

News

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Navigating Changing Conditions

Global events
have local
consequences

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Recent tensions in the Middle East have pushed global energy prices higher, which is something many businesses are already starting to notice. For our rural clients in particular, higher energy and fuel prices often flow through to other costs - including freight and fertiliser - which can add pressure as the cropping season begins.

While the headlines can sometimes create uncertainty, fluctuations like these are a normal part of the economic cycle. One thing we see time and time again across South Australia is the ability of local businesses and primary producers to adapt and plan ahead.

Keep an Eye on Cash Flow

When input costs move around, keeping a close eye on cash flow becomes even more important. This means preparing and reviewing budgets, modelling the financial impact of changes in input costs, or looking at the timing of capital expenses.

Clear, accurate numbers create confidence when making decisions and helps avoid surprises down the track.

Think Ahead to 30 June

The next few months are the ideal time to start looking at tax planning.

A quick review now can often make the end of the year much smoother. Getting in early allows us to consider options, plan for any tax liabilities and avoid the last-minute rush in June. For businesses, there may be opportunities around timing of income, equipment purchases or input prepayments depending on individual circumstances.

A Quick Check on Investments

Share markets have been a bit volatile, which can happen. For most investors, these periods are simply a reminder to review long-term plans and make sure everything is still on track. A good investment advisor not only manages investments carefully, they will also ensure no rash decisions are made in times of volatility and uncertainty.

It can also be a good time to look at superannuation contributions ahead of 30 June, particularly if you are expecting a large taxable income this year and are considering topping up your super before the end of the financial year.

Look Ahead

Despite some uncertainty globally, the overall outlook for Australian businesses remains steady. Good planning and staying on top of the numbers will always put you in the best position to manage whatever challenges arise.

Tax

Change To The Tax Treatment Of *Holiday Homes*



Noting the growing trend of people renting out property for short-term accommodation, the Tax Office has withdrawn a 40-year-old ruling and replaced it with a new draft Taxation Ruling, accompanied by two draft Practical Compliance Guidelines.

Between them, these cover everything relating to renting out all or part of your property without carrying on a business, including income and deductions in a variety of circumstances.

This article focuses on holiday homes, which have always been a bit of a grey area from a tax perspective. The new guidance material tightens up the rules around the deductibility of ownership costs (mortgage interest, rates, insurance, maintenance and repairs).

The Tax Office has always maintained that net rental losses from a holiday home are only deductible if the property is genuinely available for rent on commercial terms, particularly around peak seasonal times. Blocking out large slabs of time over Christmas and the school holidays for the owner's personal use of their beach house or for use by family and friends for free or at below market rates while asking for unrealistically high rents or imposing onerous conditions on would-be renters would not be regarded as making the property genuinely available for rent.

Under the withdrawn guidelines, this issue was addressed by only allowing deductions for holding costs on a time basis, e.g. if the holiday home was let to unrelated parties on commercial terms for, say, 18 days in an income year, the owner would have to include all of the rent received as assessable

income but could only claim 4.9% of the outgoings, including holding costs.

There was no deduction for holding costs attributable to the time spent at the property by the owner, nor for the period when the property was vacant. The new guidance material uses a different approach:

After many years it has occurred to someone in the Tax Office that a holiday home is a 'leisure facility', and under the law the cost of acquiring or holding a leisure facility is non-deductible.

So, the 4.9% that was deductible under the withdrawn guidelines will no longer be deductible. There is, an exception to the blanket disallowance of holding costs for leisure facilities, where they are 'mainly' used to produce rental income. This opens up the same can of worms that the withdrawn guidelines had to grapple with, but the guidance material provides some practical examples about the meaning of 'mainly' in this context.

A time analysis is a useful starting point, but it is not in itself determinative. Other

less tangible factors include the pattern of use of the holiday home and the times it is set aside for the owner's personal use.

The mere fact of advertising the holiday home for rent is helpful, provided the rent being sought is commercial and the home is genuinely available to rent at peak times.

There is also a lot of useful guidance on apportionment where the rental pattern establishes the main use of the holiday home is to produce rental income. One of the examples given makes it clear that the numerator in the apportionment formula is the sum of the number of days the property is actually let plus the number of days it was vacant but genuinely available for rent. That makes it worthwhile clearing the 'mainly' requirement if you can.

As the leisure facility approach is new, the Tax Office has stated that it will not devote compliance resources to applying the new stricter view to properties owned before 12 November 2025 for the income years ending 30 June 2026 or earlier.

