

# Monthly Tax Update

April 2026

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

### Treasury Laws Amendment (Fuel Excise Relief) Bill 2026

The **Treasury Laws Amendment (Fuel Excise Relief) Bill 2026** was passed by Parliament and received Royal Assent on 1 April 2026 as Act No. 22 of 2026 (the Act). The Act introduces temporary measures to reduce fuel excise and equivalent customs duty rates.

- **Schedule 1:** Amends the Excise Tariff Act 1921 and the Customs Tariff Act 1995 to apply a 50% reduction in excise and excise-equivalent customs duties on fuels such as petrol, diesel, and similar petroleum products. This reduction applies to fuels produced in or imported into Australia from 1 April to 30 June 2026. From 1 July 2026, duty rates will automatically revert to their original levels as if the reduction had not occurred. These changes commenced on 1 April 2026.

The measure was announced by the government on 30 March 2026.

- **Schedule 2:** Further amends the same Acts to allow the Treasurer to set a fuel duty reduction below 50% during the period from 1 April to 30 June 2026. These amendments also commenced on 1 April 2026.
- **Schedule 3:** Amends the Fuel Tax Act 2006 to grant the Transport Minister temporary authority to adjust the road user charge for financial years starting on 1 July 2025 and 1 July 2026. This power applies from 2 April 2026 until 30 June 2027, and existing limitations on how the power can be used have been removed.

### Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Bill 2025

The **Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Bill 2025** was passed by Parliament and received Royal Assent on 26 March 2026 as Act No. 12 of 2026 (the Act). The Act introduces a range of measures covering superannuation, tax exemptions, international tax agreements, philanthropy, and the wine industry.

- **Schedule 1 - Employee onboarding reform:**

The Act amends the Superannuation Guarantee (Administration) Act 1992 to simplify the choice of fund process when onboarding employees. Employers (or their agents) are given greater flexibility to request details of an employee's stapled super fund from the Commissioner and provide this information during onboarding to help employees make fund choices.

These changes commenced on 27 March 2026 and apply to contributions made from that date. The reform supports the transition to Payday Super announced on 18 September 2024.

- **Schedule 2 - Ban on advertising superannuation funds during onboarding:**

Amends the Corporations Act to ban advertising of certain superannuation products to new employees as part of the onboarding process. The ban will reduce the risk that employees are induced or influenced to choose a superannuation product that is not appropriate to their needs or results in opening of unnecessary multiple superannuation accounts during the onboarding process.

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## Legislation Update (Cont.)

- Schedule 3 - Rugby World Cup tax exemptions:

Amendments to the ITAA 1997 and ITAA 1936 provide income tax and withholding tax exemptions for World Rugby, its subsidiaries, and related Australian entities for income linked to the 2027 men's and 2029 women's Rugby World Cups.

These provisions commenced on 1 April 2026. Income tax exemptions apply to income from 1 July 2023 to 30 June 2031, while withholding tax changes apply from 1 April 2026. This measure implements a 2024 - 25 Budget commitment.

## Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Bill 2025 (Cont.)

- Schedule 4 - Portuguese Double Tax Agreement:

The Act amends the International Tax Agreements Act 1953 to give legal effect to a tax treaty between Australia and Portugal, signed on 30 November 2023.

The amendments commenced on 27 March 2026, but the treaty will only take effect once both countries complete formal notification requirements.

- Schedule 5 - Deductible gift recipients:

Amendments to the ITAA 1997 update the list of deductible gift recipients (DGRs) by adding 6 new organisations, extending 5 listings, removing 8, and renaming one.

These changes commenced on 1 April 2026 and form part of recent budget measures supporting philanthropy.

- Schedule 6 - Wine equalisation tax rebate:

The Act increases the maximum WET producer rebate from \$350,000 to \$400,000 per financial year for eligible wine producers or groups.

This applies to dealings from 1 July 2026, with amendments commencing on 1 April 2026, supporting the hospitality and alcohol production sectors.

## Bills to reduce tax concessions for large super balances now law

The [Treasury Laws Amendment \(Building a Stronger and Fairer Super System\) Bill 2026](#) and the accompanying [Superannuation \(Building a Stronger and Fairer Super System\) Imposition Bill 2026](#) were passed by Parliament and received Royal Assent on 13 March 2026 as Acts No. 8 and 9 of 2026 respectively.

These laws introduce changes to superannuation tax concessions for high-balance individuals and update the low income superannuation tax offset (LISTO).

Division 296 tax (high super balances):

Schedules 1 to 3 introduce an additional tax on earnings for individuals with large superannuation balances:

- A 15% additional tax applies to earnings attributable to balances above \$3 million, and
- A further 10% tax applies to earnings attributable to balances above \$10 million.

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## Legislation Update (Cont.)

This results in effective tax rates of up to 30% on balances between \$3 million and \$10 million, and up to 40% on balances above \$10 million. Earnings on balances up to \$3 million will continue to be taxed at the concessional rate of up to 15%.

The thresholds will be indexed annually to CPI, increasing in increments of \$150,000 (for the \$3 million threshold) and \$500,000 (for the \$10 million threshold).

The Commissioner will calculate and notify individuals of their tax liability each year. Individuals can pay the tax personally or release funds from their super. For defined benefit interests not yet in retirement, the liability may be deferred until retirement, with interest.

