Hern & Associates

The Informer

June 2026 New Financial Year Edition

Members of the Institute of Public Accountants

INSTITUTE OF PUBLIC ACCOUNTANTS®

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HOURS: 9am to 5pm
Monday to Friday

Welcome...

to the 2026 edition of The Informer from all the team at Hern & Associates.

Wishing you and your family a wonderful year ahead! As we enter the New Financial Year, we look forward to assisting you with your 2026 tax return. If you cannot make it in for a meeting, you can easily email, post, or drop off your working papers. However, we highly recommend a face-to-face appointment. Catching up in person allows us to better understand your current situation, which often helps us uncover extra tax deductions and concessions to maximise your return.

Tax News

Fees for 2026

Our **Basic Tax Return*** is now $275 and can be paid by cash, credit card or EFT. We have not increased our fee in a few years but due to rising costs this increase is necessary.

**a basic tax return does not include extra schedules required for rental properties, business schedules or capital gains tax calculations*

Our **ASIC Annual Company Return** fee is now $300 due to increased compliance for companies. AUSTRAC have introduced tighter Anti-Money Laundering policies and increased security compliance for Accountants that offer a designated service to Companies and Trusts. We will keep you updated as these compliance changes are rolled out.

Trust Account Payment Option

New Government regulations and Anti-Money Laundering (AML) policies have introduced strict compliance costs for using our Trust Account. To cover these administrative and audit costs fairly, a **$25 surcharge** will now apply if you choose to pay your accounting fees out of your tax refund.

To avoid this fee and receive your tax refund typically **one week sooner**, you can pay your invoice directly within 14 days. We accept payments on the day of your appointment, via direct debit, or securely on our website.

Our Responsible Use of AI in the Office

Artificial intelligence (AI) is becoming part of everyday business. Many organisations now use AI tools to help with administration, document review, research, drafting, data analysis and workflow improvements. In the accounting, bookkeeping and tax profession, these tools are being **incorporated into our chosen software.**

We recognise that AI can be useful, but we also recognise that it must be used responsibly. Our clients trust us with confidential, personal and financial information. That trust is central to the work we do. For that reason, our use of AI is guided by a clear principle: AI may assist our work, but it does not replace our professional judgement, client care or responsibility.

We operate under the guidance, regulatory frameworks and professional standards issued by relevant Australian regulators, including the Tax Practitioners Board (TPB), the Accounting Professional & Ethical Standards Board (APESB), and the Office of the Australian Information Commissioner (OAIC). These bodies govern our approach to professional conduct, ethical obligations, privacy, confidentiality and the responsible use of technology. For our clients, this means that any use of AI in our practice is approached with care, scrutiny, and accountability.

AI tools can help us work more efficiently. They may assist with tasks such as summarising information, preparing draft wording, reviewing documents, identifying patterns, supporting research or improving internal processes. These uses can help us manage information more effectively and improve the consistency of our work. However, AI does not make final decisions in relation to your accounting, bookkeeping, tax or business affairs. It does not replace the need for professional judgement, experience or an understanding of your personal and business circumstances.

Everyone at Hern & Associates remains responsible for the work we provide. Before advice, reports, lodgements or client communications are finalised, they are reviewed by a person with appropriate knowledge and responsibility.

We take our confidentiality and privacy obligations seriously. We do not use AI in a way that carelessly exposes client information. We take reasonable steps to ensure that our clients' personal data is handled only in appropriate systems and for appropriate purposes. This is particularly important because publicly available AI tools may involve risks around data storage, disclosure, re-use of information and overseas processing. Our approach is to avoid unnecessary exposure of client information and to ensure that privacy and confidentiality remain central to our procedures.

In short, we do not rely blindly on AI outputs. Where AI assists our work, we apply human review. This includes checking original source documents, confirming client facts, reviewing legislation, considering ATO or professional guidance, and applying our own professional experience.

Our promise to clients is that AI will be used thoughtfully, securely and responsibly. We will continue to place confidentiality, privacy, accuracy, professional judgement and human accountability at the centre of our work.

Identity Requirements from the ATO and Tax Practitioners Board

Due to recent identity verification requirements introduced by the Tax Practitioners Board (TPB) and the ATO, we are now required to confirm the identity of all new and existing clients.

