**PORTERS CA**

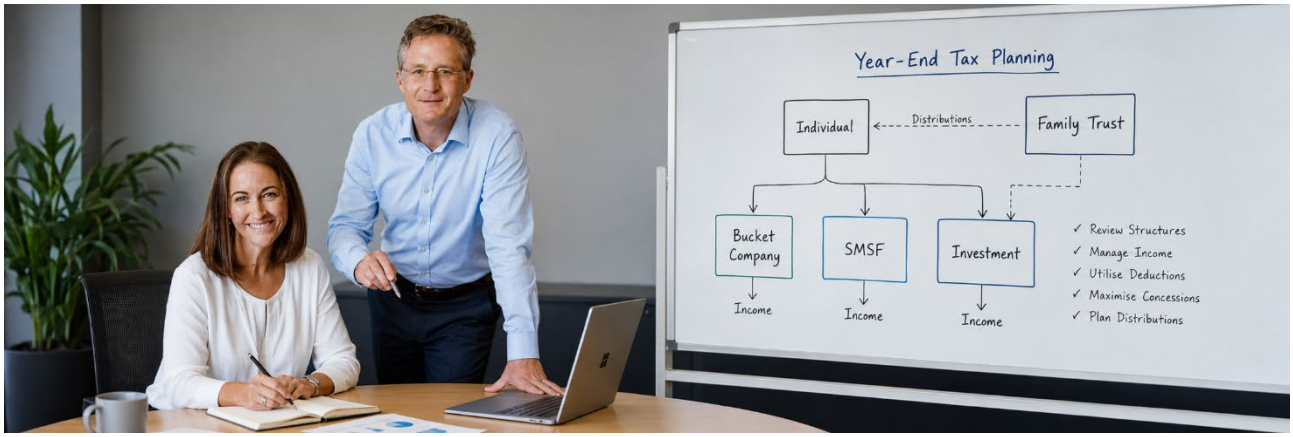
CHARTERED ACCOUNTANTS

# FY26

# Tax Planning Guide

## For Business

**Perth · Albany**




## BEFORE 30 JUNE

Tax planning works best when the commercial decision comes first. If the transaction, investment or structure makes sense for the business, we help you optimise the tax timing, cashflow and risk consequences.

For FY26, the key business theme is timing. Some actions must be completed by 30 June. Other decisions should be made before signing contracts, paying bonuses, making trust distributions or changing payroll systems.

> **Talk to us before committing to a plan or signing anything material.** The best tax planning happens before a transaction, not after the deal is done or later when accounting records arrive for tax preparation.

## Your end of financial year checklist

Use this checklist to decide what needs attention before year end. Not every item will apply to every business.

**Plan**

- ☐ Estimate FY26 profit, tax, GST, PAYG instalments, payroll, loan repayments and the cash required through the September and December quarters.
- ☐ Speak with us before buying or selling major assets, changing ownership, refinancing, paying bonuses or restructuring business interests.
- ☐ Review whether asset purchases, repairs, prepayments or debt reduction make commercial sense before 30 June.
- ☐ Review business structure, trust distributions, bucket company position, Division 7A loans, succession and risk management.
- ☐ Prepare for Payday Super from 1 July 2026: payroll software, clearing house arrangements, employee fund data and cashflow rhythm.
- ☐ Review staff, contractors, motor vehicles and benefits for super, PAYG withholding, payroll tax and FBT exposure.
- ☐ Review GST coding, private use adjustments, mixed-use expenses and any property or motor vehicle transactions.

**Act**

- ☐ Pay employee super early enough for funds to receive it by 30 June if a FY26 deduction is required.
- ☐ Ensure assets to be claimed are installed and ready for use by 30 June - not merely ordered or invoiced.
- ☐ Write off genuinely bad debts before 30 June and keep evidence of the decision.
- ☐ Document trustee resolutions for trust distributions before 30 June.

**Record**

- ☐ Complete stocktake, work in progress review and obsolete asset write-offs where relevant.
- ☐ Record motor vehicle odometers and maintain compliant logbooks where business vehicles or FBT are in play.
- ☐ Gather loan statements, finance contracts, insurance, prepayments, leases, subscriptions, asset invoices and payroll reports.