These measures apply to income years starting from 1 July 2026 and revive a policy first announced in the 2023–24 Budget, later revised after the 2025 federal election.

## Bills to reduce tax concessions for large super balances now law (Cont.)

Changes to LISTO (low-income earners). Schedule 4 updates the low income superannuation tax offset (LISTO) to better align with broader tax and superannuation settings.

From 1 July 2027:

- The income threshold increases from \$37,000 to \$45,000.
- Eligibility will be tied to the lowest income tax threshold, rather than a fixed dollar amount.
- The maximum LISTO amount will be calculated using a formula linked to the super guarantee rate and concessional tax rate.
- For 2027–28, the maximum LISTO will be \$810.

These changes apply from the 2027–28 income year onwards.

## Bill to increase penalties for illicit tobacco related offences introduced

The [Combating Illicit Tobacco Bill 2026](#) has been introduced to strengthen law enforcement powers and increase penalties for offences involving illicit tobacco.

- Schedule 1 – Increased penalties:

Schedule 1 proposes amendments to the Customs Act 1901, Excise Act 1901, and Taxation Administration Act 1953 (TAA 1953) to impose tougher penalties for activities such as importing, possessing, buying, selling, supplying, producing, or manufacturing illicit tobacco.

- Customs Act amendments (Part 1):

Penalties will be increased for:

- Importing tobacco with intent to defraud revenue, or being reckless about doing so.
- Moving or possessing tobacco known to have been imported illegally with that intent.

- Excise Act amendments (Part 2):

Penalties will be strengthened for:

- Offences (both fault-based and strict liability) involving dealing in, producing, storing, or manufacturing illicit tobacco.
- Creating or using counterfeit tobacco bale labels.

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## Legislation Update (Cont.)

Related infringement notice offences.

- TAA 1953 amendments (Part 3):

Changes include:

- Higher penalties for possessing, buying, or selling tobacco where duty has not been paid.
- Expanding offences for selling illicit tobacco to also cover **supply**.
- Introducing a new **10kg threshold** for certain offences.
- Increasing penalties for possessing equipment used in illegal tobacco production.
- Increasing civil penalties for holding tobacco without proper documentation.

Consequential amendments will also be made to the Taxation Administration Regulations 2017.

Schedule 1 will commence the day after the Act receives Royal Assent.

- Schedules 2 and 3:

These schedules propose further amendments to the Telecommunications (Interception and Access) Act 1979 and the Proceeds of Crime Act 2002 to support enforcement against illicit tobacco activities.

## Bill for survivors of child sexual abuse crimes to access perpetrator's super introduced

The [Treasury Laws Amendment \(The Survivors Law\) Bill 2026](#) (the Bill) has been introduced to allow victims and survivors of certain child abuse offences to access a perpetrator's superannuation to recover unpaid compensation.

The Bill establishes a process where victims or survivors can seek payment from a perpetrator's super if a court-ordered compensation amount has remained unpaid for at least 12 months, and the perpetrator has been convicted of a relevant offence.

To begin the process, eligible applicants must apply to the Commissioner to obtain information about the perpetrator's superannuation. Using this information, they can then apply to a court for a perpetrator contributions release order, which directs the Commissioner to facilitate the release of funds from the perpetrator's super. The Bill also outlines the circumstances in which a perpetrator may challenge such an order.

Once an order is made, the Commissioner must issue one or more release authorities to the relevant superannuation funds to enable payment to the victim or survivor. A new type of release authority will be introduced into Schedule 1 of the Taxation Administration Act 1953 to support this process.

*Tax treatment of released amounts.*

Payments made from a perpetrator's superannuation to a victim or survivor will:

- Not result in income tax consequences for either party.
- Be treated as a superannuation benefit for the perpetrator.
- Be classified as non-assessable, non-exempt (NANE) income for the victim or survivor, regardless of the nature of the compensation order.

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## Legislation Update (Cont.)

*Additional provisions:*

The Bill also includes rules to manage interactions with other legal matters, such as bankruptcy, proceeds of crime, family law, and corruption-related proceedings, where competing claims over superannuation may arise.

This measure partially implements a policy announced in the 2023–24 MYEFO. All amendments will commence the day after the Bill receives Royal Assent.

### **Bill to remove \$2 DGR threshold and modernise the tax system introduced**

The **Treasury Laws Amendment (Delivering an Efficient and Trusted Tax System) Bill 2026** has been introduced and subsequently referred to Senate committee.

The Bill introduces several proposed changes, including removing the \$2 minimum threshold for tax-deductible donations to Deductible Gift Recipients, simplifying TFN reporting for beneficiaries of closely held trusts, and excluding tobacco and gambling-related activities from the Research and Development Tax Incentive.

It also contains minor and technical amendments to the Superannuation Industry (Supervision) Act 1993.

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## Other Legislation Updates

### Legislative instrument made to assist in easing impact of fuel price increases

A legislative instrument, the **Excise Tariff (Fuel Duty Temporary Reduction) Determination 2026** (the Determination), has been introduced to help reduce the impact of rising fuel prices linked to the current Middle East conflict.

The Determination provides an additional temporary reduction in fuel excise and equivalent customs duties beyond the previously legislated 50% reduction applying from 1 April to 30 June 2026.

