



Year-end tax planning

What you need to know for
30 June 2025

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What we are covering today



Individuals



Companies



Trusts



General
considerations



Individuals

Year end tax planning considerations



Individuals

Tax rates and thresholds

2024-25

Rate	Band
Nil	\$0 – \$18,200
16%	\$18,201 – \$45,000
30%	\$45,001 – \$135,000
37%	\$135,001 – \$190,000
45%	\$190,001 and over
Low income tax offset	Up to \$700

Rates all exclude the Medicare Levy



Individuals

Tax rates and thresholds

2024-25

2025-26

2026-27

2027-28 onwards

Rate	Band			
Nil	\$0 – \$18,200			
16%	\$18,201 – \$45,000	16%	15%	14%
30%	\$45,001 – \$135,000			
37%	\$135,001 – \$190,000			
45%	\$190,001 and over			
Low income tax offset	Up to \$700			

Rates all exclude the Medicare Levy



Individuals

Value of franking credits for 2024 and 2025 – residents

Tax rate **30%**

	2024	2025
Dividend	116,145	139,432
Gross up	49,776	59,756
Gross income	165,922	199,188
Marginal tax	46,458	55,772
MCL	3,318	3,984
Franking credit	(49,776)	(59,756)
Additional tax	–	–

Tax rate **25%**

	2024	2025
Dividend	75,260	98,700
Gross up	25,087	32,900
Gross income	100,347	131,600
Marginal tax	23,080	30,268
MCL	2,007	2,632
Franking credit	(25,087)	(32,900)
Additional tax	–	–



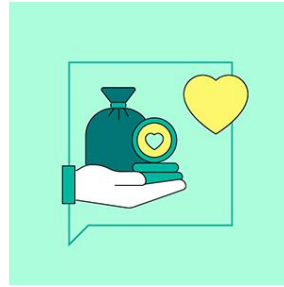
Individuals

Standard year end items



Timing is everything for

- Income
- Deductions
- Large transactions (Property Sales)



Gifts and donations

- Check Deductible Gift Recipient (DGR) status
- Consider donor tax profile



Tax losses

- Opportunities to offset gains with disposals before year end
- Beware wash sales – Taxation Ruling TR 2008/1



Individuals

Other items of interest

- ➔ **Working from home expenses for FY24-25**
 - **\$0.70 per hour** fixed rate plus depreciation of equipment and furniture
- ➔ **Superannuation**
 - SG rate currently **11.5%**, up to 12.0% next year
 - Concessional contributions cap **\$30,000**
 - Non-concessional contributions cap **\$120,000**
- ➔ **HECS / HELP debts**
 - Increasing by a factor of **3.2%** from 1 Jun 2025
 - **20% HELP debt reduction** announced but unenacted



