

Monthly Tax Update

July 2025

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

Income Tax Assessment (1936 Act) Regulation 2015 remake exposure draft.

Treasury has released [exposure draft materials](#) to remake and enhance [the Income Tax Assessment \(1936 Act\) Regulation 2015](#) (the 2015 Regulations) ahead of its scheduled sunset.

The 2015 Regulations Remake aims to simplify language, repeal redundant provisions, and update existing rules to reflect current policy. The Regulations will continue to prescribe matters under the Income Tax Assessment Act 1936, including tax treatment for prescribed persons, deduction eligibility, low-income rebates, amendment timeframes, public officer appointments, and rules for controlled foreign companies.

The draft package also includes consequential amendments via the [Treasury Laws Amendment \(Income Tax Assessment Repeal and Consequential Amendments\) Regulations 2025](#), which will repeal the 2015 Regulations and update references in related legislation.

The new Regulations are proposed to commence on 1 October 2025. Consultation closed on 15 July 2025.

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Other Updates

Tax reform on agenda of August economic roundtable.

Treasurer Jim Chalmers has placed Tax Reform on the agenda for a comprehensive roundtable taking place from 19 to 21 August 2025, emphasizing its significance for ensuring budget sustainability, enhancing productivity, and stimulating investment.

Speaking at the National Press Club, Dr Jim Chalmers stated that the upcoming roundtable aims to build consensus on national reform priorities and establish guiding principles for tax reform.

A key input into the discussions will be the Productivity Commission's [interim report](#), expected in July. The roundtable will involve a small, focused group comprising representatives from government, business, unions, and subject-matter experts, working to a targeted agenda.

The government will seek targeted submissions and anticipates specific, practical proposals that are at least budget neutral, if not budget positive. Details regarding the agenda, key issues, and participants will be released in advance of the discussions.

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

TPB warns tax practitioner providing tax time loans.

The Tax Practitioners Board (TPB) is undertaking enquiries into tax time loan arrangements provided by tax practitioners or their associated lenders, due to concerns that such services may not align with the TBP Code of Conduct principles of fairness or serving the best interests of taxpayers.

Tax time loans involve a tax practitioner or an associated lender offering clients a short-term loan or advance of money based on their expected tax refund following the lodgement of their tax return. In cases where a client anticipates a refund from the ATO, some tax practices, either directly or through affiliates, provide loans that are tied to the estimated amount and timing of the individuals income tax refund.

The TPB is concerned of the potential harm to taxpayers from improper conduct in relation to tax time loans, including:

- high fees that may not be transparent to clients
- failure to manage conflicts of interest, when tax practitioners are paid percentage fees based on tax refund estimates
- failure to address client confidentiality appropriately due to sharing of client's tax and financial information between tax practitioners and associated lenders
- failure by tax practitioners, or their associates, in exercising competence and reasonable care, and
- not acting lawfully, in the best interests of their clients, by making "incentive" payments to staff when they promote or sell tax time loans.

The TPB has noted that when promoting tax time loans, tax practitioners must ensure clients are fully informed of the associated risks, including the possibility of debt recovery action by a lender if the tax refund is delayed or falls short of the estimated amount following ATO processing and review.

Tax practitioners involved in offering or facilitating these loans should review their services to confirm compliance with legal obligations and professional standards.

The TPB's reviews and investigations of this area will focus on identifying integrity concerns and ensuring that tax advice is delivered with appropriate care, competence, and independence.

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

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OECD Updates

OECD releases peer review reports on treaty-related dispute resolution.

The OECD has recently released 36 new peer review reports on Mutual Agreement Procedures (MAP), demonstrating progress by Inclusive Framework members in implementing BEPS Action 14, which aims to enhance treaty-related tax dispute resolution.

Key points:

New Peer Reviews:

- 6 full peer reviews for jurisdictions with significant MAP experience: Belgium, Canada, Croatia, Estonia, Liechtenstein, and the UK.
- 30 simplified peer reviews for jurisdictions with limited MAP experience, such as Andorra, Azerbaijan, Bahamas, Kenya, and Uruguay, to help them build robust MAP systems.

Highlights:

- All these jurisdictions have signed and ratified the Multilateral Instrument (MLI) or are negotiating updates to align tax treaties with Action 14 standards.
- MAP guidance and profiles have been issued across all reviewed jurisdictions.
- Policies and practices have been implemented to improve access to MAP, resolve cases effectively, and apply MAP agreements.
- Most jurisdictions are working to close MAP cases within or near the 24-month target and are strengthening their competent authority resources.

The OECD will continue releasing MAP peer reviews in future batches, following its Action 14 review schedule.