# FEDERAL BUDGET PROPOSALS

The 2026-27 Federal Budget includes significant business and investment tax proposals. They matter for planning, but should not drive rushed restructuring until legislation and detailed rules are settled.

## Budget Watchlist - Proposed Only

**These measures are proposed and not yet law. Restructuring purely on Budget headlines is rarely the right move. Acquisitions, disposals and ownership changes should be considered against the proposals before you sign.**

- **CGT and negative gearing - proposed from 1 July 2027.** The 50% CGT discount is proposed to be replaced by cost base indexation for assets held more than 12 months, with a 30% minimum tax on net capital gains. Negative gearing on established residential property acquired after 12 May 2026 is proposed to be quarantined to property income, with excess carried forward. Affects investment property, shares, business assets and trust-held investments. Existing assets may require valuation or transitional calculations.
  For existing investments you may wish to review your investment rationale to assess and confirm that it remains appropriate. For new investments we recommend a more detailed review before committing to purchase or a business structure given the tax frameworks are potentially changing.
- **Instant asset write-off.** The $20,000 threshold applies for FY26. The Budget separately proposes to make the $20,000 threshold permanent from 1 July 2026 for eligible small businesses with turnover up to $10 million.
- **Loss carry-back.** Proposed for companies with aggregated annual global turnover under $1 billion for tax years from 1 July 2026. Limited to revenue losses and the franking account balance. Useful for resilience planning, not a reason to manufacture losses.
- **Discretionary trusts - proposed from 1 July 2028.** A 30% minimum tax on trust taxable income, with exceptions and three years of rollover relief from 1 July 2027. Non-corporate beneficiaries would receive non-refundable credits for tax paid by the trustee (based on this proposal, distributions from a trust to a bucket company would effectively end on 30 June 2028 as the tax impost would be over 50%). Trusts used for business should be reviewed, not rushed into restructure.
- **Electric vehicle FBT.** The current rules apply until 30 March 2027. From 1 April 2027, a 25% discount is proposed on the 20% statutory formula rate for eligible electric cars up to the fuel-efficient luxury car tax threshold. A transitional full exemption would continue for electric cars valued up to $75,000 from 1 April 2027 to 31 March 2029. Existing and proposed salary packaging arrangements should be reviewed before commitments are made.
- **PAYG instalments.** From 1 July 2027, businesses may be able to opt into monthly PAYG instalments and access broader dynamic instalment calculations through software.
- **R&D and start-ups.** Further reforms are proposed from later years, including loss refundability for early-stage start-ups and changes to R&D offsets. Relevant clients should plan early, especially where payroll, FBT and withholding credits matter. History suggests these concessions sound great in headlines but are challenging to apply in practice.

# BUSINESS STRUCTURE AND PROFIT PLANNING

## Structure needs to fit your business

A structure that worked five years ago may not fit your current business. Review directors, shareholders, trustees, asset ownership, risk, succession, banking requirements and the ability to retain or distribute profits. Changes should be approached with extreme caution due to risks with income tax, capital gains tax, state transfer duties, counterparty management and alignment with Constitutions and trust deeds.

A company can be efficient for retaining profits and managing risk, but Division 7A, wages, dividends and franking need discipline. A trust can be flexible, but trustee resolutions, section 100A risk and the Budget trust proposals make active review more important. A partnership can be simple but entails joint and several liability.

## Family trusts and section 100A

Trust distributions should reflect real decisions and real economic benefit. Trustees should consider beneficiaries before 30 June, follow the trust deed, and keep evidence of the decision. We work with all our clients with trust deeds to assisting in managing this process appropriately before 30 June.

The ATO continues to focus on arrangements where a beneficiary is made presently entitled but the economic benefit is directed elsewhere. This is not a box-ticking exercise.

## Bucket companies

A corporate beneficiary can cap tax at the company rate on income retained for investment or working capital. It is generally a deferral, not a permanent saving. Future dividends, franking, Division 7A, asset protection and administration costs all matter. The proposed budget changes and a recent ATO focus on distributions of franking credits to newly established companies mean this is unlikely to be viable for establishment in FY26. Existing bucket companies remain a valid risk management and planning tool until we hear more of Budget changes.

## Division 7A loans

Private company loans to shareholders or associates need active management. For FY26, the Division 7A benchmark interest rate is 8.37% and may increase for FY27 - high enough that company loans are now a real cashflow issue, not just a tax technicality.