Under the Excise Tariff Act 1921, the Treasurer has the authority to set a greater reduction during this period. Exercising this power, the Treasurer has set the fuel duty rate at 39.1% of its original level, resulting in an overall 60.9% reduction in fuel excise compared to rates as at 31 March 2026.

This reduction also applies to equivalent customs duties under the Customs Tariff Act 1995. It is intended to provide additional relief to fuel users, including petrol and diesel consumers.

The further reduction complements the earlier changes made by the Treasury Laws Amendment (Fuel Excise Relief) Act 2026 and reflects arrangements with states and territories to return additional GST revenue from higher fuel prices back to consumers through lower fuel duties.

The Determination commenced on 1 April 2026.

### Fuel tax: temporary reduction of road user charge rate to zero

A legislative instrument, the **Fuel Tax (Road User Charge) Determination 2026** (the Determination), has been introduced to temporarily reduce the heavy vehicle road user charge to zero.

The Determination amends the **Fuel Tax (Road User Charge) Determination 2023** by setting the road user charge rate at \$0.000 per litre (or per kilogram) for taxable fuels. This effectively removes the charge for the period of the measure.

This change follows the government's announcement on 30 March 2026 of a temporary fuel excise reduction and a three-month suspension of the road user charge, running from 1 April to 30 June 2026, in response to fuel supply disruptions linked to the ongoing conflict in the Middle East.

From 1 July 2026, the road user charge will revert to its previous rate. The government has also stated that no further increases will occur before 1 January 2027.

Due to the urgency of providing immediate relief and supporting supply chains, no prior consultation was undertaken.

The Determination commenced on 1 April 2026.

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## Other Legislation Updates (Cont.)

### Legislative instrument made to support AML/CTF regime reforms

A legislative instrument, the [Anti-Money Laundering and Counter-Terrorism Financing Transitional Rules 2026](#) (Transitional Rules), has been introduced to support the implementation of reforms under the Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024.

Australia's AML/CTF regime provides a framework to combat money laundering, terrorism financing, and other serious financial crimes. The 2024 amendments expanded the regime to cover additional high-risk sectors—often referred to as “tranche two” entities—including real estate professionals, lawyers, accountants, trust and company service providers, and dealers in precious metals and stones. The reforms also shift the regime toward a more outcomes-based approach, making compliance clearer and more adaptable to modern business practices and evolving financial crime risks.

The Transitional Rules 2026 introduce temporary provisions to help affected businesses adjust to the new requirements. They allow reporting entities additional time to update their systems and processes while continuing to manage money laundering and terrorism financing risks.

These rules operate separately from the [Anti-Money Laundering and Counter-Terrorism Financing Rules 2025](#) (AML/CTF Rules), which are made by AUSTRAC, and any future amendments to those rules.

The Transitional Rules commenced on 31 March 2026.

### Legislative instrument made for administrative amendments to Domestic Top-up Tax

A legislative instrument, the [Taxation \(Multinational—Global and Domestic Minimum Tax\) Amendment \(2026 Measures No. 1\) Rules 2026](#) (the Amending Rules), has been introduced to make administrative refinements to the operation of Australia's Domestic Top-up Tax under the [Taxation \(Multinational—Global and Domestic Minimum Tax\) Rules 2024](#) (the Rules)..

The amendments are designed to improve the practical operation of the Domestic Minimum Tax and include:

- **Stateless entities and joint ventures:**  
Clarifications are made to ensure the Domestic Top-up Tax applies correctly to stateless entities, as well as to joint ventures and their subsidiaries.
- **Interaction with tax consolidation rules:**  
The amendments ensure that Domestic Top-up Tax liabilities of subsidiary members within a tax consolidated group are properly allocated to the head entity.
- **Allocation of taxes:**  
Adjustments clarify that taxes imposed in Australia on hybrid or reverse hybrid entities are attributed to those entities when calculating the Domestic Top-up Tax, even if recorded by another related entity.
- **Safe harbour interaction:**  
A carve-out ensures that Australia's own jurisdictional top-up tax is not reduced to zero under safe harbour rules, allowing the Domestic Top-up Tax to apply as intended.
- **Foreign currency translation:**  
The Rules confirm that Top-up Tax amounts calculated in foreign currencies are to be converted into Australian dollars using the exchange rate at the end of the fiscal year.

The Amending Rules commenced on 27 March 2026 and apply retrospectively from 1 January 2024.

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## Other Legislation Updates (Cont.)

### Determination made amending list of jurisdictions with qualified taxes under GloBE Rules

A legislative instrument, the [Taxation \(Multinational—Global and Domestic Minimum Tax\) \(Qualified GloBE Taxes\) Amendment \(Measures No 1\) Determination 2026](#) (Amending Determination), has been made to update the list of jurisdictions with recognised qualifying taxes under the Global Anti-Base Erosion (GloBE) framework.

The Determination amends the earlier [Taxation \(Multinational—Global and Domestic Minimum Tax\) \(Qualified GloBE Taxes\) Determination 2025 \(F2025L00985\)](#) (2025 Determination) by adding jurisdictions that have:

- A Qualified Income Inclusion Rule (IIR).
- A Qualified Domestic Minimum Top-up Tax (QDMTT), or
- QDMTT Safe Harbour status for a fiscal year.