Tax News

What you need to bring:

Primary Option: A valid photo ID (e.g., Driver's Licence or Passport).

Alternative Option: If you do not have a photo ID, please bring a birth certificate or government concession card **AND** one supporting document (Medicare card, bank statement, or utility bill).

Note: If we successfully verified your identity during the last financial year, you do not need to do this again unless TPB or ATO guidelines change.

Protecting Sensitive Information

We have updated our digital security measures to keep your private data safe:

TFN Privacy: Your Tax File Number (TFN) will no longer appear on printed tax returns. Please do not write it on your signed paperwork.

TFN Retrieval: Call us if you need your TFN. We can provide it over the phone once we verify your identity.

Email Security: Digital returns are sent via AdobeSign and are password-protected. Please check your spam/junk folder if you cannot find our email.

Are you linked to myGov?

If your myGov account is linked to the ATO, all your tax correspondence goes directly to your digital myGov Inbox instead of coming to Hern & Associates in paper form. This includes Notice of Assessments, statements, reminders, and BAS/IAS notices.

You will get an email or SMS alert from myGov when you have mail. Please review your myGov Inbox regularly, as we may not receive a copy. If you need our help with any ATO letters, please let us know straight away.

Stay scam-safe: The ATO will never send you a direct link to log in. Check all sender details carefully (the email address is usually a give-away!) and delete suspicious messages immediately. Do not click any links, including unsubscribe buttons.

Have you recently changed your name?

When processing your Tax Return, we are required by the ATO to verify your new name by sighting one of the following identity documents issued by the Department of Births, Deaths & Marriages:

- Australian Birth Certificate
- Australian Marriage Certificate
- Australian Change of Name Certificate (Deed Poll)

If the ATO's Name Change policy applies to you, please bring one of these documents to your appointment to ensure your Tax Return is not delayed.

Check your bank details

The ATO pays all refunds via direct bank transfer, with paper cheques scheduled for complete retirement by 2028. If the bank details on your file are incorrect, your payment will bounce back. This can delay your refund by a month or more. When signing your tax return this year, **please carefully review** your BSB and account numbers to ensure you receive your money quickly and securely.

To update your banking details, please exclusively phone us with the new details to keep your information secure.

Claiming Working from Home (WFH) expenses for 2026

Did you work from home this financial year? The ATO's fixed-rate method offers an easy way to claim your running costs at a rate of **70 cents per hour**. This single rate covers your electricity, gas, internet, phone data, and stationery. It saves you from calculating the business percentage of every individual utility bill.

To claim this, you must have a complete record of your actual WFH hours (such as a logbook or timesheet) and at least one document or bill for each expense type.

We have attached a sample Working from Home diary that could be used for this purpose: **Please click here**

ATO Requirements for Work Related Car Expenses

With the ATO increasing its focus on work-related car expenses, keeping an accurate logbook is essential. To claim your actual vehicle expenses, you must maintain a logbook for 12 continuous weeks.

Your logbook must record:

- **Dates:** The exact start and end dates of the 12-week tracking period.
- **Odometer readings:** The vehicle's odometer figures at the beginning and end of the period.
- **Total distance:** The total number of kilometres driven during those 12 weeks.
- **Trip details:** The date, purpose, and exact kilometres travelled for every single work journey.
- **Work percentage:** The final business-use percentage calculated from your total travel.

If paper books are too tedious, consider using a GPS-tracking smartphone app to automate the process. The built-in **myDeductions tool in the free ATO app**, alongside popular tools like **Driversnote** and **CarSavvy**, are excellent ways to easily generate compliant records for tax time.

For a comprehensive overview of car expense claims, read our Keeping a Travel Logbook guide **here.**

Tax News

ATO are Data Matching Cryptocurrency

The ATO have increased data-matching of cryptocurrency to identify individuals who may not be meeting their registration, reporting, lodgement or payment obligations.

The cryptocurrency data-matching program will allow them to identify and address multiple taxation risks:

- Capital gains tax (CGT) – If you acquire cryptocurrency as an investment, you may have to pay tax on any capital gain you make on disposal of the cryptocurrency. Disposal occurs when
  - selling cryptocurrency for fiat currency
  - exchanging one cryptocurrency for another
  - gifting cryptocurrency
  - trading cryptocurrency
  - using cryptocurrency to pay for goods or services
- Omitted or incorrect reporting of income – In some situations, cryptocurrency transactions can also give rise to ordinary income. Taxpayers who trade cryptocurrency or businesses that accept cryptocurrency as payment have obligations to report the income generated in their tax returns.