- Make minimum yearly repayments by 30 June. This may be a mix of physical payment of funds, contribution of assets or declaration of dividends.
- Place current-year loans on compliant terms by the company return lodgment date.
- Review unpaid present entitlements (UPEs) to corporate beneficiaries.
- Check that repayments are genuine - not recycled through fresh drawings shortly after.
- Document loan agreements in writing before the lodgment deadline.
- Avoid clearing loans with late or unsupported dividends.

## Franking and dividend planning

For private company groups, review dividend strategy before year end.

- Decide whether dividends should be paid before or after 30 June, based on shareholder marginal rates and cashflow.
- Confirm franking credit availability and the franking account balance.
- Consider whether shareholder loan accounts should be cleared by a dividend rather than by cash repayment.
- Model the top-up tax impact on shareholders, especially where the company tax rate differs from the shareholder's marginal rate.
- Consider how bucket company profits should be extracted over time.

## Small business CGT concessions

Where a business sale, succession or restructure is in prospect, the small business CGT concessions are usually the highest-value tax planning item. They should be considered when first considering a business sale rather than after contracts are signed.

- 15-year exemption
- 50% active asset reduction
- Retirement exemption (lifetime $500,000 cap)
- Small business rollover
- Eligibility: $6 million net asset value test or $2 million aggregated turnover test
- Active asset test and connected entity / affiliate rules
- Timing of the CGT event and the role of the contract date

*These rules are valuable for business owners but also technical and unforgiving. Talk to us early.*




## Company and trust loss rules

- **Companies:** Continuity of ownership and same business / similar business tests must be satisfied before prior-year losses can be used.
- **Trusts:** Specific trust loss rules apply, including the income injection test. Family trust elections (FTE) and interposed entity elections (IEE) may be needed to access loss utilisation and franking credits.
- Confirm losses are actually available before relying on them in planning.

# TAXABLE INCOME AND DEDUCTIONS

## Instant asset write-off and depreciation

Only buy assets your business actually needs. A deduction does not make a bad purchase good. To claim depreciation or immediate deduction treatment, the asset must be first used or installed ready for use by 30 June.

There is a $20,000 instant asset write-off for assets installed and ready for use by 30 June 2026 for businesses with turnover of up to $10 million. The Budget separately proposes making the $20,000 threshold permanent from 1 July 2026 for eligible small businesses.

Assets at or above the relevant threshold generally move into the small business pool rather than being immediately deducted.

Remember the difference between tax and accounting depreciation. Prior accelerated deductions can leave an asset with a low tax value but a higher accounting value. A later sale may produce assessable income even where the accounts still show a book value.

## Asset register

Review your asset register. If there are assets that are no longer in use then dispose of them and mark them as sold or scrapped.

## GST review

GST is often the source of preventable adjustments and ATO contact. A short review before year end is worth the time.

- Recheck GST coding on large or unusual transactions.
- Confirm private use adjustments where assets, vehicles or properties have mixed use.
- Apply the car limit to GST credits on motor vehicles. For FY26, the income tax car limit is $69,674, which caps the GST credit accordingly.
- Treat customer deposits correctly - GST timing depends on the supply, not the deposit.
- Adjust GST for bad debts actually written off.
- Review property transactions (margin scheme eligibility, GST-free going concern, sale of commercial premises).
- Verify supplier GST registrations on material claims via ABN Lookup.
- Look for transactions with odd amounts of GST such as import duties, insurance payments and international purchases and subscriptions.



### ATO interest charges

From income years starting on or after 1 July 2025, general interest charge and shortfall interest charge incurred on or after 1 July 2025 are **no longer deductible**. This makes tax debt and payment plans more expensive after tax. Treat tax debt like expensive finance. The ATO has changed their attitude from the past and it is rare that interest or penalties are remitted.

### Prepayments and consumables

Small business taxpayers may be able to prepay up to 12 months of eligible expenses - subscriptions, insurance, interest - before 30 June. Do this only where it helps cashflow and the expense would be incurred anyway.

Consumables such as stationery, printing, office supplies and computer supplies may be brought forward if genuinely needed. Avoid spending simply to chase a deduction.