Recommendations

To reduce the chances of falling foul, holiday home owners should keep careful records of their holiday home, including:

- Detailed logs of rental and private use
- Evidence of market-based pricing and booking acceptances and rejections
- Evidence of not blocking peak periods for personal use



It's Logbook Check-In Time!

Logbooks don't always last 5 years. Help your clients understand when they need to start a new one.

Is Your Logbook Still on Track?

The Tax Office is reminding taxpayers to review car logbook records regularly to ensure they remain accurate and compliant.

For many individuals and business owners, the logbook method remains a valuable way to maximise motor vehicle deductions. However, it comes with strict record-keeping requirements—and a common misconception that a logbook is a “set and forget” exercise.

The 5-Year Rule—With a Catch

A valid car logbook can generally be used for up to five years, provided it continues to reflect actual usage patterns.

However, the Tax Office has emphasised that this only applies where there has been **no material change in circumstances**. If the way a vehicle is used for work has shifted, the existing logbook may no longer be valid.

Key Logbook Requirements

To be valid, a logbook must:

- Cover a continuous 12-week period that is representative of normal usage

- Record all trips (business and private), including:

- Dates
- Odometer readings
- Kilometres travelled
- Purpose of each journey

In addition to the logbook itself, taxpayers must retain supporting records such as fuel, servicing, insurance, and registration expenses to substantiate their claims.

Multiple Vehicles and Changes During the Year

Where clients use more than one vehicle for work purposes, a separate logbook is required for each vehicle.

If a vehicle is replaced during the year, the existing logbook can sometimes be transferred—but only where appropriate records and a formal nomination are made before lodging the tax return.

Tax Office Focus: Accuracy and Evidence

The Tax Office continues to focus on work-related expense claims, with motor vehicle deductions a known area of scrutiny. An inaccurate or outdated logbook may not withstand

review, particularly where claims appear inconsistent with a taxpayer's circumstances.

Importantly, without a valid logbook, it becomes difficult to substantiate the business-use percentage applied to total car expenses.

Taxpayer To Do List:

- Review logbooks annually — do not assume they remain valid
- Start a new logbook if circumstances have changed
- Ensure the 12-week period is representative of typical usage
- Maintain complete and accurate supporting records

Final Thought

Often Tax Office “reminders” pre-empt a Tax Office “compliance program”. This means a quick “logbook health check” now can prevent costly adjustments later should the Tax Office come knocking.

For many clients, updating or refreshing their logbook is a simple step that can both protect and optimise their tax position.

General

Who Can Make A Claim Against A Deceased Estate?

Someone who is eligible in one state may not be eligible in exactly the same way in another!

In Australia, the law recognises that a will maker may sometimes fail to make adequate provision for close family or dependants. In that situation, certain people can ask the Supreme Court for a share, or a larger share, of the deceased's estate. This is usually called a family provision claim or a claim against a deceased estate.

Although each state and territory has its own Act, they all broadly follow the same idea:

- You must be an eligible person, and
- You must show that you've been left without adequate provision for your proper maintenance and support.

Who is generally allowed to claim?

The list differs slightly by state, but across Australia these categories are commonly eligible:

1. Spouses and de facto partners

- A husband or wife at the time of death
- A de facto partner who was living with the deceased in a genuine domestic relationship.

2. Children

Biological and adopted children are generally eligible in every jurisdiction. Step-children may be eligible in some states either directly (for example in Victoria

and Western Australia) or where they were financially dependent or part of the deceased's household.

3. Former spouses or partners

Most states allow a former spouse or domestic partner to claim, usually where there has not already been a full and final family law property settlement, or where there are special "factors warranting" an application.

4. Other dependants

- Grandchildren who were financially dependent on the deceased or were, in substance, brought up by them
- Other household members - e.g. a step-child, parent, or other relative living in the same household, who were wholly or partly dependent on the deceased
- A person in a 'close personal relationship' with the deceased. This might include a long-term carer or companion providing domestic support and personal care. This is most clearly recognised in New South Wales but similar ideas appear elsewhere.

Being eligible is only the first step

Even if you fit into one of these categories, the Court will not automatically change the will. It must decide whether, looking at all

the circumstances, adequate provision has been made for you.