ATO focus areas for individuals

Work related expenses

is greater than industry and occupational average

Non-commercial rental income

from holiday homes

Rental property

deductions



GST registrations

when not carrying on a business

Data matching

including cryptocurrency transactions and transfers of units and shares

Interest deductions

from private proportion of loans



Trusts



Trusts

Year end trust distributions and resolutions

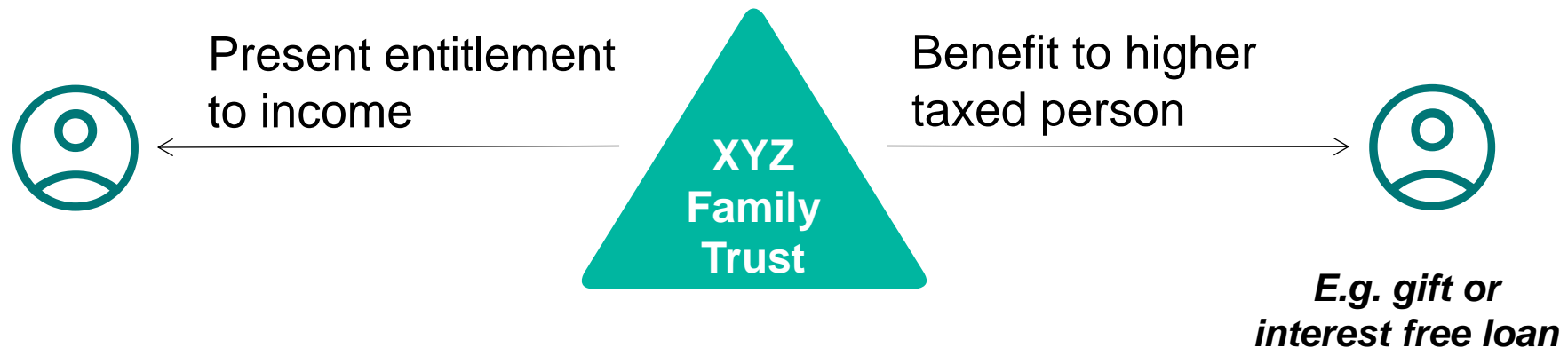


- 1 Consider the trust deed and constitution of corporate trustee
- 2 Definition of income
- 3 Nomination of beneficiaries
- 4 Review family and interposed entity elections
- 5 Trust streaming requirements for franked dividends and capital gains
- 6 Evidencing your trust resolutions are made in time
- 7 Focus on intention and ensure consistent with deed
- 8 Obtaining TFNs from beneficiaries before the distribution
- 9 Take care on proposed distributions to loss entities/lower-taxed entities



Trusts

Reimbursement agreement (section 100A)