These updates align Australia's rules with the OECD's central record of jurisdictions that have implemented qualifying GloBE taxes.

The Amending Determination applies retrospectively, consistent with OECD policy that allows jurisdictions to adopt the GloBE Rules from 31 December 2023.

It commenced on 21 March 2026, the day after registration on the Federal Register of Legislation.

### Legislative instrument on PAYG withholding variation for certain insurance and compensation payments finalised

The Commissioner has finalised a legislative instrument, the [Taxation Administration \(PAYG Withholding Variation for Certain Insurance and Compensation Payments when an ABN is not Quoted\) Legislative Instrument 2026 \(F2026L00197\)](#), which modifies PAYG withholding requirements.

Under existing rules, payers may need to withhold tax when a payee does not quote an ABN. However, uncertainty can arise when payments are made to settle insurance or compensation claims.

To address this, the instrument sets the withholding rate to nil for certain payments where no ABN is provided. This applies to payments made:

- By an insurer to settle an insurance claim.
- By an entity administering a statutory compensation scheme.
- By an entity operating a compulsory third party (CTP) scheme.

By reducing withholding to zero, the instrument:

- Clarifies that no withholding is required in these situations.
- Reduces compliance costs for payers.
- Removes the need to issue payment summaries for these payments.

The instrument replaces [PAYG Withholding Variation: Insurance and Compensation \(F2016L00433\)](#) PAYG Withholding Variation: Insurance and Compensation (F2016L00433) (which was due to sunset) and finalises draft instrument LI 2025/D18. It commenced on 6 March 2026.

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## Other Legislation Updates (Cont.)

### Legislative instrument on PAYG withholding variation — Indigenous artists who do not quote an ABN

The ATO has finalised a legislative instrument, the [Taxation Administration \(Withholding Variation for Payments to Indigenous Artists who do not Quote an ABN\) Legislative Instrument 2026 \(F2026L00231\)](#), which adjusts PAYG withholding requirements.

The instrument reduces the withholding rate to zero for payments made to Indigenous artists who live or work in Zone A (remote areas of Australia) and do not provide an ABN for their artistic work. As no tax is withheld, payment summaries are not required for these transactions.

This change:

- Provides certainty for payers that no withholding is required when an eligible Indigenous artist does not quote an ABN.
- Confirms that eligible artists are not required to obtain or provide an ABN for their artistic work.
- Removes the obligation for payers to issue payment summaries for these payments.

The instrument replaces an earlier 2016 determination ([PAYG Withholding Variation: Variation of amount to be withheld from Indigenous artists when an ABN is not provided \(F2016L00358\)](#)), which was due to sunset on 1 April 2026, while maintaining the same practical effect.

The instrument commenced on 12 March 2026.

### Legislative instrument on PAYG withholding variation — certain payments to religious practitioners finalised

The ATO has finalised a legislative instrument that reduces PAYG withholding to nil for certain payments to religious practitioners and, in some cases, removes related reporting obligations.

[Taxation Administration \(Withholding Variation for Certain Payments to Religious Practitioners\) Legislative Instrument 2026 \(F2026L00251\)](#) applies to:

- Specified allowances, where deductible expenses are expected to match the allowance (with normal withholding applying above set limits).
- Short-term locum services, where services do not exceed 2 days per quarter.
- Certain payments from non-religious entities, with exceptions for higher-value chaplaincy or counselling services.

It also removes, in defined circumstances, requirements for payment summaries, annual reporting, and STP reporting.

The instrument replaces the 2016 instrument [Pay as you go withholding - Variation and exemption of withholding requirements for certain payments made to religious practitioners \(F2016L00107\)](#), which would otherwise sunset on 1 April 2026, with only minor changes following consultation.

The instrument commenced on 14 March 2026.

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## OECD Updates

### 2026 Global Forum Capacity-Building Report

The Global Forum on Transparency and Exchange of Information for Tax Purposes has reported record growth in its 2025 capacity-building efforts, aimed at strengthening tax transparency and combating tax evasion.

The [2026 Global Forum Capacity-Building Report](#) shows that the Forum's 172 members trained over 20,000 tax officials and provided technical assistance to more than 110 jurisdictions, supporting implementation of international tax transparency standards.

Since 2009, the standards have helped identify at least EUR 135 billion in additional tax revenue, including EUR 48 billion for developing countries. In 2024 alone, developing nations accounted for 70% of the EUR 4 billion identified globally.

The report also highlights growing participation in automatic exchange of financial account information and adoption of the Crypto-Asset Reporting Framework (CARF), reflecting expanded global cooperation in tax administration.

## Other Updates & News

### Guide released for statutory review of Australia's thin capitalisation reforms

The Board of Taxation has released a [Consultation Guide](#) outlining the process for its independent review of the thin capitalisation reforms introduced by Act No. 23 of 2024 (the Amending Act).

The 2024 Amending Act significantly changed the thin capitalisation rules in Division 820 of the Income Tax Assessment Act 1997. Key changes included introducing a new category of "general class investor", allowing such entities to apply the fixed ratio test, group ratio test, or third-party debt test, and adding new debt deduction creation rules.