Please keep records of your cryptocurrency and trades to assist with completing your tax return.

Rental property income and expenses

The ATO's latest compliance guidelines establish strict rules for declaring rental income and claiming deductions, especially for holiday homes. All rental earnings must be reported as assessable income, while expense claims are strictly limited to periods when the property is actively used to produce income.

If this applies to you, we will have further discussion at your appointment. Please see the ATO source below:

Taxation Ruling **TR 2026/1** Income tax: rental property income and deductions for individuals who are not in business provides guidance for individuals that earn income from their rental property. It covers earning income from:

- the short-term rental market (such as using online booking or sharing platforms), including renting out a holiday home or letting a room (or rooms) in a home
- letting out a property, or part of a property to long-term tenants.

For more information on holiday homes and the expenses you can and can't claim, see **Holiday homes.**

Denying deductions for ATO interest charges

If you incur **general interest charge (GIC)** or **shortfall interest charge (SIC)** on or after 1 July 2025, you can't claim these amounts as an income tax deduction in your 2025–26 or later tax returns. GIC or SIC incurred before 1 July 2025 can still be claimed in the 2024–25 and earlier income years.

Changes that don't apply this tax time

The following **proposed** changes **do not** apply in the 2025-26 tax return:

- standard deduction for work-related expenses (also called the $1,000 instant tax deduction)
- Working Australians Tax Offset
- changes to capital gains tax (CGT)
- changes to negative gearing arrangements
- changes to private health insurance rebate for people 65 years and older.

Office News

We are sad to report the passing of our office's grand lady, the beloved greyhound Jorji who made it to an amazing thirteen years old (or 72 years old in dog years). Jorji will be deeply missed by all staff and many of our clients and the office hasn't felt the same without her.

Alfred Street Parking

Unfortunately, limited carparks on our stretch of Alfred Street are designated for 1 hour or permit parking for residents. There are 5 free parks available at the top end of Alfred Street near the playground and tennis courts. Alternative parks are available at the Walkerville Oval and Woolworths.

Peterborough Visit

Brian will be making his annual visit to Peterborough on Friday 28th August 2026.

Please contact us on 8344 6011 or via reception@herns.com.au to book an appointment time.

Tax News

ATO Debt? Don't Wait for a Default Notice

- **Flexible Plans Available:** The ATO offers instalment plans up to 24 months (weekly, fortnightly, or monthly).
- **The Rule:** You must pay every instalment on time.
- **The Risk of Default:** Missing a payment cancels the plan and can trigger immediate debt recovery or wage garnishment.
- **The Golden Rule:** If you can't make an upcoming payment, contact us or the ATO before the due date. They are much more likely to assist you and modify your plan if you talk to them first.

Medicare Levy

For family cash flow, the ATO’s Medicare levy surcharge table for 2025–26 lists a base single threshold of $101,000 and a base family threshold of $202,000, with the family threshold increasing by $1,500 for each dependent child after the first.

What is PAYG and why do I have to pay it?

If your income from business or investment reaches a certain level, then the ATO requires your Income Tax to be paid in instalments. This is called the Pay As You Go (PAYG) instalment system. You are entered into this system by the ATO if you have had a tax bill of over $1000 on your yearly assessment. It is designed so you don’t have to pay your tax in one lump sum, but monthly or quarterly, spread over the financial year. When you lodge your next tax return you may receive a refund or a bill for the shortfall. The ATO will send you a letter letting you know that you are now in the PAYG system and the amount of tax you will be required to pay each quarter. Each quarter you will receive a PAYG instalment notice, also known as Income Activity Statement (IAS). This will come as a letter or via your myGov account.

*Please note that payment arrangements apply to specific individual debts. If you incur a **new** tax debt while an existing payment plan is active, the ATO cannot combine them into a single arrangement. You must manage them separately or renegotiate* your overall payment strategy.

Instant Asset Write Off

The ATO has confirmed the instant asset write-off threshold has been extended. It will continue at the increased rate of $20,000 for the 2025-26 income year.