Across Australia, courts generally look at similar factors, such as:

- The nature and length of your relationship with the deceased
- Any obligations or responsibilities the deceased had towards you (compared with other beneficiaries)
- The size and nature of the estate
- Your financial position, health, age and future needs
- Any significant contributions you made to the deceased or their property
- Any gifts or support you already received during the deceased's lifetime
- Any serious misconduct or long-term estrangement, in appropriate cases.

Judges often talk about 'what a wise and just' person, or what the 'community' would generally regard as fair in the circumstances would have done, without simply rewriting the will from scratch.

Time limits and next steps

Time limits to make a family provision claim are strict and vary by state. The Court will only extend time beyond these time limits in limited situations.

Payday Super: Commences 1 July 2026

**Take
Action
Now!**

Currently, employers have until the 28th day after the end of the quarter to pay employees superannuation. From 1 July 2026, this changes significantly — superannuation contributions will need to be received by the superannuation fund within 7 business days of each pay day.

Instead of accumulating super liabilities and paying them quarterly, employers will be required to align super payments with each payroll cycle, whether that be weekly, fortnightly or monthly.

The policy is designed to ensure employees receive their superannuation contributions sooner and to reduce the incidence of unpaid or late superannuation payments.

Most employers will need to take action now by reviewing their payroll processes, assessing their cash flow requirements and updating compliance systems in preparation for the change.

From an operational perspective, businesses should be considering:

- 1 Whether their payroll software is capable of calculating and transmitting superannuation guarantee (SG) contributions each pay run.
- 2 Including the payment of employee superannuation in the payroll process.
- 3 The impact on onboarding and termination procedures, where superannuation obligations will arise and need to be finalised much more quickly.

Cash flow management will require careful attention. While the overall annual super cost does not change, the timing does. Employers who have historically relied on the gap between paying wages and remitting quarterly super will need to adjust their working capital management accordingly.

To complicate matters further, the Tax Office Small Business Superannuation

Clearing House is closing on 30 June 2026. Employers currently using that platform will need to transition to an alternative solution. Many modern bookkeeping and payroll software packages now automate superannuation payments and clearing house functions, but implementation, testing and staff training should not be left until the last minute.

With more frequent payment deadlines, there is less room for error. From 1 July 2026, the Superannuation Guarantee Charge core amount will be tax deductible, but any associated interest and administrative penalties remain non-deductible, making compliance under the new regime even more important.

Although 1 July 2026 may seem some time away, the scale of the change means early preparation is prudent. Reviewing systems now and modelling cash flow impacts will place businesses in a far stronger position when Payday super becomes the new standard.

Please feel free to contact our office for further assistance.

Legal

What Is The Right Legal Structure? ...Depends

Aside from tax, there are many factors to consider when determining the best structure (or combinations of structures) for your business(s) or investment(s), including ease of understanding, set up and compliance costs, the ability to admit new owners, asset protection etc.

You can change your business structure at any time, however, there may be costs involved such as capital gains tax and stamp duty. The table below demonstrates a summary of the features associated with the various legal structures available.



	Tax	Tax Rate	Control
Sole Trader	- The individual is responsible for tax on the income and capital gains - Eligible for 50% CGT discount on capital gains (at the time of writing)	At the individuals marginal tax rate, which ranges from 0% for the first \$18,200 to 45% (plus Medicare levy) for income over \$190,000	Full control of the business and day to day decision making
Partnership	- Each partner is responsible for tax on their fixed share of the partnership income and capital gains - Each partner eligible for 50% CGT discount on capital gains.	At each partner's marginal tax rate, as per above	- Control details can be set out in a partnership agreement - Ultimately dependent on partnership interest - Generally, a partner has the authority to act as an agent for the partnership, and each member shares control of the management decisions
Trust	- Each beneficiary is responsible for tax on the income and capital gains of the trust they have been made presently entitled to - Trustee pays tax on behalf of non-residents and minors - Eligibility for CGT discount depends on the beneficiary	- Beneficiaries taxed at their marginal tax rate - Undistributed and incorrectly distributed profits taxed at 47%	- Trustee holds the legal title to property and administers the trust for the benefit of the beneficiaries - Appointor (if applicable) appoints the Trustee of the trust and therefore has ultimate control - Beneficiaries have no control or say over the trust
Proprietary Company	- Company is responsible for tax on income and capital gains - Not eligible for CGT discount on capital gains - Shareholders incur tax on company dividends, less a credit for company tax paid	30% - Large business or non-business. 25% - Small Business, also known as Base Rate Entities	- Run by directors, who are appointed by the shareholders - Ownership rests with the shareholders
Self-Managed Super Fund	- Fund is responsible for tax on income and capital gains - Each member's share of tax is deducted from their member account - Eligible for 1/3rd CGT discount on capital gains.	15% on earnings of accumulation balance 0% on earnings of pension balance - Pension balance subject to Transfer Balance Cap (\$2.1 m at 1/7/25) - Earnings on balances over \$3m to be taxed at an additional 15%, and over \$10m at an additional 25%. 15% - 17% on taxable balances left to non-dependents on death	- For individual trustees, all members must be trustees of the fund - If corporate trustee, all members must be directors of the company - Trustees/members control investment decisions and asset mix



