

May 2025

# Monthly Tax Update

In this edition of Andersen in Australia's **Monthly Tax Update**, we provide recent legislative updates and outline the latest developments in the areas of corporate tax, individual tax, indirect tax and international tax. We also examine the ATO's recent activities, publications, rulings and other guidelines and discuss the latest Australian tax cases.

## Legislation Update

### New EDP operator reporting exemptions instrument registered

The Federal Government has registered a legislative instrument that renews – and introduces a new – reporting exemption for electronic distribution platform (EDP) operators from certain transactions.

The **Taxation Administration (Reporting Exemptions for Electronic Distribution Platform Operators) Determination 2025** repeals and replaces the 2024 Determination of the same name. The 2024 Determination had exempted operators of electronic distribution platforms (EDPs) from reporting certain classes of transactions under table item 15 in section 396-55 of Schedule 1 to the Taxation Administration Act 1953.

The new instrument retains the exemptions provided under the 2024 Determination and introduces an additional exemption for certain transactions in which the EDP operator is treated as the supplier under the A New Tax System (Goods and Services Tax) Act 1999.

The exemptions introduced in the new instrument will apply to reporting periods commencing on or after 1 July 2025. Entities that were exempt under the 2024 Determination will continue to be exempt under the new instrument.

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## Other updates

### Tax Ombudsman consultation proposed FY2025-26 review topics

The Tax Ombudsman has released a consultation paper of the proposed topics for review for the 2025-26 financial year.

According to the Tax Ombudsman, the published **draft work plan** outlines ten topics for review consideration in the coming year;

- Australian Taxation Office's (ATO) management of remission of general interest charge;
- Payday Super readiness;
- ATO's management of compromised accounts;
- ATO's engagement with culturally and linguistically diverse taxpayers;
- ATO's administration of disclosure of business tax debts to credit reporting bureaus;
- ATO's response to fraud perpetrated by known parties;
- Tax Practitioners' Board management of referrals of breaches of the updated Code of Conduct;
- ATO's Online Services for Agents;
- ATO's Client-Agent Linking system; and
- ATO's management of small business restructuring plans

The Tax Ombudsman notes the shortlist of reviews was developed from feedback it received throughout the year, along with data collected from its complaints service and other operations, as well as consideration of previous reviews and recommendations that may warrant re-examination or follow-up.

For more information, please refer [here](#).

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## OECD Updates

The Global trade in fake goods has reached USD 467 billion

The OECD (The Organisation for Economic Cooperation and Development) has published a press release on 7 May 2025 which outlines a summary Global trade in fake goods, noting the **level is posing risks to consumer safety and compromising intellectual property**. The press releases including following comments;

- A new report from the OECD and EUIPO reveals that counterfeit goods made up an estimated \$467 billion of global trade in 2021, continuing to pose serious risks to economies, consumers, and supply chains.
- The publication, Mapping Global Trade in Fakes 2025, highlight that clothing, footwear, and leather goods account for around 62% of seized counterfeits, but it was noted that fake products are now found in almost every sector, including more dangerous items like car parts, medicines, and food.
- The study warns that counterfeiters are using new technologies to avoid detection, increasing the threat to public safety and economic growth. OECD Secretary-General Mathias Cormann emphasized the need for stronger enforcement, new tools, and international cooperation to tackle this growing issue.
- The report notes that counterfeit trade routes are evolving, with criminals increasingly using international waterways and “localisation” tactics—shipping parts separately and assembling fakes near target markets to avoid detection. Around 65% of seizures now involve small parcels and mail, reflecting a shift to fast, low-risk delivery channels.
- The OECD–EUIPO calls for real-time data sharing among enforcement agencies and stronger collaboration with logistics, postal services, and trade intermediaries to stop misuse of global supply chains.

More information is available on the [OECD website](#).