The review, which began on 1 February 2026, seeks feedback from stakeholders who apply or advise on these rules. Submissions should address the government's Terms of Reference released in January 2026.

Key areas of focus include:

- How effectively the reforms limit excessive debt deductions.
- Whether any technical or drafting issues need correction, particularly in the third-party debt test.
- Whether the \$2 million exemption threshold should operate on a net basis.
- Whether the EBITDA-based calculations accurately reflect economic activity over time.
- The compliance burden and practical impact of the debt deduction creation rules, including their effect on restructuring and discouraging tax avoidance schemes.

The Board is also seeking practical input, such as:

- Real-world examples of compliance with the new rules.
- How businesses have adapted their financing arrangements.
- Industry-specific impacts.
- The number and types of affected entities.
- Compliance costs and time associated with financing changes.
- Whether businesses have reduced their reliance on debt.
- Suggested improvements, including administrative or legislative solutions.

Feedback from stakeholders will inform the Board's report to government and help assess whether the reforms are achieving their intended policy outcomes. Submissions to the review are open until 18 May 2026.

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## Other Updates & News (Cont.)

### TPB enhances security features on the TPB Public Register

The Tax Practitioners Board (TPB) has updated its Public Register to give tax practitioners more control over the contact details that are publicly displayed.

From 1 April 2026, registered practitioners can choose which contact details—such as a business, residential or postal address, email, or phone number—appear on their register entry. These details can be updated at any time through the TPB's My Profile system. New applicants will also be able to select their preferred contact details when applying for registration.

This change supports the government's broader efforts to protect personal information and reduce risks linked to publicly available data.

To enhance security, a CAPTCHA requirement has been added for users accessing practitioner contact details on the register. However, under the Tax Agent Services Regulations 2022, at least one contact detail must remain publicly available. These updates are part of the TPB's ongoing efforts to improve digital services and enhance the safety and security of tax practitioners.

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

### Temporary relief for businesses unable to meet their tax obligations

In response to the economic effects of the ongoing conflict in the Middle East, the government has announced that the ATO will provide temporary support measures for businesses struggling to meet their tax obligations due to fuel supply disruptions.

This support may include:

- More flexible payment plans.
- Remission of interest and penalties.
- Assistance in adjusting PAYG instalments where taxable income has declined.

In addition, some compliance activities will be reduced for the most affected industries, and certain debt collection actions may be paused where appropriate.

To access this support, businesses can use a dedicated ATO contact channel or apply through their registered tax professional.

The ATO will also continue assisting individuals experiencing serious financial hardship and will monitor economic conditions ahead of Tax Time.

Alongside these measures, the government has announced further support to help small businesses access credit, as well as initiatives led by the finance sector and industry.

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

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## Other Updates & News (Cont.)

### TPB releases draft guidance on use of AI by tax practitioners

The Tax Practitioners Board (TPB) has released [draft guidance](#) on the use of artificial intelligence (AI) to help tax practitioners understand their obligations when using AI in delivering tax agent services.

The Exposure Draft Information Sheet provides practical guidance aligned with the TPB's [2026 policy guidance priorities](#). It explains how existing obligations under the Code of Professional Conduct and the [Tax Agent Services \(Code of Professional Conduct\) Determination 2024](#) apply when AI tools are used.

The guidance is not a technical manual on AI systems. Instead, it focuses on how practitioners can continue to meet their professional and ethical responsibilities when incorporating AI into their work.

Key areas highlighted include:

- Maintaining competence.
- Protecting confidentiality.
- Ensuring proper supervision and control.
- Exercising appropriate professional judgment.

The TPB emphasises that practitioners remain fully responsible for the services they provide, regardless of whether AI tools are used.

The draft guidance is open for consultation until 21 April 2026, with submissions invited via email to [tpbsubmissions@tpb.gov.au](mailto:tpbsubmissions@tpb.gov.au) or mail.

## ATO Rulings and Activity

### ATO temporary fuel response payment plan

Eligible taxpayers affected by high fuel prices can apply to the ATO for a temporary fuel response payment plan to help manage their tax debts.

Under this plan, eligible taxpayers can access:

- No upfront payment.
- A 3-year repayment period with 36 equal monthly instalments.
- Remission of general interest charges (GIC) accrued from the application date to the third instalment, provided they:
  - Pay the first 3 instalments on time, and
  - Bring all lodgments up to date within that period.

To qualify, a taxpayer must hold an ABN and meet all of the following criteria:

- Have increased operating costs directly or indirectly linked to higher fuel prices (e.g. transport or supply chain costs).
- Have a new or existing tax debt they cannot manage.
- Be able to show reduced capacity to pay specifically due to fuel prices, not general business downturns.
- Ensure all lodgments are up to date within 3 months of entering the plan (or the plan may be cancelled and GIC remission denied).

The payment plan is available by [application](#) until 30 June 2026, and no separate application is required for GIC remission during this period. For further information, please refer to the [ATO website](#).

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## ATO Rulings and Activity (Cont.)

### ATO urging employers to act now to prepare for Payday Super

The ATO is encouraging employers to prepare for the introduction of Payday Super, which will commence on 1 July 2026, by reviewing their payroll and superannuation processes in advance.

Under the new system, employers will be required to pay superannuation contributions at the same time as wages. Generally, contributions must be received by the employee's super fund within 7 business days of payday, and funds must allocate or return contributions within 3 business days.