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

OECD releases report on the digitalisation of tax administration.

The OECD/G20 Inclusive Framework on BEPS has released an updated commentary on the Global Anti-Base Erosion (GloBE) Model Rules.

This consolidated version includes Agreed Administrative Guidance issued up to March 2025, offering interpretation and application assistance to both tax authorities and taxpayers. The GloBE Rules, first commented on in March 2022, are part of the OECD's Two Pillar Solution to tackle tax challenges in the digital economy. They aim to ensure a minimum level of taxation by applying a top-up tax on profits in jurisdictions where the effective tax rate falls below the agreed minimum.

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

OECD's Tax Administration Digitalisation and Digital Transformation Initiatives.

The OECD has released a report offering a comprehensive overview of the digital transformation of tax administrations, focusing on the 54 members of the OECD Forum on Tax Administration (FTA), which includes the Australian Taxation Office (ATO).

The report consolidates data from the 2024 Global Survey on Digitalisation and the OECD's Inventory of Tax Technology Initiatives. Its objectives are to benchmark progress in digitalisation, share best practices and innovations, support domestic reforms and international cooperation, and align with the OECD's "Tax Administration 3.0" vision of creating more taxpayer-centric systems.

Key findings from the report structured around 6 core areas of digital transformation are noted below.

- Digital identity already being used
- Taxpayer touchpoints
- Data management and standards
- Tax rule management and application
- New skill sets
- Governance frameworks

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

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ATO Rulings and Activity

ATO guidance on public country-by-country reporting.

The ATO has released new guidance relating to the Public Country-by-Country (CBC) regime, which came into effect on 1 January 2025.

The guidance provides details on:

- What is Public CBC reporting
- Who is required to report under the Public CBC rules
- Registration for Public CBC reporting parents
- Public CBC reporting obligations
- the specified jurisdictions list
- how information is published
- exemptions from Public CBC reporting, and
- how to apply for a Public CBC reporting exemption.

A new Public CBC registration form, along with instructions for completing it, has also been released.

The Public CBC regime, distinct from standard CBC measures, requires certain large multinational enterprises to publicly disclose selected tax information on a country-by-country basis for specified jurisdictions, and in aggregate for others. It applies to reporting periods beginning on or after 1 July 2024. For entities with a 30 June year-end, the first report will be due by 30 June 2026, 12 months after the end of the reporting period.

The ATO has advised that the approved form for lodging the report—formatted in XML Schema—is currently under development and is expected to be available in the second half of 2025. Lodgment is anticipated to be via email.

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

Draft practice statement on Public country-by-country reporting exemptions issued.

On 3 July 2025, the ATO released draft [PSLA 2025/D1](#), outlining how ATO staff should apply the Commissioner's discretion when granting full or partial exemptions from Public Country-by-Country (CbC) Reporting obligations.

- Exemptions are only granted under exceptional circumstances.
- Entities must provide relevant supporting evidence (examples in Appendix 2).
- Applications must be submitted before the end of the reporting period.
- Exemptions apply to one reporting period only and must be reapplied for annually, if needed.

Additional time to register foreign acquisitions of land or other Australian interests.

The ATO may soon be allowed to grant foreign persons more time to notify it of property and asset acquisitions in Australia, under changes proposed in draft legislative instrument [LI 2025/D13](#).

Currently, such notifications must be made within 30 days under the Foreign Acquisitions and Takeovers Act 1975. The draft allows the Commissioner (as Registrar) to extend this period—potentially multiple times—based on factors like the nature of the acquisition, timing, reasons for delay, and efforts to comply.

The instrument will be made under section 58M(1) of the 2015 Regulations, and public comments are open until 16 July

2025.

Draft determination on valuation methods for ESS start-up concession.

The ATO has issued a draft legislative instrument outlining the approved valuation methods for companies offering employee share scheme (ESS) interests under a scheme that qualifies for the start-up concession in section 83A-33 of the Income Tax Assessment Act 1997.

Draft legislative instrument [LI 2025/D16](#)—Income Tax Assessment (Methods for Valuing Unlisted Shares for the Employee Share Scheme Start-up Concession) Legislative Instrument 2025—sets out the approved valuation methods for unlisted shares in a company, to determine whether the market value conditions under subsection 83A-33(5) of the Income Tax Assessment Act 1997 are met for accessing the ESS start-up concession.

The draft instrument is intended to repeal and replace the [Income Tax Assessment \(Methods for Valuing Unlisted Shares\) Approval 2015](#), which is due to sunset on 1 October 2025.

Public consultation on the draft instrument is open until 30 July 2025.

