

News

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Reining In or Raising More?

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The team at RJC Evans & Co thank you for your continued support and wish you a Merry Christmas and a prosperous new year.

With summer, Christmas and cricket upon us, Australians are turning their minds to a well-earned break with family and friends.

The festive spirit is already beginning to shine through—barbecues are firing up, decorations are going up, and many of us are counting down the days until a much-needed pause.

Yet, as we prepare for the holidays and reflect on the year that has been, there remains a growing curiosity—and concern—about what the nation’s policy makers might bring to the table in the new year.

The Federal Government’s recent backtrack on plans to tax unrealised capital gains within superannuation delivered a welcome sense of relief, arriving almost like an early Christmas gift for many Australians. Whilst a higher tax rate on large super balances still seems likely, shelving the unrealised gains component has been broadly viewed as fair and reasonable. Even so, the episode offers an insight into how our government is thinking about securing a more sustainable tax base.

Lessons should be drawn from the substantial rise in black-market cigarettes and the subsequent fall in tobacco excise collections.

Tax something too heavily, and it can have the opposite effect of what was intended. Similar dynamics play out in income tax—higher rates can erode incentives to work and invest, acting as a handbrake on economic growth rather than strengthening it.

Like households, government spending continues to grow, raising the question of where they may look next for revenue. GST increases tend to fall more heavily on lower-income households, a growing segment of the electorate. At the same time, inequality continues to widen both here and abroad, making wealth a potential target.

It is no surprise that this time of year spending tends to creep up - on presents, celebrations, and the small joys that come with the season – but the most meaningful gifts are rarely those wrapped under a tree.

Perhaps this Christmas the best gift to bestow is the gift of yourself (with love, kindness and generosity of spirit). Give up your time and your heart to others. Nurture and share the gift that is in you in a hopeful and positive way.

The love and care of family and friends are the true gifts of Christmas. May you and your loved ones be blessed with an abundance of all these good things during the season of Christmas and in the year to come.

General

Thinking About Developing Your Farmland?

Be Aware of the Tax Traps

Occasionally farmers will be given the opportunity to develop or subdivide their farmland.

While it can be a great way to unlock capital, it is important to understand that doing so can come with unfavourable tax consequences.

Why Developing Farmland Can Trigger Tax Issues

When farmland is sold or developed, the Tax Office may no longer view it as simply the sale of a long-term asset. Instead, it can be treated as a business activity or profit-making venture, which changes how it is taxed.

Here is what that could mean:

- **Loss of Capital Gains Tax (CGT) concessions:** Once land is considered part of a development business, the sale proceeds are often taxed as ordinary income rather than a capital gain.

This means you may lose access to the 50% CGT discount or other small business CGT concessions.

- **GST obligations:** Developing and selling land may trigger Goods and Services Tax (GST). You may need to register for GST, charge GST on sales, and lodge regular Business Activity Statements.
- **Stamp duty and structure risks:** Changing ownership structures or moving land into a company or trust before developing can lead to stamp duty and additional tax liabilities.
- **Timing of tax:** Unlike capital gains (which are generally taxed when the sale is contracted), business income is taxed as it is earned, potentially pushing you into a higher tax bracket.

How to Plan Ahead

If you are thinking about developing or subdividing your property:

- **Get professional tax advice early.** The way your project is structured from the start will determine your tax outcome. Contact our office for help
- **Consider your intentions.** The Tax Office looks closely at your purpose — was the land originally purchased for farming or for profit-making?
- **Understand all the costs.** Beyond tax, there are often significant planning, infrastructure, and compliance expenses.

The Bottom Line

Turning farmland into development lots might sound like an easy win, but the tax implications can be complex and costly if not planned carefully. Before taking the next step, speak with your accountant or adviser to ensure you structure your project in the most tax-effective way possible.

Aged Care Reforms – What’s Changing From 1 November 2025



Australia’s aged-care system is being overhauled to make services simpler, fairer and easier to navigate. These are the key points you need to know.

1. New In-Home Care Program – “Support at Home”

A single program will replace Home Care Packages and Short-Term Restorative Care.

What this means for you:

- Started **1 November 2025**
- More flexibility — choose and pay for only the services you need
- If you already have a Home Care Package, you’ll move across automatically
- The Commonwealth Home Support Program will join the new system **no earlier than 1 July 2027**

2. Major Changes for Residential Aged Care

These rules apply to **anyone entering residential care on or after 1 November 2025.**

Refundable Accommodation Deposit (RAD) – New Retention Rules

For the first time, aged-care homes will be allowed to **retain part of the RAD.**

- 2% per year retained
- Capped at 5 years
- Maximum of 10% kept by the provider
- The retained portion **is not refunded** when you leave care

Daily Accommodation Payments (DAP)

- DAPs will be **indexed twice a year**, meaning they may rise over time
- Low-means residents using Daily Accommodation Contributions are not affected by indexing.