To get ready, employers should:

- Plan for potential cash flow impacts.
- Ensure their payroll systems are updated.
- Transition away from the Small Business Superannuation Clearing House (SBSCH) before its closure on 1 July 2026.
- Use [ATO checklist](#) and guidance to support a smooth transition.

Additional resources and guidance are available on the [ATO website](#).

### Draft regulations released to support new Div 296 legislation

Treasury has released exposure draft regulations and supporting material for consultation on the Better Targeted Super Concessions reforms.

The [draft regulations](#) support the recently enacted Division 296 tax, which reduces superannuation tax concessions for individuals with balances over \$3 million.

The regulations set out detailed rules for calculating taxable earnings across different types of superannuation interests, ensuring consistent valuation under the new framework. Treasury has also published [advice](#) from the Australian Government Actuary recommending the reduction factor for defined benefit and similar interests.

Consultation closed on 7 April 2026.

### APRA issues guidance on Payday Super readiness for RSE licensees

The Australian Prudential Regulation Authority (APRA) has written to RSE licensees highlighting the need to ensure readiness for the commencement of Payday Super on 1 July 2026.

APRA noted concerns from the ATO that some licensees may not be on track to fully implement SuperStream 3.0, particularly key components such as the Member Verification Request service.

RSE licensees are reminded that:

- Significant breaches of the new requirements must be reported to APRA.
- Super contribution processing is a critical operation and must comply with Prudential Standard CPS 230 Operational Risk Management.

APRA and the ATO expect licensees to review timelines and accelerate implementation where necessary to ensure compliance.

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

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## ATO Rulings and Activity (Cont.)

### ATO releases draft guidance on Payday Super reforms

The ATO has released four draft Law Companion Rulings (LCR 2026/D1–D4) to support implementation of the Payday Super reforms commencing 1 July 2026, providing guidance for employers, funds, and service providers.

- **LCR 2026/D1** (qualifying earnings): Defines qualifying earnings (QE) as the basis for superannuation guarantee charge (SG) calculations, largely based on ordinary time earnings plus specified inclusions and exclusions, with updated rules on caps and exemptions.
- **LCR 2026/D2** (eligible contributions): Explains when contributions count toward SG compliance, including timing rules (generally within 7 business days), allocation requirements, and treatment of late or corrected payments.
- **LCR 2026/D3** (calculation and assessment of the superannuation guarantee charge): Sets out how the SG charge is calculated, including shortfalls, notional earnings (linked to GIC), administrative uplift, and penalties such as choice loading.
- **LCR 2026/D4** (application and transitional provisions): Details how the new system interacts with the existing SG regime, including treatment of pre-1 July 2026 contributions, offsets, and transitional timing arrangements.

All four rulings are intended to apply from 1 July 2026 once finalised, with submissions due by 1 May 2026.

### CGT guideline on main residence of deceased estate updated

The ATO has updated its guidance on the Commissioner's discretion to extend the 2-year period for disposing of dwellings inherited from a deceased estate.

The revised Practical Compliance Guideline **PCG 2019/5** now directs applicants to request the Commissioner's discretion in writing, rather than applying through the private ruling system.

The update also includes formatting and wording changes to align the guideline with current ATO style and accessibility standards.

### ATO thin capitalisation guidance for foreign banks

The ATO has released Practical Compliance Guideline **PCG 2026/D1**, providing preliminary guidance on how foreign banks should apply thin capitalisation rules to their Australian branches.

The draft outlines the ATO's compliance approach to determining the minimum capital required, focusing on how risk-weighted assets (RWAs) are attributed to the branch. The ATO's view is that RWAs should be allocated based on where economically significant activities (e.g. loan creation and management) occur.

A risk framework is introduced:

- Green zone: Low risk—ATO unlikely to review (where RWAs align with its approach and are well documented).
- Amber/red zones: Higher risk—greater ATO scrutiny or potential audit.

The ATO emphasises that strong documentation is required, and reliance on branch accounts alone (including APRA reporting) is insufficient.

Consultation on the draft is open until 8 May 2026.

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## ATO Rulings and Activity (Cont.)

### ATO Guide on completing the combined Global Domestic Minimum Tax Return (CGDMTR) form

The ATO has released the Combined Global and Domestic Minimum Tax Return (CGDMTR) and supporting guidance for Australia's implementation of the OECD BEPS global minimum tax framework.

The **CGDMTR** consolidates multiple reporting requirements into a single form, including:

- The foreign lodgment notification.
- The Australian IIR/UTRP Tax Return (AIUDTR).
- The Australian Domestic Minimum Tax Return (DMTR).

The form can be lodged through Online services for agents, Online services for business, or via API-enabled software. In certain cases, a Designated Local Entity (DLE) may lodge the return on behalf of other group entities.

Separately, the GloBE Information Return (GIR)—developed by the OECD—is used by tax authorities to assess risk and verify top-up tax liabilities. In Australia, the GIR can be submitted through the ATO's online services or file transfer system, and taxpayers may appoint a tax agent to lodge it on their behalf.