PCG 2022/2 This may be a **Red Zone** arrangement



Key 100A themes and takeaways

For Trustee at year end

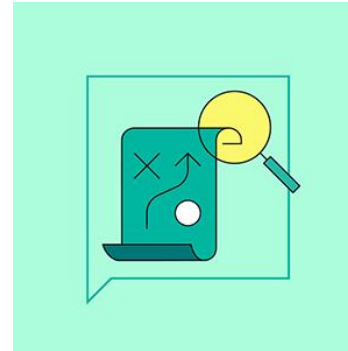


Distribution to family members



Trustee retention of funds

UPEs and loans back



Distribution to loss entities



Artificial or contrived arrangements

Exploitation of accounting vs tax differences

Circular flow of funds

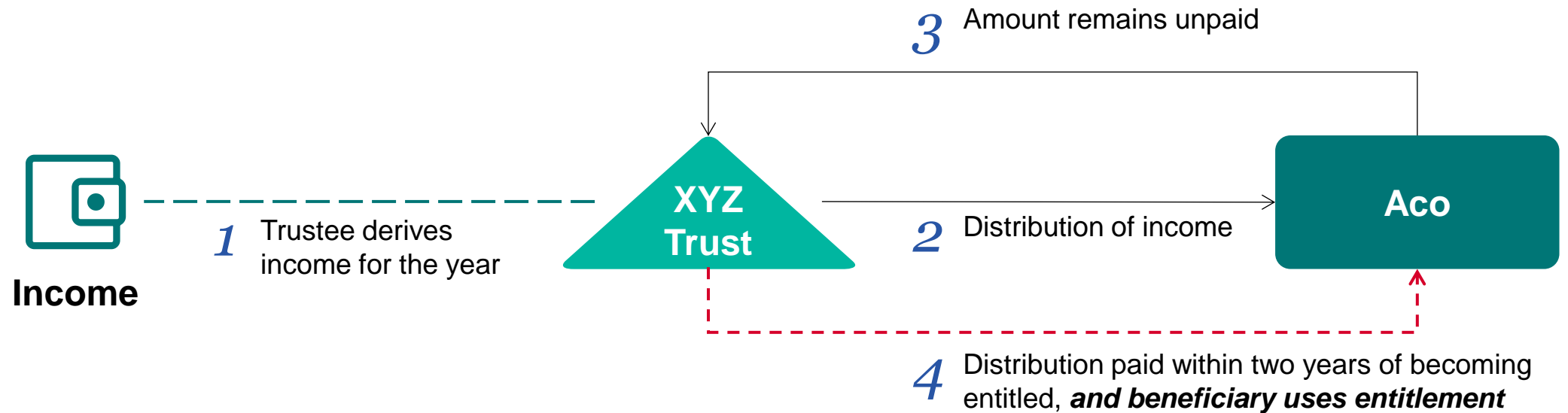
Expenses of minors repaid

Contemporaneous record keeping and evidence



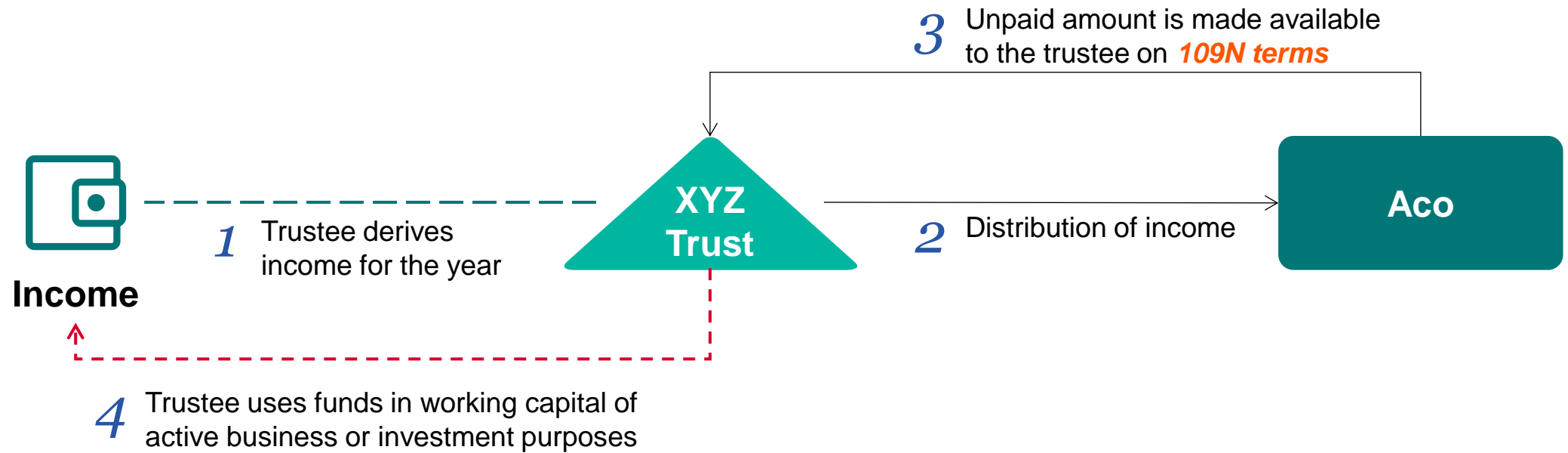
Section 100A

PCG 2022/2 – Green zone scenario 2: Entitlement paid within 2 years



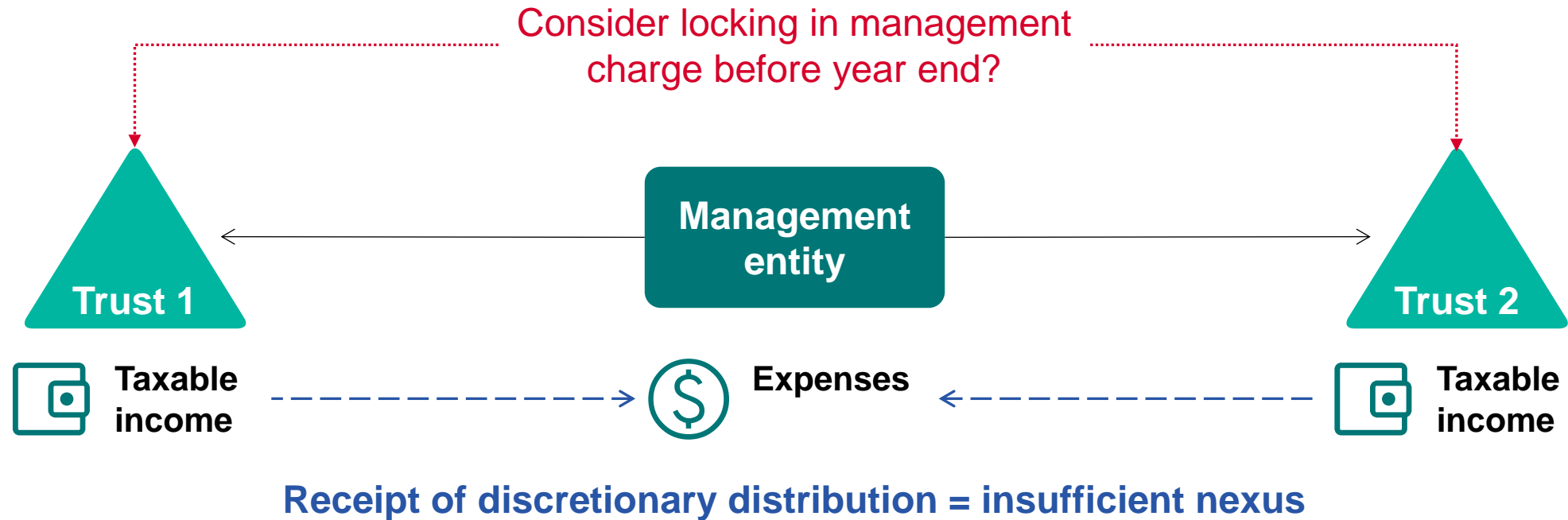
Section 100A

PCG 2022/2 – Green Zone Scenario 3B: Retention of funds by trustee