Higher Everyday Living Fee (HELFF)

- Replaces many “extra services” fees
- Covers upgraded hotel-style services (meals, laundry, lifestyle extras)
- **Optional** and agreed with your provider

Non-Clinical Care Contribution (NCCC)

- Replaces the old means-tested care fee
- Applies to personal care and daily living support
- Government continues to fund clinical care
- Lifetime caps apply to limit total out-of-pocket costs

Already in Aged Care Before 1 Nov 2025?

- You can **choose** to “opt in” to the new fees
- Once you opt in, **you cannot go back**, so seek advice first

3. How These Changes May Affect You

- **RAD refunds may be smaller** under the new retention rules
- **Costs may differ** depending on your income, assets and care needs
- More **choice and transparency** in both residential and home-based care

Stay informed at myagedcare.gov.au

Superannuation

Penalties Increased For Failing To Meet Minimum Pension Drawdown Requirement

The Tax Office has begun enforcing tougher rules for anyone who does not meet their annual minimum pension payment requirement.

What used to be a relatively simple issue can now have more serious and lasting tax consequences.

What's Changed?

In the past, failing to withdraw the minimum pension would generally only increase the tax payable for the year, or part of the year, the underpayment was made.

Now, the Tax Office has advised that the following implications will be enforced.

Pension ceases for tax purposes

- The existing pension is treated as ended at the start of that income year.
- In most cases, it cannot continue or be "fixed" by making an extra payment later.

100% of the earnings on the pension account will be taxable

- The fund loses tax exemption on investment earnings for that year (and future years) until a new pension is formally started.

Transfer Balance Account (TBA) effects

- When the pension ceases, a debit may arise in the member's TBA.
- A new credit is recorded only when a new pension is commenced.

New pension must be formally started

- To continue paying income stream benefits, the fund must formally start a new pension (with updated documents and calculations).
- The earliest the new pension can be commenced is when the underpayment is realised (potentially not until our office prepares the annual reports).
- The tax free status of earnings is not reinstated until the new pension is started.

Increased administration costs

- Trustees and advisers must review, document, and recalculate affected pensions — adding compliance and record-keeping work.

How to Stay Compliant

- **Check your minimums early:** If you are unsure, contact our office to confirm your minimum pension payment.
- **Keep an eye on withdrawals:** Make sure you have met the minimum before June 30.
- **Double-check calculations:** Minimum drawdowns can differ depending on your type of pension.
- **Plan ahead:** If you ever need to restart your pension, contact our office to better understand the tax and investment impacts before making changes.

The Bottom Line

The tax cost of failing to meet the minimum pension was previously significant, however now it is even more so. For many SMSFs, the most valuable administrative task they can do is ensure the annual minimum pensions are paid.

Superannuation

Helping Your Kids Buy Their First Home Using Super

Important note:
You cannot contribute directly on your child's behalf.

If you want to give your children a head start on saving for their first home, the First Home Super Saver Scheme (FHSSS) is worth considering.

It offers a tax-effective way for young people to grow a deposit more quickly and is open to anyone who meets the eligibility rules and has never owned property.

What is the First Home Super Saver Scheme?

The FHSSS allows first-home buyers to make voluntary contributions into their super fund and later withdraw those funds, plus earnings, to put toward a home deposit.

Here's how it works:

- They can contribute up to \$15,000 per financial year, and up to \$50,000 total, in voluntary contributions.
- These contributions can be either:
 - Concessional contributions (CC) such as salary sacrifice or personal deductible contributions
 - Non-concessional contributions (NCC) which is after-tax money contributed from their own savings for which no deduction will be claimed

Children 18 or over can apply to withdraw the total voluntary contributions up to \$50,000, plus notional earnings (currently 6.61%) on these contributions, to buy their first home. Whilst children must be at least 18 to withdraw an amount for their first home, they can start saving earlier.

Why use super to save for a home?

One advantage of using the FHSSS is the tax savings. Contributions made by way of personal deductible contributions or salary sacrifice reduce taxable income, which can mean less tax to pay.

In addition, any investment earnings on those contributions are taxed at only 15% inside super, compared to the saver's marginal tax rate. When the funds are withdrawn under the FHSSS, the assessable portion is taxed at the saver's marginal tax rate, but with a 30% offset applied. This means less tax and more savings to put toward a deposit. All this can mean more money is saved compared to saving in a regular bank account.

How parents can help

If your child is working and has a super fund, you can give them money, which they can then contribute themselves to their super fund. They may claim a tax deduction on the contribution and this may boost their after-tax income. Alternatively, they may choose not to claim a tax deduction. If your child is earning a low income and makes a personal after-tax contribution to super, they may be eligible for a government co-contribution of up to \$500. Whilst this is a nice freebie, it cannot be withdrawn under the FHSSS, as it is not a personal contribution.

