# YOUR KNOWLEDGE



This month we look at several tax and superannuation changes that could affect how individuals and businesses manage their finances. The ATO's decision to extend credit card payments until 30 June 2027 gives taxpayers more time to prepare for the withdrawal of this payment option, while proposed changes to PAYG instalments could give businesses greater flexibility over payment frequency, or require more frequent payments for those with a history of non-compliance. We examine the proposed changes to the electric vehicle FBT exemption, highlighting why vehicle value and the timing of commitments could influence the tax benefits available. Finally, we explore proposed consumer protection reforms for superannuation and SMSFs, including stronger trustee safeguards, education requirements and potential changes to the SMSF supervisory levy and compensation scheme.

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## Removal of ATO credit card payment option delayed, but the clock is ticking

If you use a credit card to pay the ATO, you have been given more time to prepare for the removal of this payment

option, but this will not be available indefinitely.

In early October 2026, the ATO announced that it would stop accepting credit card payments after 30 November 2026. The decision followed the Reserve Bank's ban on card surcharges from 1 October 2026. Without being able to recover these fees from cardholders, the ATO estimated it would face almost $200 million in annual costs.

The announcement raised concerns among small businesses that use credit cards to manage cash flow. Paying tax by card can provide extra time to settle a liability, particularly when income and expenses do not fall due at the same time. In response to this feedback, the Government provided transitional funding, allowing the ATO to continue accepting credit card payments until 30 June 2027.

The extension provides welcome breathing space, but businesses that rely on credit cards will still need to plan for an alternative.

### What the change means for you

The extension does not cancel the planned withdrawal of direct credit card payments. From 1 July 2027, you will need to use another method to pay the ATO directly. Available alternatives include:

- Debit card
- BPAY
- Bank transfer
- Direct debit
- Payment at Australia Post, where available
- International money transfer services, where applicable

Some third-party payment providers may continue to offer ways to pay tax using a credit card after the deadline. However, these services may charge additional fees and take longer to process payments. Check the total cost, processing time and payment conditions before relying on one.

The change will not affect everyone equally. In 2024–25, around 5% of small businesses and just over 2% of individuals used a credit card to pay the ATO. If you are among them, now is a good time to consider how you will manage tax payments once this option is withdrawn.

### Why your payment method matters

Credit cards can help bridge short-term cash-flow gaps, but the convenience comes at a cost. Interest, annual fees and other charges can erode the benefit, particularly if you regularly carry a balance. There is also a risk that a payment will not be processed in time, potentially leaving you with an overdue tax liability and additional interest.

Switching to BPAY, bank transfer or direct debit may provide a simpler and more predictable way to manage tax payments. The right option will depend on your circumstances, including when funds are available in your business account and whether you need to retain flexibility over payment dates.

Pay particular attention if you have an existing ATO payment plan linked to a credit card. The ATO has been contacting affected taxpayers, but you should check your own arrangements rather than assume they will continue unchanged. Confirm how future instalments will be paid and allow enough time to update the payment method before the deadline.

### What you should do now

Use the extended timeframe to prepare rather than leaving the change until the last minute.

1. Review your current arrangements. Check whether you use a credit card for one-off tax payments, regular instalments or an ATO payment plan.

2. Choose an alternative. Consider which payment method best suits your cash-flow cycle, taking account of fees and processing times.

3. Update recurring payments early. Make sure any new arrangements are in place well before 30 June 2027 and check that payments are processed successfully.

4. Review your cash flow. If you rely on the credit card interest-free period to manage tax liabilities, consider whether you need to set aside funds earlier or adjust your payment planning.

5. Seek advice if needed. If tax payments are putting pressure on your cash flow, speak with us early. We can help you review your position and consider practical ways to manage upcoming liabilities.

The extension to 30 June 2027 gives businesses more time to adjust, but it should not be mistaken for a permanent reprieve. Planning ahead can help you avoid unnecessary fees, missed payments and last-minute disruption when the ATO's direct credit card facility closes.

# Monthly PAYG instalments: a cash-flow choice or a future requirement?

From 1 July 2027, more businesses and individuals who pay PAYG instalments are expected to have the option of reporting and paying monthly rather than quarterly. The ATO is also expected to gain the power to require certain taxpayers to pay monthly if they have a history of failing to meet their tax obligations.

Announced in the 2026–27 Federal Budget, these changes are currently the subject of draft legislation and are not yet law. However, they could affect how businesses manage their cash flow, so it is worth considering the potential impact ahead of time.

### What is changing?

PAYG instalments are regular payments towards your expected annual income tax liability. They help spread the cost of tax throughout the year rather than leaving you with a larger bill when your tax return is assessed.

Currently, most taxpayers in the PAYG instalment system pay quarterly, while certain larger taxpayers must pay monthly. Under the proposed changes:

- Monthly payments would become an option: Most taxpayers already paying PAYG instalments could elect to report and pay monthly from 1 July 2027.