Trusts

Discretionary trust distributions and deductions



TD 2018/9 and Chadbourne [2020] AATA 2441

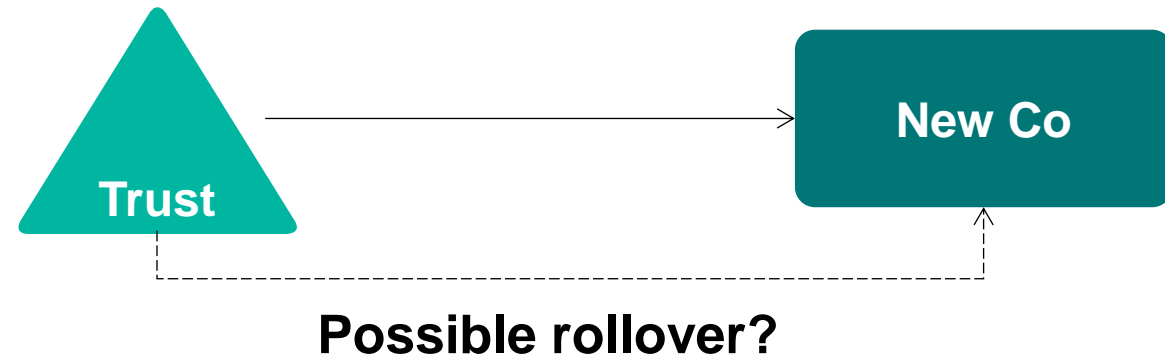


Trusts

Consider restructuring from a trust to a company for new year

May provide

- Lower tax rate
- Simpler Division 7A
- Reduced risk of section 100A
- CGT concessions on sale of shares



Other considerations



GST
going concern



Stamp
duty



Funding



Contractual
arrangements



Trusts

FTEs

Focus area for the ATO

- Have you made one?
- Do you have evidence of the election being made?
- Who have you named as the specified individual and for what income year?
- Who is in your 'family group'?

LIMITS

Distributions out: FTDT – making distributions to outsiders?