Important note: You cannot contribute directly on your child's behalf. The Tax Office requires the contribution to come from your child's own bank account to be eligible for the FHSSS withdrawal.

When your child is ready to buy their first home, they apply through myGov to find out the maximum amount they can access under the scheme. Once they have this determination from the Tax Office, they can then request to withdraw up to that amount to use as part of their deposit.

The FHSSS comes with strict eligibility rules and timeframes, so it is important to get the details right. If you are thinking about helping your child save a deposit this way, give us a call. With some forward planning and the right contribution strategy, your child could boost their savings, cut down their tax bill, and step into their first home sooner.

Tax

Christmas and Tax



With the festive season upon us, business owners will be turning their mind to year-end celebrations with both employees and clients. Knowing the rules around Fringe Benefits Tax (FBT), GST credits and what is or is not tax deductible can help keep tax costs to a minimum. Holiday celebrations generally take the form of Christmas parties and/or gift giving.

Parties

Where a party is held during a working day, on business premises, attended by current employees only and costs less than \$300 a head (GST inclusive), FBT does not apply. However, the cost of the function will not be tax deductible and GST credits cannot be claimed.

Where the function is held off business premises, say at a restaurant, or is also attended by employees' partners, FBT applies where the GST-inclusive cost per head comes to \$300 or more, the costs are tax deductible and GST credits are available.

However, FBT will not apply where the per person cost is below the \$300 threshold if it can reasonably be regarded as an exempt minor benefit – ie, one that is only provided irregularly and infrequently. Where FBT does not apply because of the minor benefit rule, the cost will not be deductible and GST credits will not be available.

Where clients also attend, FBT will not apply to the cost applicable to them, but those costs will not be tax deductible and GST credits will not be available. Where there is a mix of attendees, you may need to keep track of who participated in the function.

Gifts

First, you need to work out whether the gift itself is in the nature of entertainment – for example, movie or theatre tickets, admission to sporting events, holiday travel or accommodation vouchers.

Where the recipient of an entertainment gift is an employee (or an associate of an employee) and the GST-inclusive cost is below \$300, the minor benefit exemption should apply so that FBT is not payable, in which case the cost will not be tax deductible and GST credits are not claimable. For larger entertainment gifts to employees, however, FBT applies, the cost is deductible and GST credits can be claimed.

Where the gift is not in the nature of entertainment and it falls below \$300, the FBT minor benefit exemption should apply – for example, Christmas hampers, bottles of alcohol, pen sets, gift vouchers. But because the entertainment rules do not apply, the cost of the gift is tax deductible and GST credits are claimable.

Where a gift is made to a client, the \$300 FBT minor benefit exemption falls by the wayside, but as long as it is not an entertainment gift and it was made in the reasonable expectation of creating goodwill and boosting future business it should be deductible to the business. GST credits are also claimable, while the amount is uncapped (within reason).

Best approach for employees

Provided partying is not a regular thing in your business, taking employees out for Christmas lunch escapes the FBT net, as long as the cost per head stays below the \$300 threshold. While the cost of the function will be non-deductible, and no GST credits are available, that generally has less of a

cash-flow impact on the business than the grossed-up FBT amounts.

For employees and their associates, non-entertainment gifts under \$300 are a good way to go. Making a non-entertainment gift costing up to \$299 is a very tax effective way of showing your appreciation. The \$300 cap applies because the \$300 cap applies separately to each benefit, depending on how generous you feel, you could also make a gift costing up to \$299 to the partner or spouse of an employee, which effectively doubles the \$300 minor benefits cap.

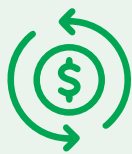
Where the cost of a non-entertainment gift costing up to \$299 is not subject to FBT, it will be tax deductible, with an entitlement to GST credits, giving you the best of both worlds.

Best approach for clients

While FBT is off the table for business clients, making a non-entertainment gift (tax deductible; no dollar limit within reason) is actually much more tax effective than wining and dining a key client (non-deductible entertainment). If you put some thought into what gift to buy a client and perhaps deliver it yourself, you might make much more of an impact than inviting them to share a restaurant meal in their already crowded Christmas calendar.

If you are not sure and you need help in sorting out the tax treatment of your upcoming holiday celebrations and gifting, do not hesitate to give us a call.

Potential Delays in BAS Refunds



From 1 July 2025, the Tax Office will have up to 30 days to notify you if they decide to retain your Business Activity Statement (BAS) refund for further verification.

Previously, the Tax Office had 14 days to provide this notification. The extension to 30 days applies to BAS refunds identified as high risk, allowing additional time to verify the accuracy of the information reported in your BAS before releasing the refund. This is especially important during periods of high-volume fraud activity.