### Bad debts, stock and work in progress

Review trade debtors before 30 June. Genuinely bad debts should be written off in the accounts before year end, with a short file note or management record supporting the decision. The tax legislation specifically requires a bad debt to be written off in the financial year.

Complete a stocktake or work in progress review where relevant. Identify obsolete, slow-moving or worthless stock and decide whether it should be sold, scrapped, written down or retained for a commercial reason.

### Deferring income

Deferring invoices or receipt of income can shift tax into a later year, but cash in the bank is usually better than cash in a customer's account. Any deferral should be commercially sound and consistent with the business's accounting basis.

### Fuel tax credits and industry-specific claims

Fuel tax credits, primary production concessions and industry-specific rebates are easy to overlook. Worth reviewing if your business is in:

- Agriculture and primary production
- Transport, logistics and road freight
- Civil construction and earthmoving
- Mining and mining support
- Plant-heavy and equipment-heavy businesses

Rates change quarterly. Records of fuel use and location matter.

## EMPLOYEES, SUPER AND FBT

### Employee superannuation

The super guarantee rate has been 12% since 1 July 2025. SG must be paid on time, to the right fund, for eligible workers. Late payments create super guarantee charge exposure and deny tax deductibility.

For a FY26 deduction, employee super must be received by the fund by 30 June. Do not leave June-quarter contributions to the last minute, especially where a clearing house is involved.

## Payday Super from 1 July 2026

Payday Super moves super from quarterly to payday-based payment from 1 July 2026. Prepare payroll, cashflow and error-correction processes now.

- Check whether payroll software can calculate and pay super with each pay run.
- Confirm employee fund details, stapled fund processes and onboarding workflows.
- Review cashflow so super is funded every pay cycle, not quarterly.
- The ATO Small Business Superannuation Clearing House closes permanently from 1 July 2026. Existing users have access until 30 June 2026. Choose an alternative method and download records before access ends.
- Be careful where your contributions to super in July can be allocated to the June quarter outstanding balance and not the commencement of payday super contributions.

> **The June 2026 quarter may create a cashflow pinch** - employers may still be paying final quarterly super obligations while moving into payday-based super from 1 July 2026. Plan cash for both.

## FBT, vehicles and staff benefits

Business vehicles need careful treatment. A commercial vehicle with private-use can create issues for FBT and tax deductibility and a family car inside a business can create FBT, GST and record-keeping issues.

For cars first used or leased in the 2025-26 income year, the income tax car limit is **$69,674**. FBT can still be calculated on a higher value, so high-value vehicles need particular caution.

Electric car FBT concessions can still be valuable, but plug-in hybrid vehicles are generally no longer eligible from 1 April 2025 unless transitional conditions are satisfied. Battery electric vehicles should be reviewed against the luxury car tax threshold and the proposed Budget changes (see Budget Watchlist).

> **Commuting between home and work is usually private travel.** Business owners and employees should not treat ordinary commuting as business kilometres and nor should commercial vehicles such as a dual cab ute be considered as a tax free family runabout.

## Tools of trade and salary packaging

Work-related portable tools, laptops, software, protective clothing, mobile phones and similar items may be FBT-exempt or salary-packageable where there is a genuine employment connection. Keep the arrangement simple and documented.

# OWNERS, INVESTMENTS AND FINANCE

## Surplus funds

Surplus funds should be used deliberately. Options include paying down debt, building working capital, investing in productive assets, topping up super within caps, funding a dividend or distribution strategy, or holding cash for tax and payroll obligations.

## Ownership of investments

Review ownership before acquiring investments, commercial property or major assets. Tax rates, asset protection, finance, succession and future sale outcomes all matter. Changing ownership later can trigger capital gains tax and transfer duty.

## Commercial property and depreciation

For commercial property, a quantity surveyor's depreciation schedule can support capital works and plant deductions. The cost is often recovered through tax savings, but the property and ownership structure should be reviewed first.



## Debt and funding

Keep private and business borrowings separate. Once loan accounts are mixed, interest deductibility becomes harder to support and sometimes cannot be cleanly fixed. Review debt structure before refinancing or redrawing.

Given ATO interest is no longer deductible from FY26, tax debts should be treated like expensive finance. Where cashflow is tight, talk to us before liabilities fall overdue.