Distributions in: Income injection test

Unlimited POR for FTDT

**Emerging
risk**

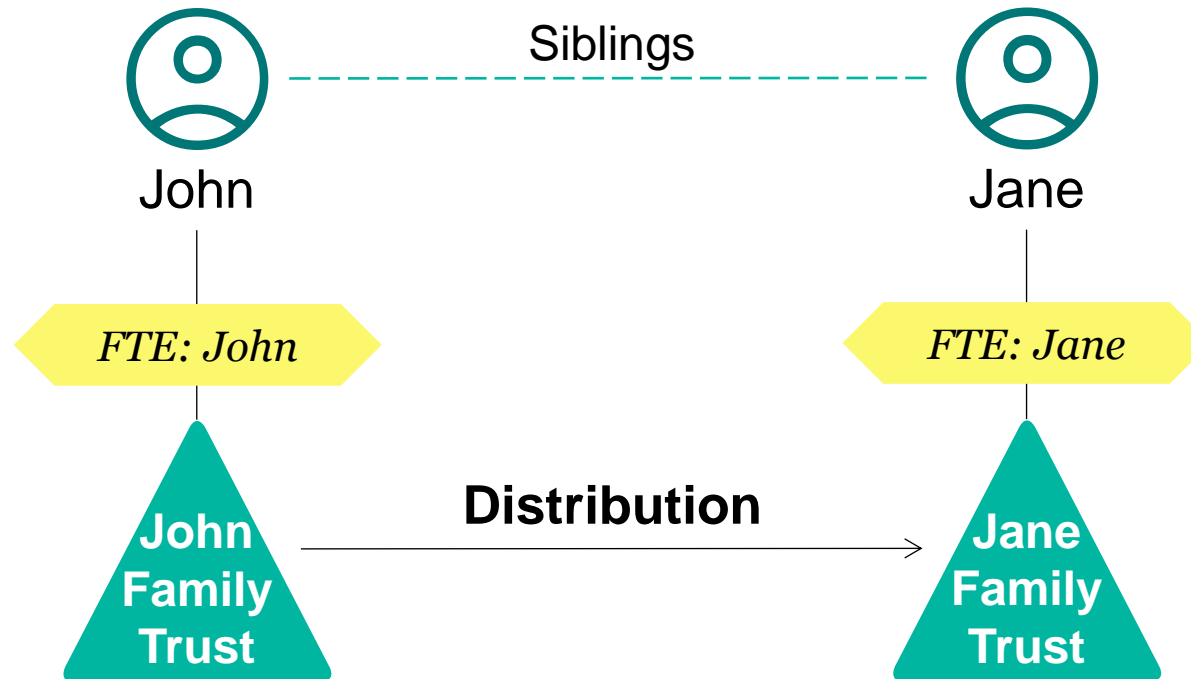


Franking credits do not flow to newly incorporated beneficiary despite trust having an FTE