If the Tax Office do not notify you within the 30-day period, your BAS refund will be automatically released on day 31.

What This Means for You

This change will not affect businesses that are expecting a legitimate refund. The ATO will continue to process BAS refunds as quickly as possible and pay interest on any legitimate refunds retained for more than 14 days.

To help ensure your refund is processed smoothly, keep accurate and complete records to support your claims. This will make it easier for the Tax Office to verify your information if required and help speed up the refund process.

Renting Your Holiday Home



Rental property claims in holiday hot spots are a frequent audit target by the Tax Office.

With summer around the corner and beach holiday homes back on the agenda, perhaps it is time to revisit a few tax matters about their use.

The big issue is how you claim expenses if your holiday home is only rented for part of the year.

Well, the Tax Office takes the view that you can claim expenses for the property based on the extent that they are incurred for the purpose of producing rental income, but that you will need to apportion your expenses if your property is available for rent for only part of the year.

Moreover, it has to be genuinely available for rent! The Tax Office says that factors that may indicate a property isn't genuinely available for rent include:

- It is advertised in ways that limit its exposure to potential tenants; eg, the property is only advertised at your workplace or on restricted social media groups.
- The location, condition of the property, or accessibility of the property mean that it's unlikely tenants will seek to rent it.
- You place unreasonable or stringent conditions on renting out the property that restrict the likelihood of renting out the property; eg, setting the rent above the rate of comparable properties in the area, requiring prospective users to give references for short holiday stays and conditions like "no children" and "no pets".
- You use the property yourself during peak times and it is only available off peak.

- You refuse to rent out the property to interested people without adequate reasons.

The Tax Office also requires you to apportion your expenses if you charge less than market rent to family or friends to use the property. And in this case, the general rule is that you can only claim expenses up to the amount of rent derived – so that you have a tax neutral outcome

Importantly, the Tax Office also says that it may not be appropriate to apportion all expenses on the same basis. For example, expenses that relate solely to the renting of your property are fully deductible and you don't need to apportion them based on the time the property was rented out. Such expenses include real estate commissions and the costs of advertising for tenants

Again you cannot claim a deduction for expenses that relate to periods when the property is not genuinely available for rent or periods when the property is used for a private purpose or for the part of the property that isn't rented out; eg, the cost of cleaning your holiday home after you, your family or friends have used the property for a holiday or a repair for damage.

Rental property claims in holiday hot spots are a frequent audit target by the Tax Office. By ensuring rental income and expenses are reported correctly will help prevent unwanted Tax Office attention.

General

Tax Deductibility of Clothing



The tax deductibility of clothing is a topic that often confuses taxpayers, as the rules are specific and nuanced.

As a broad principle, the Tax Office allows deductions for expenses that are directly related to earning assessable income, but excludes categories of expenditure which are regarded as being of a private or domestic nature – which clothing prima-facie falls into.

Generally, the Tax Office takes the view that clothing expenses are deductible if the clothing is:

- **Occupation-specific:** The clothing must be uniquely associated with a particular profession or occupation and not suitable for everyday wear.
- **Protective:** The clothing must provide a necessary level of protection against workplace hazards.
- **Compulsory:** The clothing must be a compulsory uniform with a logo or design that identifies the wearer as an employee of a specific organisation.
- **Registered with the Tax Office's Industry Clothing Register:** Non-compulsory uniforms must be included on this register to qualify for deductions.

Conversely, conventional clothing (eg, business suits, or general workwear) is typically not deductible, even if required by an employer, unless it meets one of the above criteria.

It is also important to note that taxpayers can also claim expenses for laundering, dry cleaning, or repairing work-related clothing where the cost of purchasing is deductible. The Tax Office provides a standard rate of \$1 per load for work-related clothing washed separately or 50 cents per load if mixed with other laundry. Alternatively, taxpayers can claim actual expenses if they keep receipts and can substantiate the costs.

Of course, to claim clothing deductions, taxpayers must maintain proper records, such as receipts or invoices for purchases and evidence of laundry expenses.

Additionally, taxpayers must demonstrate that the clothing is used primarily for work purposes. For example, if protective clothing is also worn outside of work, only the work-related portion of the expense may be deductible.

As an example, consider a construction worker who purchases steel-capped boots for \$150. These boots are deductible as protective clothing, and the worker can also claim laundry costs for cleaning them. Conversely, an accountant who buys a nice suit for client meetings cannot claim a deduction, as the suit is conventional clothing. A flight attendant required to wear a branded uniform with the airline's logo can claim the cost of the uniform and its maintenance, as it is a compulsory uniform.

Christmas Break Office Hours

Our office will be closed for the Christmas period from 12pm on Friday, 19 December 2025, and reopen on Monday, 5 January 2026.

CHRISTMAS JOKE

How does Santa's accountant value his sleigh?

At Net Present Value