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## ATO Rulings and Activity

### ATO's focus on 2025 tax time

The ATO said in its recent media release that it will be carefully scrutinising deduction claims made by Taxpayers in the 2025 tax process. Taxpayers have also been reminded to declare all relevant sources of income.

The ATO has advised that Taxpayers should ensure that all work-related expense claims are closely connected to their income-earning activities and, where applicable, supported by appropriate records.

For work-from-home expenses, taxpayers may choose to use either the fixed rate method or the actual cost method. However, they are reminded not to "double dip" by claiming the same expense under multiple methods.

The ATO is also reminding taxpayers to declare all sources of income, including income from side hustles such as ride-sourcing services or providing services through digital platforms and apps.

For more information visit the ATO [here](#)

### ATO's employer obligations factsheet

With the end of the financial year approaching, the ATO has also released a factsheet outlining key tax and superannuation obligations for employers to consider. These include:

- Pay As You Go (PAYG) withholding: Withhold tax from employee wages and report and pay the withheld amounts to the ATO.
- Superannuation contributions: Pay superannuation at least quarterly for eligible employees. The current rate is 11.5%, increasing to 12% from 1 July 2025.
- Fringe Benefits Tax (FBT): Report and pay FBT if employees are provided with fringe benefits.
- Single Touch Payroll (STP): Report employees' tax and superannuation information to the ATO each pay cycle using STP.
- Record keeping: Maintain accurate records of payments, tax withheld, and super contributions for at least five years.

For more information visit the [ATO website](#).

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## ATO Rulings and Activity (Cont.)

### Updated guidance from the ATO on the supplementary annual GST return

The ATO has issued updated guidance on its supplementary annual GST return for large businesses that have had a GST assurance review.

According to the ATO, the supplementary return has been improved to enhance its effectiveness, incorporating feedback from a pilot program involving a small group of Top 100 and Top 1,000 taxpayers.

Businesses required to submit the supplementary return should have been notified via email in late 2024. Additionally, a formal notice to lodge will be sent out approximately four months before the lodgment due date, both by email and post.

The ATO added that the notice to lodge would have been received this month for early December balancers, with the return date being due on 21 August 2025.

The update copy of the [supplementary return for 2025](#) and [instructions for completing the return](#) are available on the [ATO website](#).

### 2024-2025 ATO guide on instant asset write-off

The ATO has released its guide to help businesses determine their eligibility for the \$20,000 instant asset write-off for the 2024-25 income year.

According to the ATO, businesses with an aggregated annual turnover of less than \$10 million that use the simplified depreciation rules may be eligible to immediately deduct the business portion of the cost of eligible assets under the \$20,000 instant asset write-off. Key elements of this include:

- the full cost of eligible depreciating assets costing less than \$20,000 that are first used or installed ready for use for a taxable purpose between 1 July 2024 and 30 June 2025.
- new and second-hand assets can qualify; although some exclusions and limits apply;
- if the business claimed an immediate deduction for an asset's cost under the simplified depreciation rules in an earlier income year, it can also immediately deduct the first improvement cost for that asset if it is incurred between 1 July 2024 and 30 June 2025 and less than \$20,000; and
- the \$20,000 limit applies on a per-asset basis, so businesses can instantly write off multiple assets as long as the cost of each asset is less than this limit.

The ATO has also reminded businesses that the standard rules for claiming deductions continue to apply, and they must retain appropriate records to substantiate their claims.

For further information, please refer to [ATO website](#).

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## ATO Rulings and Activity (Cont.)

### ATO insights for taxpayers impacted by Bendel case on Division 7A

The ATO has outlined its current position in relation to the Full Federal Court's decision in *FC of T v Bendel & Anor* [2025] FCAFC 15; 2025 ATC(*Bendel*), noting that the Commissioner has applied for special leave to appeal to the High Court.

Importantly, the ATO has confirmed it will not grant a blanket extension of time for affected companies to lodge their tax returns while the High Court appeal is pending.