Alternatively, taxpayers may lodge the GIR in a foreign jurisdiction instead of Australia, provided that:

- The return is lodged on time overseas (otherwise Australian filing obligations still apply), and
- The Commissioner is notified, either by each Australian entity or a nominated DLE, using a foreign lodgment notification (included within the CGDMTR).

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

### ATO's Modernisation of Tax Administration Systems program to bring changes for trusts in 2026 and 2027

As part of the **Modernisation of Tax Administration Systems** (MTAS) program, the ATO is enhancing tax administration for trustees, beneficiaries, and tax agents for the 2026 and 2027 tax years.

Building on earlier reforms announced in the 2022 Budget and expanded in the 2024–25 MYEFO, the program continues improvements introduced in 2024, such as the Trust income schedule and updated capital gains reporting labels.

The MTAS program aims to:

- Simplify the lodgment process.
- Improve the accuracy and integrity of trust and beneficiary reporting.
- Strengthen compliance and assurance activities.

These system enhancements are expected to:

- Reduce compliance costs.
- Increase electronic lodgment capability.
- Enable pre-filing of trust distribution data in tax returns.

From 1 July 2026, the ATO will begin using trust distribution data to pre-fill individual beneficiaries' tax returns, making reporting easier and more accurate. Tax agents will benefit from improved data quality, better visibility of distributions, and stronger validation checks to reduce errors and delays.

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## ATO Rulings and Activity (Cont.)

From 2027 tax time, further enhancements will include:

- Extending pre-fill capabilities to non-individual entities.
- Providing tax agents with real-time access to trust distribution data during lodgment.
- Removing limits on the number of beneficiaries in electronic lodgments, eliminating the need for separate lodgments for large trusts (over 200 beneficiaries).

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

### ATO temporary concession for GIC on family trust distribution tax

The ATO is offering a temporary concession to remit general interest charge (GIC) on unpaid Family Trust Distribution Tax (FTDT) until 31 December 2026, in certain cases.

FTDT generally arises where a trust with a family trust election (FTE) (or related interposed entities) distributes income or capital outside the specified family group.

Under the concession:

- 80% GIC remission (leaving 20% payable) may apply where the taxpayer:
  - Conducts a proactive self-review before ATO action.
  - Lodges the required FTDT form.
  - Pays the outstanding FTDT.
- Partial remission (less than 80%) may apply where the taxpayer:
  - Makes a voluntary disclosure early in a review (before audit).
  - Lodges the form and pays the FTDT.

Taxpayers must submit a GIC remission request, and relief is granted case-by-case.

Remission is generally not available where:

- The matter has progressed to audit.
- The ATO has issued an FTDT notice.
- There is evidence of avoidance, fraud, or evasion.

From 1 July 2025, GIC on FTDT is no longer tax deductible, though earlier GIC remains deductible.

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

### ATO Decision impact statement – PepsiCo

The ATO has issued a [Decision Impact Statement](#) following the High Court decision in *FC of T v PepsiCo Inc & Anor* [2025] HCA 30.

The High Court, by majority, upheld the Full Federal Court's earlier ruling. The Court found that payments made under exclusive bottling agreements were solely for concentrate, and did not include any amount that constituted a royalty. It also concluded that neither taxpayer obtained a tax benefit connected to the arrangement, meaning the diverted profits tax (DPT) provisions did not apply.

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## ATO Rulings and Activity (Cont.)

### ATO draft compliance guideline on long-term construction contract arrangements

The ATO has issued provisional guidance [PCG 2026/D2](#) outlining its proposed compliance approach to the application of ITAA 1936 Pt IVA (the general anti-avoidance provisions) to property development arrangements involving long-term construction contracts.

This draft Guideline outlines the ATO's proposed compliance approach to certain property development arrangements involving long-term construction contracts that extend beyond one year within the property and construction industry.

It explains how the ATO assesses the tax compliance risks associated with these arrangements and sets out the factors used to determine the level of risk across different types of long-term contract structures.

The draft Guideline is intended to be read alongside Taxpayer Alert [TA 2026/1](#), which concerns contrived property development arrangements between related parties designed to defer income recognition and utilise tax losses.

### ATO updates rulings on residential premises to align with Domestic Property case

The ATO has updated [GSTR 2009/4](#) and [GSTR 2003/3](#) to align with the Tribunal's decision in the Domestic Property Developments Pty Ltd a/t for Dals Property Trust v FC of T 2022 ATC; [2022] AATA 4436 (the Domestic Property case), clarifying how the 5-year rule for residential premises applies.

Key points include:

- Marketing a property for sale is considered a "use" of the premises.
- The term "used" (s 40-75) takes its ordinary meaning and is not the same as "applied" under Div 129.
- Premises will not satisfy the 5-year rule if used for purposes other than input taxed supplies (e.g. creditable purposes).
- The 5-year period must be continuous, and excludes periods where:
  - The property is vacant with no leasing attempts.
  - Used for private or GST-free purposes.
  - Held or marketed for sale.

The ATO has also updated its [decision impact statement](#). The changes apply both retrospectively and going forward.

### ATO launches new in-app security feature to stop scam calls

The ATO has introduced a new in-app security feature to help protect taxpayers from scams.

The "verify call" function in the [ATO app](#) allows users to confirm in real time whether a phone call is genuinely from the ATO.