Liability	Costs & Requirements
• Unlimited personal liability	• Minimal set up costs • Annual Income & Expenses included in individual Income Tax Return • Business Activity Statements (if applicable)
• General Partnerships – partners have unlimited liability for the debts and obligations of the partnership • Limited Partnerships- partners liability is limited to the amount they have invested into the partnership	• Minimal set up costs • Partnership Agreement recommended • Annual Partnership tax return • Business Activity Statements (if applicable)
• Trustees are personally liable for the debts of the trust they administer, however can be compensated out of trust property for liabilities incurred in exercise of the trustee's powers	• Trust Deed • Annual Trust tax return. • Annual distribution resolution • If a corporate trustee, some company costs & requirements also incurred • Business Activity Statements (if applicable)
• Directors can be held liable if found to be in breach of their duties. • Directors can be held personally liable for unpaid taxes and superannuation. • Subject to the above, shareholder liability is limited to the amount unpaid on their shares.	• Statutory Register and constitution • ASIC Incorporation Fee (currently \$611) • Annual ASIC fee (currently \$329) • Annual Company tax return • Annual ASIC Return • Regular director and shareholder meetings and minutes • Business Activity Statements (if applicable)
• SMSF's can only incur liabilities in limited circumstances (ie. LRBA) • Only assets subject to a fund's LRBA (if applicable) are at risk if in default • SMSFs not eligible for compensation resulting from theft or fraud • Penalties of non-compliance can be levied on trustees/members personally.	• Fund Deed • Annual SMSF Return • Annual audit • Written Investment Strategy • If a corporate trustee, company costs & requirements also incurred. • Business Activity Statements (if applicable)

General

Tribunal Finds “Work-Related” Ferrari Subject To 47% Fringe Benefits Tax

A recent decision of the Administrative Review Tribunal has delivered a clear reminder: when it comes to Fringe Benefits Tax (FBT), a luxury sports car is unlikely to escape scrutiny.

The case involved a consultancy company that provided its sole director with a 2010 Ferrari California (worth \$346k). The company argued that the vehicle was provided for visiting clients and travel between its offices, with private use being minor, therefore should not attract FBT.

The Tribunal disagreed, and found that Fringe Benefits Tax should apply based on the following factors;

1. Passenger Vehicle, Not Commercial

Whilst it was argued the car was not designed principally for carrying passengers, given it can only carry one passenger, the Tribunal sighted marketing material that stated ‘comfort mode for everyday driving’.

As such, the tribunal found it did not qualify for exemptions sometimes available to commercial vehicles or vehicles not principally designed for passenger transport.

2. Availability for Private Use Was Critical

Even though the Tribunal agreed the vehicle was used predominantly for business purposes, it was also available for private use. This includes home-to-work travel and occasional leisure activities. For FBT purposes, private use availability alone is enough to trigger liability.



3. Logbook Records Questionable

The Tribunal found the logbooks provided were not prepared when the trips were made, had inconsistencies with dates and distances, and did not agree to servicing records.

4. Commuting Counts as Private Use

Travel between home and the office was treated as private use. It is a common misconception that this travel is either business related or can be ignored when considering FBT.

5. Financing Structure was Irrelevant

The vehicle was acquired by the company under a hire-purchase arrangement, but

this did not alter the FBT outcome. The focus remained on whether a benefit was provided to the director.

6. Valuation was not the Main Fight

The parties agreed the taxable value was based on the vehicle's cost price (excluding on-road costs). The dispute centred on whether FBT applied at all — not how to calculate it.

While most would consider it a large stretch to expect tax benefits to come with the purchase of a sports car, the same tax principles apply even if the vehicle in question is a paddock basher or the family bus.