- The ATO could require monthly payments: Taxpayers with a demonstrated history of failing to meet their tax obligations could be forced to pay monthly.
- Instalments could better reflect current performance: The changes form part of broader reforms intended to make PAYG instalments more responsive to current business performance, including through accounting software.

Monthly instalments would generally be due by the 21st of the following month, subject to the final rules.

### The cash-flow implications

For many businesses, the main consideration will be whether monthly payments make managing cash flow easier or more difficult.

### Potential benefits of monthly payments

Smaller, more frequent payments may be easier to budget for than larger quarterly amounts. This can be particularly helpful for businesses with steady monthly income, regular bookkeeping and established monthly reporting processes.

More frequent payments may also help businesses monitor their tax position throughout the year. If instalments better reflect current earnings, there may be less risk of paying too much or too little during the year, although the final outcome will depend on how the rules operate and the taxpayer's circumstances.

### Potential drawbacks

Monthly payments mean money leaves the business more frequently. This could reduce flexibility for businesses with seasonal income, irregular customer payments or tight working capital. Monthly reporting may also create additional administrative work, although accounting software could help automate parts of the process.

Quarterly payments may remain preferable for businesses that rely on retaining cash between payment dates. The right approach will depend on your income patterns, cash reserves and existing accounting processes.

### Who should pay attention?

Businesses and individuals with a history of late lodgments, overdue tax debts or repeated failures to meet their tax obligations should pay particular attention. If the proposed rules become law, the ATO could require affected taxpayers to move to monthly instalments, potentially adding pressure to their cash flow.

However, the changes are also relevant to taxpayers with a good compliance record. Moving voluntarily to monthly payments may help some businesses plan ahead, while others may be better off retaining their existing arrangements.

### What should you do now?

Although the legislation is not final, there are practical steps you can take now:

1. Review your cash flow: Consider whether monthly payments would fit your income and expenses better than quarterly payments.
2. Check your accounting processes: Assess whether your bookkeeping and banking arrangements can accommodate more frequent payments.
3. Review your current instalments: Compare your instalments with your expected annual tax liability, we would be happy to discuss any significant differences with you.
4. Address compliance issues early: If you have outstanding tax debts or a history of missed deadlines, seek

advice about managing your obligations and reducing the risk of further difficulties.

The key point is that monthly payments would change the timing of your tax payments, rather than change your underlying tax liability. Planning ahead can help you avoid unexpected cash-flow pressure and choose an approach that suits your business.

We will provide further updates as the rules are finalised. In the meantime, contact us if you would like to review your current PAYG instalments or assess how monthly payments could affect your cash flow.

# Electric vehicle FBT changes: why timing and the $75,000 threshold matter

The existing full FBT exemption for eligible electric vehicles (EVs) is set to be reduced, with the timing of the relevant arrangement and the value of the vehicle determining how much of the concession remains available.

Draft legislation proposes a staged transition to a permanent 25% FBT discount, with changes to take place from 1 April 2027 and 1 April 2029. Although the changes are not yet law, businesses and employees considering an arrangement involving an EV should understand how the proposed rules could affect their costs.

### What is changing

Currently, eligible battery electric and hydrogen fuel-cell vehicles can qualify for a full FBT exemption when provided to employees for private use, provided certain conditions are met. Plug-in hybrid vehicles generally no longer qualify for new arrangements from 1 April 2025, although certain existing arrangements are protected.

Under the proposed changes, the transition would operate as follows:

- Until 31 March 2027: The existing full FBT exemption continues for eligible EVs, regardless of the cost of the vehicle.
- From 1 April 2027 to 31 March 2029: Eligible EVs valued at $75,000 or less can retain the full exemption if the commitment to provide the vehicle is made before 1 April 2029. Vehicles valued above $75,000, but within the fuel-efficient luxury car tax threshold, would receive a 25% FBT discount.
- From 1 April 2029: All eligible EVs within the relevant luxury car tax threshold would receive a 25% FBT discount, rather than a full exemption, for new commitments.

Existing arrangements are generally protected, subject to some transitional rules. However, changes to an arrangement may create a new commitment and affect its FBT treatment.

### Why the timing matters

The proposed changes could affect the cost of providing a company vehicle or entering into a salary packaging arrangement, including a novated lease.

For example, an employee considering an eligible EV valued at $70,000 could potentially retain the full FBT exemption by entering into a qualifying commitment before 1 April 2029. By contrast, an eligible EV valued at $85,000 would generally move to the 25% discount for commitments made from 1 April 2027.

From April 2029, the full exemption would no longer be available for new commitments, regardless of whether the eligible vehicle is valued above or below $75,000.

Importantly, the $75,000 threshold is based on the vehicle's relevant value for FBT purposes, not necessarily its advertised drive-away price. Buyers should confirm the applicable value before making a decision.

The date a vehicle is ordered or delivered may not, by itself, determine the outcome. The proposed rules focus on when a financially binding commitment to provide the vehicle is made. Changes to existing arrangements, including certain refinancing or employment changes, may also affect the concession.