Small businesses with an annual turnover under $10 million, will be able to instantly deduct the entire cost of certain assets that cost less than $20,000, which are first used or installed ready for business use by 30 June 2026. The $20,000 threshold applies to each asset.

Trust Administration

Trustees of discretionary trusts must document their distribution resolutions in writing before June 30. New distribution statement labels have been added to the trust tax return (B1, U2, and H1).

ATO Interest Deductions

General Interest Charges (GIC) or Shortfall Interest Charges (SIC) incurred from 1 July 2025 onward can **no longer** be claimed as income tax deductions.

Superannuation News:

Superannuation Guarantee Increase

Employers need to be aware that the superannuation guarantee increased to 12%. The legislation came into effect on 1st July 2025 and the employer contribution rate will sit at 12%.

Payday Super

Payday Super comes into effect on 1st July 2026 and is one of the most significant changes to super in recent years. The Australian Government introduced this legislation to improve retirement outcomes and reduce unpaid super, as it aligns super payments more closely with wages. From 1 July 2026, instead of meeting a quarterly cut-off, you’ll need to pay super at the same time you pay salaries and wages. For most employers, this means paying super at least weekly, fortnightly or monthly, depending on payroll frequency.

Super Contribution Caps

Concessional contributions are before-tax contributions. They include employer SG, salary sacrifice, and personal contributions claimed as a deduction.

For 2025–26, the general cap is $30,000. High-income earners need to model Division 293 tax, which may apply when income and concessional contributions together exceed $250,000. The non-concessional cap is still $120,000.

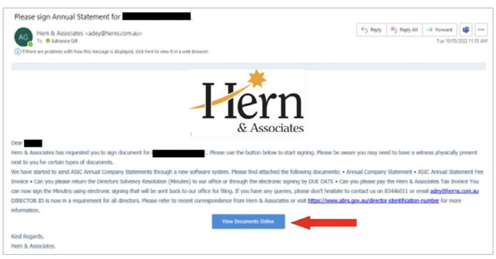
NowInfinity

Companies – Changes to the way we send Annual Company Statements

Since March 2019, we changed the way we send Annual Company Statements to all our registered companies. We use a software called NowInfinity. It allows clients to sign Minutes and all ASIC forms electronically. It also allows us to send email reminders about payment of Annual Fees, so you avoid the penalties that are quickly issued by ASIC once you have passed the due date. Please ensure your email address is kept up-to-date so you do not miss these notices.

Clients have mentioned that they do not see all the documents so here is a step by step of what you will receive:

Email



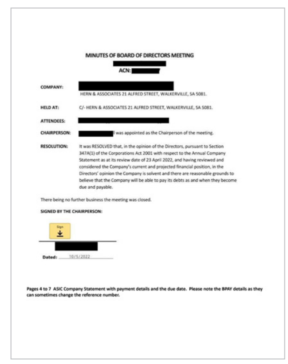
You will receive an email from **adey@herns.com.au** with instructions and a link to sign the documents online. Please read the cover email as it contains instructions and any important updates for companies from ASIC.

Page 1

Cover Letter

Page 2 & 3

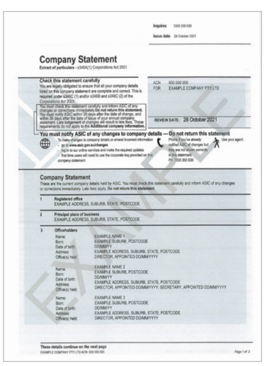
Minutes and Signature Box for the Director

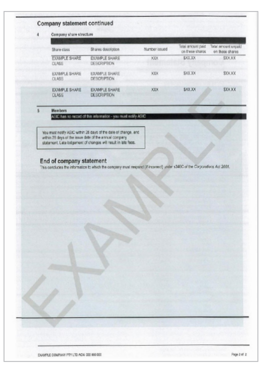


Pages 4 to 7

ASIC Company Statement with payment details and the due date.

Please note the BPAY details as they can sometimes change the reference number.





Last Page

The invoice for Hern and Associates for maintaining the Annual Company Record. Please note this fee covers the changes to the Company register including change of address, change or resignation of directors etc as well as the accompanying minutes and ASIC documents required.

Hern & Associates