pause indexation on draught beer excise and excise equivalent customs duty rates for a two-year period, from August 2025.

Under this measure, biannual indexation of draught beer excise and excise equivalent customs duty rates applicable from August 2025 to February 2027 will not occur. Biannual indexation will then recommence from August 2027.

The Government will also increase support available under the existing Excise remission scheme for manufacturers of alcoholic beverages (the 'Remission scheme') and Wine Equalisation Tax ('WET') producer rebate ('Producer rebate').

Currently, all eligible brewers and distillers can receive an excise remission under the Remission Scheme up to a cap of \$350,000. All eligible wine producers can currently receive a WET rebate up to a cap of \$350,000 under the Producer rebate. This measure will increase the caps for all eligible brewers, distillers and wine producers to \$400,000 per financial year, from 1 July 2026.

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☑ The 2025/26 Federal Budget (cont'd)

Banning non-compete clauses for low and middle income workers

The Government will ban non-compete clauses that apply to workers earning less than the high-income threshold in the Fair Work Act (currently \$175,000). The Government will also close loopholes in competition law that currently allow businesses to:

- fix wages by making anti-competitive arrangements that cap workers' pay and conditions, without the knowledge and agreement of affected workers; and
- use 'no-poach' clauses to block staff from being hired by competitors.

☑ We Love Document Automation In QBO and Xero!

Our clients who have recently adopted the document automation procedures in QBO and Xero are very happy with the results!

QBO allows users to automate almost every aspect of their workflow, including bills, receipts and invoicing along with secure storage of documents such as bank statements. These automated features can save valuable time and reduce errors.

In Xero, setting up specific bank rules supports the automatic coding of transactions which can save time. You can also use Hubdoc to reduce manual entry and streamline document collection, although this is not available with all subscriptions.

The accounts payable function can be further enhanced by utilising the automated bill entry function.

Xero also has the capacity to store any resource documents such as employment contracts, insurance policies, bank statements etc.

Contact our bookkeeping team or your accountant if you require assistance regarding these automation features.

Please also note if you require any further assistance with your bookkeeping needs, we have some scope in our bookkeeping team at present to assist you.

☑ Cybercrime Issues for Organisations

With 82% of organisations in Australia reporting some sort of cyber incident in 2024, clients are reminded of the importance of protecting themselves from cybercrime.

Common types of cyber incidents include phishing, ransomware, business email compromise, data breaches and exploited vulnerabilities.

Clients are encouraged to seek expert advice for guidance regarding the latest threats. Some relatively simple protection strategies include:

1. **Staying vigilant with emails and messages.** Verify sender information. Avoid clicking on unknown links or attachments.

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☑ Cybercrime Issues for Organisations (cont'd)

2. **Use strong and unique passwords.** Create complex passwords and change them regularly. Don't store passwords in your browser.
3. **Enable multi-factor authentication.** Use 2 Factor Authentication (2FA) on every software platform used in the business and/or personally. Note that while Xero has default 2FA, the 2FA for QBO needs to be activated.
4. **Keep software and devices up to date.** Use trusted security software. Install updates promptly.
5. **Conduct vendor assurance programs.** Evaluate third-party security. Consider stipulating security expectations and requirements in vendor contracts.

For additional information, the following Government website offers the latest cybersecurity alerts and advice [Cyber Alerts & Advice](#)

☑ ATO Moves Non-Compliant Small Businesses to Monthly GST

Around 3,500 small businesses with a history of non-payment, late or non-lodgement, or incorrect reporting will be moved to monthly GST reporting from April 1, 2025.

The ATO will be contacting small businesses and their tax professionals when their GST reporting cycle is changing from quarterly to monthly.

Changes to the reporting cycle will remain in place for a minimum of 12 months.

☑ Superannuation Update - Indexation

Indexation of the general transfer balance cap and defined benefit income cap will occur on 1 July 2025.

The transfer balance cap will increase to \$2 million, up from \$1.9 million, and the defined benefit income cap will increase to \$125,000, from \$118,750.

☑ Super Payment Options

As part of the upcoming payday super coming into effect from 1 July 2026, the ATO Small Business Clearing house will be closing on this date.

Both QBO and Xero have functionality for superannuation payments to be made through their clearing houses.

Xero uses SuperChoice as their clearing house, and this is automated as Direct Debit option only.

QBO uses Beam as their version of a clearing house. This service is free to all clients that have a payroll subscription through QBO. Beam requires initial registration details, such as business and contact details, as well as the nomination of a default super fund. The payment options for Beam are Direct Debit, EFT or Bpay.

Please contact our office for further information regarding these options.

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☑ Claiming Fuel Tax Credits When Rates Change

Fuel tax credits changed on 3 February, and clients could receive more savings for fuel they have acquired on and from this date. Different rates apply based on the type of fuel, when it was acquired and what activity it is used for.

The ATO's 'eligibility tool' is a useful tool to check fuel tax credit eligibility for fuel acquired [Fuel Tax Credit Tool](#)

The ATO's online fuel tax credit calculator (which automatically applies the right rate) can be used to work out a fuel claim [Fuel Tax Credit Calculator](#)

If clients have any questions relating to the above and/or require assistance in calculating their fuel tax credits please contact our office.

☑ CGT Withholding Measures Now Law

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

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 are effective from 1 January 2025.

☑ ATO's Appeal Against Decision That UPEs Are Not Loan Fails

The Full Federal Court recently dismissed the ATO's appeal against an AAT decision that unpaid present entitlements ('UPEs') owing by a trust to a corporate beneficiary were not "loans" for Division 7A purposes.

A corporate beneficiary had become entitled to a share of the income of a trust for the 2013 to 2017 income years. Parts of these entitlements remained outstanding, resulting in UPEs. The ATO treated these UPEs as loans from the corporate beneficiary back to the trust (and, in consequence, as "deemed dividends" made to the trust).

The AAT held at first instance that a loan had **not** been made in this case.

The Full Federal Court upheld the AAT's decision, noting that a loan for Division 7A purposes requires an obligation to **repay** an amount, not merely the creation of an obligation to **pay** an amount (such as when a trust distributes income to a beneficiary).

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☑ 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 lodgement obligations.

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

☑ Lodgement Obligations

Date	Description
21st each mth 2024/25	Monthly IAS lodgement due - All lodgements
28 April 2025	Superannuation guarantee contributions to be paid
28 April 2025	Quarterly IAS/BAS lodgement due - paper
26 May 2025	Quarterly IAS/BAS lodgement due - electronically
15 May 2025	Final lodgement date of 23/24 individual tax returns

☑ Footy Tipping Update

Congratulations to Shaun Wemyss and Sammy T who are joint leaders of our footy tipping competition. They are closely followed by Samuel Romeo and our very own Jordan.



Good luck tippers and our competition is called 'Kelly Associates 2025' and the password to join is kellyassoc.

☑ Staff News

Our recent golf competition at Kelly & Associates was won by Ambrose, with Kaylie coming a very close second.

Under a unique handicapping system, Kaylie was putting 8m from the hole, and Ambrose a considerable 13m from the hole.

Well done to both Kaylie and Ambrose!



**Wishing you a happy and safe Easter from
Ambrose, Andrea and staff at Kelly & Associates!**

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