When receiving a call from someone claiming to be the ATO, users can log into the app and select the verify call option. Within 30 seconds, the app will confirm if the call is legitimate. If no confirmation appears, the call should be treated as a scam.

This feature is part of the ATO's [Counter Fraud Program](#) and strengthens existing security measures in the app, including:

- Real-time alerts when important account changes occur.
- Account locking to prevent unauthorised access.

For better security, taxpayers are encouraged to use myID with the highest identity strength when accessing ATO services.

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## ATO Rulings and Activity (Cont.)

The ATO also advises that if a suspicious call, message, or email is received, individuals should:

- Avoid responding, clicking links, or downloading attachments.
- Check or report the scam through official ATO channels.
- Contact the ATO immediately if personal information or payments have been shared.

The ATO continues to warn taxpayers to remain vigilant, particularly during tax time, when impersonation scams are more common.

### ATO and Fair Work Ombudsman target Gold Coast food outlets

The ATO and the Fair Work Ombudsman (FWO) have carried out surprise inspections of around 25 food outlets on the Gold Coast as part of Operation Crimson.

The inspections targeted eateries in Nerang and nearby areas to check compliance with wages, superannuation, tax, and record-keeping obligations. Businesses were selected based on tip-offs, past non-compliance, or use of vulnerable workers, such as visa holders.

The operation forms part of the FWO's Food Precincts Program, focusing on high-risk hospitality areas. Authorities warned that businesses operating in the shadow economy may face significant penalties, with investigations ongoing. For further information, please refer [here](#).

### ATO and Fair Work Ombudsman target sham contracting

The ATO and Fair Work Ombudsman have announced a stronger focus on sham contracting.

Sham contracting occurs when an employer incorrectly classifies an employee as an independent contractor to avoid obligations such as superannuation, leave, and workers' compensation.

Authorities warned that the practice may be illegal, with investigations already underway in sectors including construction and road transport.

Under the Fair Work Act 2009, courts can impose penalties of up to:

- \$19,800 for individuals.
- \$99,000 for small businesses.
- For larger businesses, the greater of \$495,000 or three times the underpaid amount.

The ATO also noted that misclassification can lead to PAYG withholding and superannuation guarantee liabilities.

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

### Addendum to ruling on deductions for mining and petroleum exploration expenditure

The ATO has issued an [addendum](#) to Taxation Ruling [TR 2017/1](#) on deductions for mining and petroleum exploration expenditure.

The update clarifies the Commissioner's interpretation of the term "exploration or prospecting" under Division 40 of the ITAA 1997, refining its ordinary meaning for tax purposes.

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## Class Rulings Issued:

- Class Ruling [CR 2026/10](#) betr Entertainment Limited – off-market share buy-back. This ruling applies from 1 July 2025 to 30 June 2026.
- Class Ruling [CR 2026/11](#) Tennis Australia Limited – payment to tennis officials. This ruling applies from 1 July 2025 to 30 June 2030.

## Latest Australian Tax Cases

### FC of T v Morton 2026 ATC; [2026] FCAFC 31, 27 March 2026:

The Full Federal Court has unanimously dismissed the Commissioner's appeal from the decision of Wheelahan J reported as 2025 ATC; [2025] FCA 336. In that decision the taxpayer (whose 10-acre farm was developed and subdivided into 48 residential lots and 2 commercial lots) successfully argued that the sales proceeds from the lots were capital receipts derived on the realisation of a pre-CGT asset. On appeal the full court rejected the Commissioner's core contention that the developer was appointed to carry out the development "on behalf" of the taxpayer as his agent and that the taxpayer therefore ventured the land to a business venture or to a profit-making undertaking or plan.

### Tabcorp Maxgaming Holdings Ltd v FC of T 2026 ATC; [2026] FCAFC 30, 26 March 2026:

The Full Federal Court has dismissed the taxpayer's appeal from the decision of Thawley J reported at 2025 ATC; [2025] FCA 115. In that decision the taxpayer had claimed substantial losses in connection with its gaming operator's licence on the basis that it had a "financial arrangement" within the meaning of ITAA 1997 s 230-45 said to have come into existence on the expiry of its licence.

### Morton v FC of T 2026 ATC; [2026] FCAFC 31, 27 March 2026:

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### Haines v FC of T 2026 ATC; [2026] ARTA 498, 7 April 2026:

A taxpayer who conducted multiple business ventures as "one continuous entrepreneurial income-producing undertaking" has failed to convince the ART that business expenses he claimed were incurred by him personally (and thus deductible), that business losses should not be deferred, and that penalties for recklessness should not have been imposed.

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## **Brisbane Club v FC of T 2026 ATC; [2026] FCA 220, 6 March 2026:**

The Brisbane Club has been partly successful in having an assessment that imposed capital gains tax (CGT) on the sale of the Brisbane Club Tower, which was located on land acquired in 1963, set aside. Drawing heavily on the High Court authority of *FC of T v Sara Lee Household & Body Care (Australia) Pty Ltd* 2000 ATC 4378; [2000] HCA 35, the Federal Court held that the building should not be regarded as a separate CGT asset from the land on which it was situated (and hence it was not a disposal subject to CGT). However, the court found that 2 subleases entered into between the Club and the lessor of the building had been granted after 20 September 1985 and thus were subject to CGT.

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

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