Trusts

FTEs



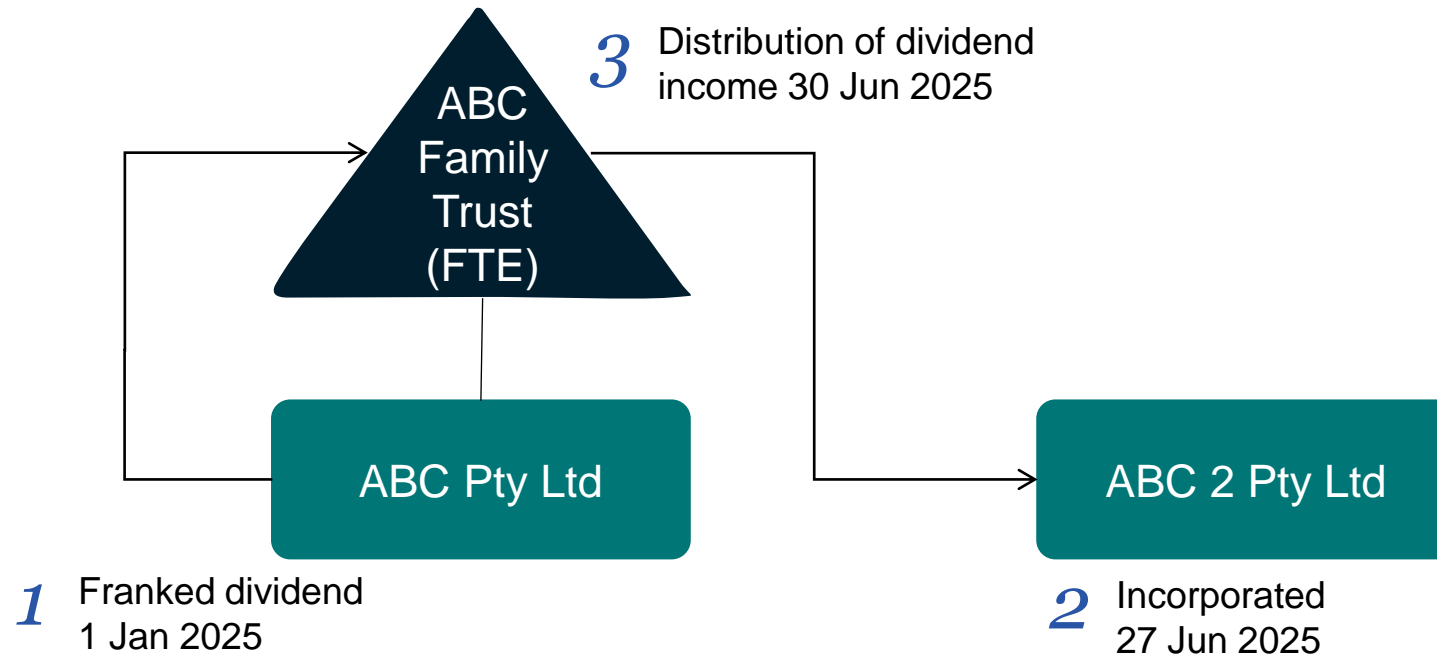
The trusts have different specified individuals

Jane Family Trust *not a member of John's family group*, even though Jane is a member of John's family



Trusts

FTEs



Franking credits do not flow through to ABC 2 Pty Ltd

Flow through if ABC 2 Pty Ltd established and a potential beneficiary no later than 1 Jan 2025 and ABC Family Trust does not dispose of shares early



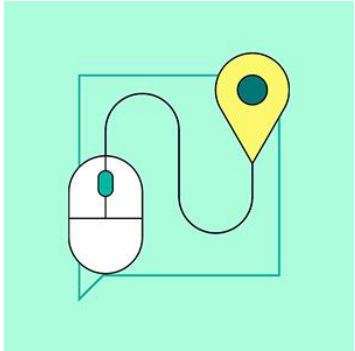
Companies

Year end tax planning considerations



Companies

Standard year end items



Bad debt write-offs

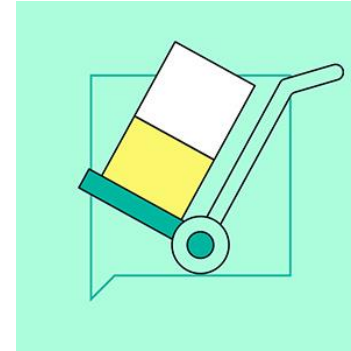
Must be a reasonable assessment

Some form of written record evidencing decision



Trading stock elections

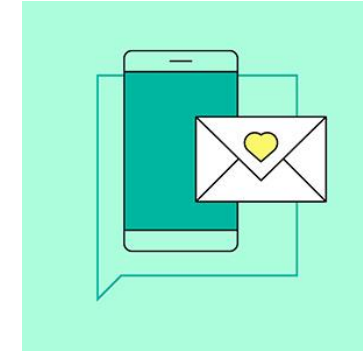
Option to value at cost, market selling value or replacement value



Prepaying expenses

Statutory charges

Small and medium business taxpayers and 12-month rule



Bonuses and accruals

Clear commitment

Quantifiable



Division 7A

General compliance before year end



- 1 Benchmark interest rate for 30 June 2025 year repayments – 8.77%
- 2 Identify all inter company transactions (loans, payments, debt forgiveness)
- 3 Loan documents are in place
- 4 Current year minimum yearly repayments paid
- 5 Franked dividends have been declared
- 6 Ensure re-borrowings do not occur (even through interposed entities)
- 7 Ensure transactions through interposed entities considered