Additionally, where a deemed dividend has arisen from arrangements made in reliance on the Full Court's decision, the Commissioner will not exercise a blanket discretion under section 109RB of the Income Tax Assessment Act 1936 to disregard such deemed dividends if the High Court ultimately rules in the ATO's favour.

For further information, please refer [here](#).

### Taxation Ruling on thin capitalisation rules withdrawn

The ATO has withdrawn Taxation Ruling [IT 2479](#) on the basis it no longer reflects current law.

Taxation Ruling [IT 2479](#) addressed practical aspects of the operation of the thin capitalisation rules under former Division 16F of the *Income Tax Assessment Act 1936*. Division 16F was repealed in 2001 and replaced by Division 820 of the *Income Tax Assessment Act 1997*.

The withdrawal takes effect from 10 April 2025.

Please refer [here](#) for further details.

### Tax identity fraud

The ATO has continued its efforts to combat tax identity fraud by progressively implementing the changes previously recommended by the Inspector-General of Taxation and Taxation Ombudsman (IGTO).

On 30 April 2024, IGTO released an interim report assessing the ATO's risk management controls for preventing tax identity fraud. The report included 13 recommendations aimed at improving these controls. In response, the ATO agreed in principle with the majority of the recommendations.

As a further update, the ATO has stated that it is working closely with the government on the development of its Counter Fraud Program.

A key focus of this program is enhancing remediation for victims of fraud. Through this initiative, the ATO aims to strengthen support for affected individuals, ensuring it aligns with the evolving nature of fraud and the expectations of both clients and government.

The ATO has also enhanced its digital capabilities to help taxpayers reengage more easily and securely. In November 2023, it launched the Online Access Strength (OAS) project, designed to make unauthorised access by fraudsters more difficult. Through OAS, taxpayers can set their access level to “strong” (IP3) or “standard” (IP2) using their myID. Once set, this level of identity strength is required for all subsequent access to ATO online services, providing an added layer of protection.

The ATO reiterates that it agrees with the majority of IGTO recommendations and will continue to implement changes that address the recommendations.

For further information, please refer [here](#).

#### ATO actively ensuring lawyers stay tax compliant

- The ATO’s recent compliance review of over 250 lawyers uncovered \$28 million in unpaid taxes, revealing that 85% had failed to lodge tax returns for one or more years. Common issues included lodging errors, missed payments, and the misuse of income-splitting arrangements involving partnerships or service trusts.
- These practices may breach ATO guidelines, particularly when lawyers underreport personal income while associated entities benefit without valid commercial reasons.
- In response, the ATO has taken strong enforcement actions—including audits, garnishees, and prosecutions. One lawyer faced \$400,000 in liabilities for failing to declare director’s fees. Such breaches can also lead to professional disqualification.
- It should be noted that the 2025 Federal Budget has allocated more funds to the ATO’s Tax Avoidance Taskforce, which will continue to scrutinize professionals through its Private Wealth Advisor Program.

For more information visit [here](#).

#### ATO practice statements updated

The ATO has updated the following practice statements:

- Law Administration Practice Statement [PS LA 2006/10](#) on the Commissioner’s discretion to vary foreign resident withholding amounts. The preamble has been updated and the reference to the Taxation Administration Regulations 1976 has been updated to Taxation Administration Regulations 2017.
- The contents of [PS LA 2006/10](#) has also been checked for technical accuracy and updated in line with current ATO style and accessibility requirements, and
- Law Administration Practice Statement [PS LA 2008/19](#) on requests to amend income tax assessments. The contents of [PS LA 2008/19](#) has been checked for technical accuracy and currency and updated in line with current ATO style and accessibility requirements.

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## ATO Rulings and Activity (Cont.)

### Synthesised text of numerous tax treaties updated

The ATO has updated the synthesised text of 13 tax treaties as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the MLI).