# BUSINESS OWNER TAX PLANNING

Business tax planning should be reviewed alongside the owner's personal position. The decisions interact - the right answer at the entity level can be the wrong answer at the owner level. Issues worth reviewing each year include salary, dividends, trust distributions, personal super contributions, investment income, Division 293 tax, capital gains, private loans and family cashflow. We recommend reviewing our Tax Planning Guide for Individuals alongside this document.

## Profit extraction

- Compare salary, dividends and trust distributions for each owner against their marginal rate, super position and other income.

- Consider whether the owner should take less salary in FY26 to leave franking credits available in the company.
- For family groups, model the combined household outcome - not just the owner's individual return.

### Personal super for owners

- The concessional cap is **$30,000** for FY26.
- If your total super balance was below **$500,000** at 30 June of the prior year, unused concessional cap from prior years can be carried forward and used in FY26. Useful in a high-income year or where a capital gain is being crystallised.
- Personal deductible contributions require a valid notice of intent lodged with the fund and acknowledged before lodging your return, starting a pension or rolling over.

### Division 293

Combined income and concessional contributions above **$250,000** attract an additional 15% tax on concessional contributions. Even with Division 293, contributing is usually still net favourable - but it should be modelled.

### Spouse and family arrangements

- Wages paid to a spouse or family member must reflect genuine work performed and be paid at a reasonable rate.
- Document the role, the hours and the rate. ATO and payroll tax authorities can challenge unsupported arrangements.
- Family trust distributions should follow real economic flows.

### Private expenses

Private expenses paid through the business create Division 7A, FBT, GST and deduction issues. Review the loan account, director drawings and any benefits provided to owners or family before year end.

### Sale, succession and restructuring

Business owners considering sale, succession, property transactions or restructuring should seek advice at the point of considering changes and long **before** signing contracts. Small business CGT concessions, transfer duty, Division 7A and proposed Budget changes can materially change the outcome.

## REPORTING AND YEAR-END RECORDS

### Cloud accounting and management reporting

Real-time accounting information improves tax planning because decisions are made before year end, not months later. Reconcile your accounts – confirm the items you have listed on your balance sheet are true and correct. Check your income and expenses make sense based on the year you are completing.

If your accounting product or bookkeeping is not working for you, get in touch and talk with us and our bookkeeping team.

### Motor vehicle records

Maintain a compliant 12-week logbook where required. Record odometer readings at 31 March for FBT and 30 June for income tax, and keep running-cost invoices. A defensible logbook rarely lands on a round percentage.

### Taxable payments annual report (TPAR)

Businesses in building and construction, cleaning, courier and road freight, IT, security, investigation and surveillance services may need to report payments to contractors by **28 August**.

### Records to gather

- 30 June bank, loan, credit card and finance statements.
- Asset purchase invoices and evidence of installation or ready-for-use date.
- Payroll reports, super payment confirmations and employee benefit records.
- Debtor listings, bad debt write-off evidence and stocktake or WIP records.
- Trust resolutions, company loan records, dividends, director drawings and beneficiary statements.
- Insurance, subscriptions, leases, prepayments and interest schedules.

## A FINAL WORD

If it sounds too good to be true, it generally is. Tax planning is not about chasing deductions at any cost. It is about making better business decisions, managing cashflow and avoiding preventable tax risk.

Business advice can be detailed and structured or simply a sounding board to review ideas. We are here to assist you and that always works better in an open and honest conversation.

### Important Notice

This guide is general information only. It does not consider your particular objectives, financial situation or needs and is not accounting, tax, financial or legal advice. Specific decisions require specific analysis of your circumstances. We have considered and note the uncertain nature of future legislative change.

## SPEAK WITH US

### Porters CA - Chartered Accountants

| Perth | Albany |
|---|---|
| Level 3, 9 Bowman Street<br>South Perth WA 6151<br>(08) 6436 0900 | Level 1, 96-102 Stirling Terrace<br>Albany WA 6330<br>(08) 9842 2511 |

**Porters CA** (ABN 17 191 481 153) is a partnership of Porters (Australia) Pty Ltd as trustee for the Porter Family Trust, Porters Financial Pty Ltd atf Terry Family Trust and Bradley Corp Pty Ltd atf Bradleys Trust, represented by Director and Principals Simon Terry and Jodi Bradley.
**Liability limited by a scheme approved under Professional Standards Legislation** 