Division 7A

FCT v Bendel [2025] FCAFC 15



Div 7A and unpaid present entitlements

- Taxpayer successfully argued that UPE did not give rise to a Division 7A loan from the corporate beneficiary to the trust
- ATO has appealed to the High Court and issued interim DIS stating it will stand by its views and noted potential application of section 100A to UPEs

TD 2022/11

30 June 2023 entitlements
become loans in the 2024FY

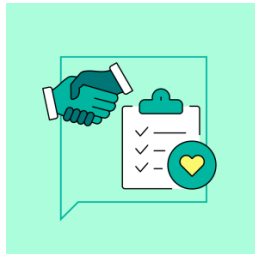


Division 7A

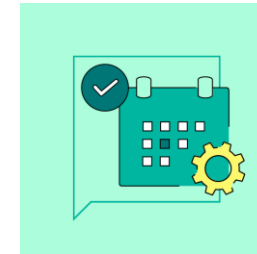
PCG 2017/13

Until **30 June 2022**, PCG allowed UPE to be put on sub-trust and then refinance with a Division 7A loan on maturity

Allows up to 18 years to fully pay distribution to corporate beneficiary



**7 / 10 year interest-only
arrangements**



**Interest rates for year
ending 30 June 2025**

Option 1 (7-year) – 8.77%

Option 2 (10-year) – 10.79%

Note: 2016 distributions that transitioned from sub-trust to loan will require first MYR by this 30 June!



Instant Asset Write Off

Where do you stand at year end?

2024-25

First used or installed ready
for use for a tax purpose by

\$20,000

Small business entity (SBE)
< \$10m aggregated turnover

No longer applicable

Other business entities

Extension to 30 June 2026 announced



Company tax and franking rates

Base Rate Entity Rules

Company tax rate		Franking rate
Default rate	30%	30%
Reduced rate	25%	25%
Criteria for reduced rate	Aggregated turnover for CY < \$50M Passive income for CY ≤ 80%	Aggregated turnover for PY < \$50M Passive income for PY ≤ 80%
First year rate		25%



The Base Rate Shuffle

Company tax and franking rates

- ➔ Consider **future dividend payment commitments** now
 - Delay or bring forward
- ➔ Consider your **income mix**
 - Active vs Passive
- ➔ Review **franking account**
 - Do you risk a permanent surplus?

General considerations before year end
– **The Base Rate Shuffle**



General considerations



Denying deductions for ATO interest charges

APPLICATION	TIMING	OPTIONS
For 30 June taxpayers, ATO interest (GIC/SIC) incurred on or after 1 July 2025 non-deductible	While interest accrues daily, may be “incurred” for 8-1 purposes on a single day	Consider bringing it forward OR Refinance for deductible debt (business not personal)

