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Practice Update

December 2025

Alternative providers to the SBSCH

Employers should start preparing for the permanent closure of the Small Business Superannuation Clearing House ('SBSCH') on 1 July 2026.

By acting now to find an alternative service, employers will:

- have an established process in place to pay super guarantee ('SG') for the March and June quarters (if they currently pay quarterly);
- reduce the risk of late payment of SG for the June 2026 quarter due date (28 July), as the SBSCH will be already closed;
- have more time to set up their business cash flow to enable frequent payments of SG; and
- have finalised payments and downloaded any reports from the SBSCH before it closes permanently.

Employers that are still using the SBSCH should be aware of the following key dates.

- ◆ **10 December 2025** — Super payments, along with instructions, must be received by 5.30 pm AEDT on this date. The ATO says payments received after this time will be processed from 2 January 2026.
- ◆ **28 January 2026** — December 2025 SG quarterly payments due date.
- ◆ **February to March 2026** — Employers should move to an alternative option to the SBSCH.
- ◆ **28 April 2026** — March 2026 SG quarterly payments due date.
- ◆ **30 June 2026** — Final day for employers to use the service, make any final payments and download reports.
- ◆ **1 July 2026** — SBSCH is no longer available.

Employers may already have other options readily available so they can exit from using the SBSCH ahead of time.

They should check their existing software and payroll packages, as they may already include super functions they can use to pay SG.

Otherwise, employers can look for options from super funds or digital service providers offering payroll services, software or commercial clearing houses.

Reminder of December 2025 Quarter Superannuation Guarantee ('SG')

As noted in the above article, employee super contributions for the quarter ending 31 December 2025 must be received by the relevant super funds by 28 January 2026.

If the correct amount of SG is not paid by an employer on time, they will be liable to pay the SG charge, which includes a penalty and interest component.

The SG rate is 12% for the 2026 income year (increased from 11.5% for the 2025 income year).

Dental expenses are private expenses

The ATO has been seeing a number of deduction claims for dental expenses this tax time. Dental expenses, including preventative and necessary dental treatment, medical expenses and other costs relating to client's personal appearance (such as teeth whitening, makeup, skin care, shaving products and haircuts) are not deductible.

These expenses are generally private expenses, even if an employer expects an employee to maintain a certain appearance, or pays them an allowance to cover grooming expenses.

Taxpayers should remember that they can only claim an expense that **directly** relates to earning their income. Private expenses cannot be claimed as a deduction.

Taxpayers should have written evidence of all their expenses, and be able to show a direct connection with those expenses to their employment income.

Australians call out tax dodgers in record numbers

The ATO has hit a major milestone of over 300,000 tip-offs from the community about tax avoidance and other dishonest behaviours since 1 July 2019. In the 2024/25 financial year alone, almost 50,000 red flags were raised by members of the community who spotted something suspicious.

Most of the tip-offs received related to shadow economy activity, coming from customers, employees, other businesses, and even family and friends.

This year, Australians reported businesses and individuals who:

- did not declare their income;
- demanded or paid for work in cash to avoid tax;
- lived lifestyles that did not match their known income; and
- failed to report all sales.

The top three industries seeing a surge in 'red flags' this financial year are:

- building and construction;
- cafes and restaurants; and
- hairdressing and beauty services.

ATO's new approach to holiday home expenses

The ATO has announced that it will take a somewhat different approach in relation to expenses that are claimed in relation to holiday homes.

Broadly, the ATO now takes the view that, if a taxpayer's rental property is also their holiday home, certain deductions relating to holding it will be completely denied (rather than being apportioned).

Expenses relating to ownership and use of the holiday home (e.g., interest, rates and maintenance) will not be deductible, unless the holiday home is 'mainly' used to produce assessable income.

Whether a holiday home is used 'mainly' to produce assessable income will be determined based on a consideration of a number of factors.

However, this will generally not apply to expenses incurred in relation to holiday homes that are rental properties **before** 1 July 2026, if those expenses are incurred under an arrangement entered into prior to 12 November 2025.

Editor: Please contact our office if you want more information regarding this new development.

ATO warns about barter credit tax scheme

The ATO is warning the community to steer clear of an emerging tax scheme involving barter credits — a type of alternative currency used in some business networks.

A tax scheme that involves artificially inflating deductions for donations of barter credits to deductible gift recipients ('DGRs') is on the rise. While it may seem enticing, promoters and taxpayers could face potentially significant consequences if they are involved.

The ATO is concerned that such schemes are being enabled by several barter exchanges that are allowing participants to access barter credits with a nominal face value that is much more than any payments actually made to the exchange. Participants then donate these barter credits to a DGR and claim a larger tax deduction than they are entitled to.

Those involved may have to repay the tax, plus face heavy penalties, interest and legal action.

Please note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.
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