Taxation determination on the application of Part IVA to certain early stage innovation company investment arrangements.

The ATO has released Taxation Determination [TD 2025/3](#), which outlines the ATO view that Part IVA (the anti-avoidance provisions) is likely to apply to certain arrangements which involve early stage innovation company investments structured to improperly access the early stage investor tax offset, as described in Taxpayer Alert [TA 2024/1](#).

[TD 2025/3](#) will be applicable both before and after 18 June 2025, except for taxpayers covered by settlement agreements made prior to that date, where its provisions would conflict with those agreements.

The determination was previously issued in draft form as TD 2025/D1. A [compendium](#) has also been issued on the feedback received on the draft ruling.

Addendum to tax ruling on meaning of "incurred" for claiming a loss or outgoing.

The ATO has issued an [addendum](#) to [Taxation Ruling 97/7](#) to clarify when a loss is considered "incurred" under section 8-1 of the ITAA 1997, following the *Bowerman v FC of T* decision.

The [addendum](#) emphasizes that losses, unlike outgoings, must be definite and realized—not just expected or threatened. A loss isn't incurred if the taxpayer isn't definitively committed to it. It also notes that the timing of a loss isn't determined by the taxpayer's accounting method.

The amendments also ensure currency of legislative and other citations, and make editorial changes where required to meet accessibility requirements. The addendum applies both retrospectively and going forward.

Draft GST determination on use of Simplified Accounting Method for eligible food retailers.

The ATO has issued a draft legislative instrument to continue allowing eligible supermarkets and convenience stores to use a Simplified Accounting Method (SAM) for calculating input tax credits under the GST Act, by allowing the difference between total acquisitions and GST-free acquisitions to be multiplied by 1/11 to calculate the input tax credit

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

Draft GST determination on input tax credits for second hand goods.

A draft legislative instrument has been released to extend the use of the global accounting method for GST-registered entities dealing in certain second-hand goods. Under Subdivision 66-A of the GST Act, such entities can claim input tax credits on second-hand goods acquired without GST, once they are resold. Subdivision 66-B allows pooling of these credits for eligible acquisitions, avoiding the need to track each item individually. GST is payable only after the input credit pool is used up.

The draft [A New Tax System \(Goods and Services Tax\) \(Acquisitions of Second-hand Goods\) Determination 2025](#), when finalised, will be made under s 66-70(1)(a) of the GST Act, will replace [A New Tax System \(Goods and Services Tax\) Act 1999 Rules for Applying Subdivision 66-B Determination \(No 31\) 2015](#) (the 2015 Determination), which is set to expire on 1 October 2025. It maintains the same substantive rules as the previous version.

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

Draft determination on PAYG withholding.

The ATO has issued a draft legislative instrument ([LI 2025/D15](#)) that allows for nil PAYG withholding on certain allowances in specific situations:

- Car expenses
- Business kilometres
- Laundry expenses
- Income tax law
- Domestic or overseas travel allowances
- Overtime meal allowances
- Award transport payments

This draft ensures continuity in PAYG withholding variations for common allowances where deductible expenses are expected to match the allowance amount, reducing administrative burden for employers and preventing unnecessary withholding. The draft retains the same substantive rules as the existing 2015 Determination, which it will replace upon finalization. The 2015 Determination is set to sunset on 1 October 2025.

The deadline for public comment on the draft is 23 July 2025.

CGT improvement threshold for 2025-26.

The ATO has determined that the capital gains tax (CGT) improvement threshold for the 2025-26 year for the purposes of s 108-70 (when a capital improvement to a pre-CGT asset is a separate asset) and s 108-5 (capital improvements to CGT assets for which a roll-over may be available) of ITAA 1997 is \$187,962.

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

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ATO rulings on allowances, reimbursements and work-related deductions withdrawn.

The ATO has withdrawn the following rulings relating to allowances, reimbursements and work-related deductions as they are no longer current due to developments in case law and legislation, effective 19 June 2025:

- [TR 95/8W](#) Income tax: employee cleaners - allowances, reimbursements and work-related deductions.
- [TR 95/9W](#) Income tax: employee lawyers - allowances, reimbursements and work-related deductions.
- [TR 95/10W](#) Income tax: employee shop assistants - allowances, reimbursements and work-related deductions.
- [TR 95/11W](#) Income tax: hospitality industry employees - allowances, reimbursements and work-related deductions.
- [TR 95/12W](#) Income tax: employee factory workers - allowances, reimbursements and work-related deductions.
- [TR 95/13W](#) Income tax: employee police officers - allowance, reimbursements and work-related deductions.
- [TR 95/14W](#) Income tax: employee teachers - allowances, reimbursements and work-related deductions.
- [TR 95/15W](#) Income tax: nursing industry employees - allowances, reimbursements and work-related deductions.
- [TR 95/16W](#) Income tax: employee hairdressers - allowances, reimbursements and work-related deductions.
- [TR 95/17W](#) Income tax: employee work-related deductions of employees of the Australian Defence Force.
- [TR 95/18W](#) Income tax: employee truck drivers-allowances, reimbursements and work-related deductions.
- [TR 95/19W](#) Income tax: airline industry employees - allowances, reimbursements and work-related deductions.
- [TR 95/20W](#) Income tax: employee performing artists - allowances, reimbursements and work-related expenses.
- [TR 95/22W](#) Income tax: employee building workers - allowances, reimbursements, long service payments, redundancy trust payments and work-related deductions.
- [TR 98/6W](#) Income tax: real estate industry employees - allowances, reimbursements and work-related deductions.
- [TR 98/14W](#) Income tax: employee journalists - allowances, reimbursements and work-related deductions.

The subject matter contained in these rulings is available in other publications, including Taxation Ruling [TR 2020/1](#) and the [Employees guide for work expenses](#).

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Class rulings issued:

- Class Ruling [CR 2025/41](#) Street v State of Western Australia: Settlement Distribution Scheme. This ruling applies from 1 July 2024 to 30 June 2027 to individuals who receive a distribution under the Street v State of Western Australia Settlement Distribution Scheme.
- Class Ruling [CR 2025/42](#) ConocoPhillips Australia Operations Pty Ltd - employee share scheme - transfer to new plan. This ruling applies from 29 November 2024 to 30 June 2025
- Class Ruling [CR 2025/43](#) Otto Energy Limited – return of capital and dividend. This ruling applies from 1 July 2024 to 30 June 2025.
- Class Ruling [CR 2025/44](#) FAR Ltd – return of capital. This ruling applies from 1 July 2024 to 30 June 2025.
- Class Ruling [CR 2025/45](#) ACARP – research and development membership funding. This ruling applies from to entities that enter into the scheme from 1 July 2025 to 30 June 2030.
- Class Ruling [CR 2025/46](#) Eumundi Group Limited – scheme of arrangement and interim dividend. The ruling applies from 1 July 2024 to 30 June 2025.

Other rulings issued:

- Product Ruling [PR 2025/8](#) Heng An Standard Life (Asia) Limited - OneFuture. This ruling applies from 1 July .
- Product Ruling [PR 2025/7](#) Challenger Life Company Limited - CarePlus. This ruling applies from 1 July 2025 to a specified class of entities that purchase 2 specified products under the Challenger CarePlus investment from 1 July 2025 to 30 June 2028.

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Latest Australian Tax Cases.

- Deductions - a full-time offshore engineer, worked on a rotational basis at a facility off Broome, WA. His rotation involved 3-week "on duty" periods followed by 4- or 5-week "off duty" periods. Though his primary worksite was offshore, he occasionally worked from home or the Perth office. He lived in Queensland but spent significant off-duty time in Perth, Broome, or Darwin during the 2022 income year due to COVID-19-related travel constraints. The Commissioner denied most of the deductions, arguing the travel was private and the items lacked sufficient work connection. The taxpayer sought review. [*CBRX v FC of T 2025 ATC [2025] ARTA 768*, 16 June 2025.]
- Residency- The Administrative Review Tribunal (ART) has ruled that a FIFO mining worker in Botswana during the 2020–21 income year remained an Australian tax resident, despite being physically overseas for around 10 months due to COVID-19 travel restrictions. The taxpayer's foreign income was assessable in Australia, as he remained a resident for tax purposes throughout the 2020–21 income year. Temporary overseas employment and travel restrictions alone do not sever Australian tax residency where strong domestic ties and intent to return persist. [*Evans v FC of T 2025 ATC [2025] ARTA 824*, 25 June 2025]
- Home Office - The Administrative Review Tribunal (ART) allowed a taxpayer to claim deductions for home office rent and car travel expenses during the COVID-19 pandemic. It rejected the tax commissioner's argument that these were personal or domestic expenses, stating that modern working conditions, especially in Melbourne during the pandemic—differ significantly from traditional work setups.[*Hall v FC of T ATC [2025] ARTA 600*] ARTA 600]

If you would like more information or would like to discuss this tax update, please contact:

Cameron Allen
Office Managing Director
Tel: +61 (0) 3 9939 4488
Tel: +61 (0) 2 8226 8756
Email: cameron.allen@au.Andersen.com
MELBOURNE | SYDNEY

www.au.Andersen.com

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