Shortfall interest charge
Currently 7.17%

Incurred when assessment for tax shortfall given

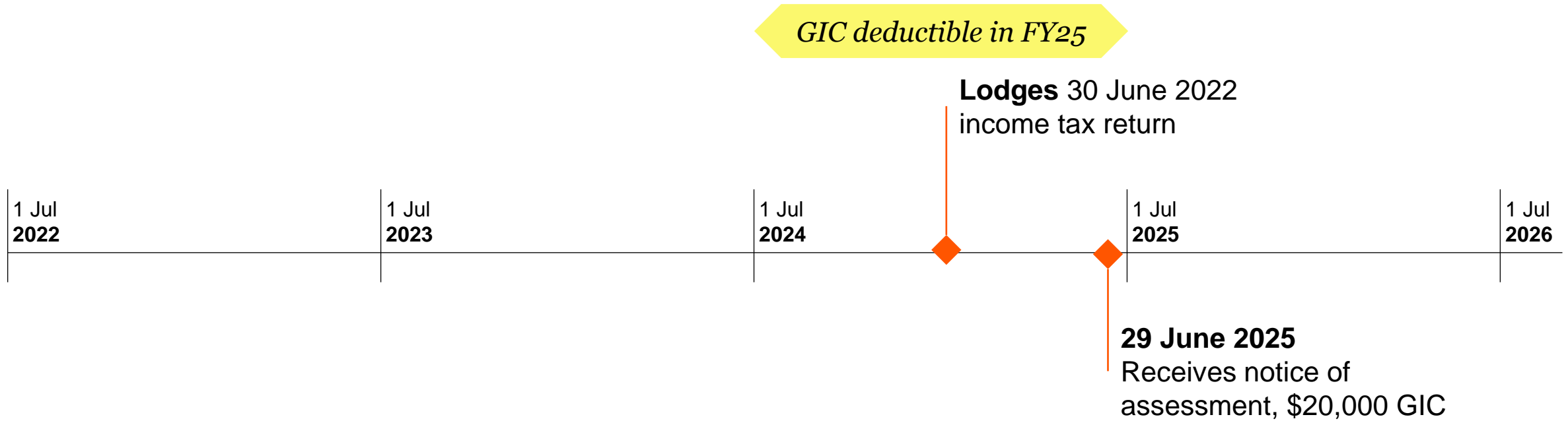
General interest charge
Currently 11.17%

Daily	At once
GIC incurred on late payments (of unpaid tax, penalties, SIC)	GIC incurred on late lodgments



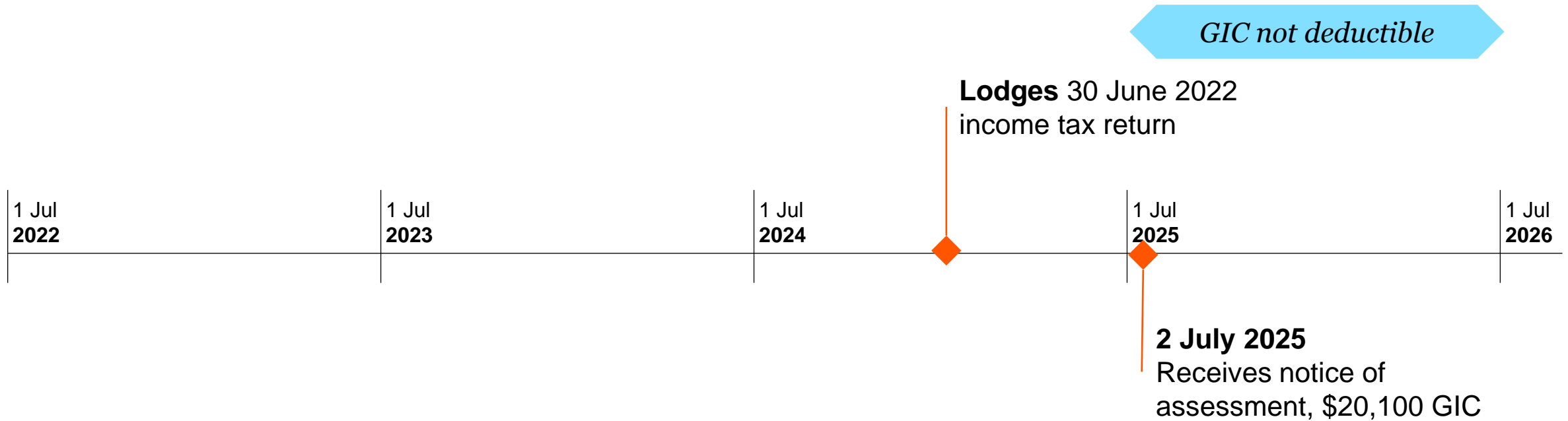
Legislation

Non-deductibility of GIC/SIC



Legislation

Non-deductibility of GIC/SIC



Difference in outcome significant depending on date of assessment



Q&A



Contact us



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Article

Tax planning for
30 June 2025:
what to expect



Making
business
personal