### What should businesses and employees do?

If you are considering an EV through your business or salary packaging, there are several practical steps to take:

1. Review your options early. If you are planning to purchase an EV or enter into a novated lease, consider how the proposed changes could affect the timing and overall cost.
2. Check the vehicle's value. Confirm whether it falls at or below $75,000 and whether it meets the relevant luxury car tax threshold.
3. Confirm the commitment date. Speak with your employer or salary packaging provider to understand when the arrangement becomes binding and whether any proposed changes could affect its treatment.
4. Compare the total cost. Consider the purchase price, lease payments, running costs and potential tax savings rather than choosing a vehicle based on the FBT concession alone.
5. Consider other tax implications. An FBT-exempt vehicle may still give rise to a reportable fringe benefits amount, which can affect certain income-tested obligations and entitlements.

### Plan before committing

The proposed changes are intended to maintain support for EVs while gradually narrowing the scope of the full FBT exemption. For businesses and employees, the key consideration is how the vehicle's value and the timing of the arrangement affect the available concession.

If you are considering an EV purchase or salary packaging arrangement and want to confirm how the proposed changes could impact on the tax position, feel free to contact us. Reviewing the options now can help you understand the likely after-tax cost and make a decision that suits your financial and business circumstances.

# Protecting consumers – Superannuation and Self Managed Super Funds (SMSFs)

The Government has announced a package of proposed reforms to strengthen consumer protections in the superannuation and financial systems. The proposals include a range of SMSF measures which may be particularly relevant to clients considering setting up a new SMSF in the future. Although, some of the proposed changes will impact existing SMSFs as well.

A brief outline of the proposals for SMSFs is below:

- The ability for the ATO to prevent rollovers to new SMSFs where there are fraud, financial abuse or other misconduct concerns. Given rollovers are transacted via SuperStream, there may be additional steps to allow for the ATO to review the requested rollover prior to it occurring. This may potentially lead to delays to the rollover from the APRA regulated fund to the SMSF.
- Mandatory trustee education prior to the set-up of a new SMSF. Education is good as it helps ensure that those considering an SMSF have knowledge of their duties and obligations, that is, they "know what they're getting themselves into". However, the question is whether such a requirement would be extended to existing trustees or require a refresh, like renewing a driver's license.
- A requirement for SMSFs to hold a uniquely identifiable bank account. Most SMSFs should already comply with this requirement. It's a deemed covenant and operating standard. Further, the ATO's website states that an SMSF needs its own bank account and that "you need to make sure the bank account is unique to the SMSF".
- Measures to improve the quality of SMSF investment strategies. SMSF trustees must formulate, review regularly and give effect to an investment strategy that has regard to the whole of the circumstances of the fund. This proposed change may require the SMSF trustee(s) to have a written investment strategy at the time of setting up a new SMSF.
- Additional ATO visibility of financial adviser fees charged to new and existing SMSFs.
- The ATO to provide greater visibility to SMSF trustees, in particular those with low balances, of their returns compared to members of APRA regulated funds.
- An increase in the SMSF supervisory levy from $259 per year to $295 per year. The levy has been $259 since the 2014–15 financial year.

It is not clear at this stage as to when these proposals are intended to apply from. We will monitor the situation and provide updates as more information comes to light.

The announced proposed measures also looked at the Compensation Scheme of Last Resort (CSLR). The CSLR is an independent, not-for-profit scheme set up after the Hayne Royal Commission to pay limited compensation, up to $150,000, to people who hold an unpaid AFCA determination where the responsible financial firm cannot meet the award, and all other avenues of recovery have been exhausted.

The scheme is funded by levies on parts of the financial services industry and operates only as a 'last resort' to help restore consumer trust when regulatory or private remedies have failed.

The CSLR is undergoing a major structural expansion to ensure its long-term viability following recent corporate collapses. For the first time, it is proposed that SMSFs will be brought into the CSLR levy net to help fund the safety net for consumers impacted by financial misconduct.

It is proposed that SMSFs are included as Tier 3 levy payers in the waterfall model in future years when a special levy is required. The total sector levy for SMSFs will be scaled relative to assets under management when compared to the broader superannuation trustees sub-sector, with a flat levy amount applying to all funds. The special levy formula, which currently sets a $100 minimum, will be amended to ensure appropriate treatment of SMSFs. Information currently at hand indicates that the special levy for SMSFs is not expected to exceed $20 per

fund in income years when a special levy is required.

A consultation on the application of the waterfall framework for the 2026–27 CSLR special levy (around $170m) has been recently conducted by Treasury. We await the outcome and confirmation of the share allocated to SMSFs.

For further information:

- Media release Dr Daniel Mulino
- Treasury Fact Sheet - Protecting Consumers and the Promise of Superannuation in an Evolving Financial Ecosystem
- Compensation Scheme of Last Resort 2026–27 special levy – Treasury consultation