The synthesised text published by the ATO is intended to assist users in understanding how the Multilateral Instrument (MLI) applies to the relevant tax treaty. It is not a source of law. The official legal texts of the tax treaty and the MLI take precedence and remain the applicable legal authority.

The synthesised tax treaties between Australia and each of the following jurisdictions have been updated with an amended presentation of the MLI art 14(1) box (on permanent establishments relating to splitting up of contracts) and/or amendments to ensure consistency of language, style and formatting:

- Denmark
- India
- Indonesia
- Ireland
- Republic of Korea
- Netherlands
- New Zealand
- Norway
- Russia
- Singapore
- Slovakia
- South Africa, and
- Thailand.

For further information, please refer to the [ATO website](#).

### Class rulings issued:

- Class Ruling [CR 2025/26](#) Tower Limited – return of capital. This ruling applies from 1 July 2024 to 30 June 2025
- Class Ruling [CR 2025/27](#) Pacific Current Group Limited – off-market share buy-back. This ruling applies from 1 July 2024 to 30 June 2025
- Class Ruling [CR 2025/28](#) Charter Hall Limited – capital reallocation. This ruling applies from 1 July 2024 to 30 June 2025.
- Class Ruling [CR 2025/30](#) Bravura Solutions Limited – adjustment to employee options. This ruling applies from 1 July 2024 to 30 June 2025.



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## ATO Rulings and Activity (Cont.)

Other rulings issued:

- Product Ruling [PR 2025/3](#) RL360 Insurance Company Limited – Personal Investment Management Service. This ruling applies from 1 July 2024 to specified entities from 1 July 2024 until 30 June 2027.
- Product Ruling [PR 2025/4](#) Commonwealth Bank of Australia – CommBank Yello. This ruling applies from 4 June 2025 to a customer specified in para 4 of the ruling who receives a benefit under the relevant scheme from 4 June 2025 until 30 June 2027.

## Latest Australian Tax Cases

- A taxpayer whose 10-acre farm was developed and subdivided into 48 residential lots and 2 commercial lots has successfully argued before the Federal Court that the proceeds from the sales of those lots were capital receipts derived on the realisation of a pre-CGT asset. The Federal Court (Wheelahan J) allowed the taxpayer's appeal, finding that no part of the proceeds of the sale of Dave's Block was assessable income in the taxpayer's hands. [*Morton v FC of T* 2025 ATC; [2025] FCA 336, 11 April 2025.]
- A former business activity statement (BAS) agent has had his application for tax agent registration denied after the Tribunal rejected his argument that his unlawful lodgment of hundreds of income tax returns counted as relevant experience. The applicant was also found not to be a "fit and proper person" due to his numerous transgressions over a lengthy period of time. The applicant was previously registered as a tax agent subject to the BAS services condition, which meant he could not prepare and lodge income tax returns for clients. He nevertheless lodged hundreds of income tax returns. In March 2021 the Tax Practitioners Board sent a cease-and-desist letter to the applicant demanding that he stop preparing and lodging income tax returns, to no avail. The Tribunal also found that the applicant lacked a proper appreciation of his responsibilities as a tax agent operating under the TASA regime. It was unlikely the general community could have confidence that future misconduct by the applicant would not occur. The Board's list of particular matters that identified the applicant not being of good fame, integrity and character were also accepted by the Tribunal. [*Mihajlovic v Tax Practitioners Board* 2025 ATC; [2025] ARTA 353, 10 April 2025.]
- The Commissioner has appealed to the Federal Court against the Tribunal's decision in *Shaw v FC of T* 2025 ATC ; [2025] ARTA 224. In that case, the Tribunal held that a long-haul truck driver was entitled to deduct meal expenses, after finding that there was sufficient linkage between expenditure on bank statements and the driver's work and that exceptions to the substantiation provisions provided in both ss 900-50 and 900-200 of ITAA 1997 applied. [*Shaw v FC of T* 2025 ATC; [2025] ARTA 224]

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