



Treasury Issues Draft Amendments to Code of Conduct Instrument

The Treasury has released draft amendments to the Tax Agent Services (Code of Professional Conduct) Determination 2024, providing clarity on obligations for tax practitioners. Changes include updates to sections on false and misleading statements, outlining when practitioners must act, and specifying the information they must disclose to clients. The amendments also consider client correction responsibilities and practitioner safety.

Court Cases

Federal Court Hears ATO's Appeal in Landmark Bendel Trust Case

The Federal Court is reviewing the ATO's appeal against the Bendel ruling, which questioned how unpaid present entitlements (UPEs) to companies have been treated under Division 7A of the Income Tax Assessment Act 1936. The ATO argued that UPEs should be treated as loans and taxed as deemed dividends. Bendel's legal team countered, asserting that UPEs do not constitute loans since there is no obligation for repayment, warning that treating them as such could result in double taxation.

Government Announces Luxury Car Tax Changes to Promote Electric Vehicles

The government has introduced draft legislation to update the luxury car tax (LCT) starting 1 July 2025. The new amendments will redefine fuel-efficient vehicles, lowering the maximum fuel consumption threshold to 3.5 litres per 100km, effectively favoring electric or hybrid cars for the higher LCT threshold. Additionally, the indexation rates for LCT thresholds will be aligned to ensure consistent growth. These changes aim to encourage the adoption of electric vehicles and support Australia's emission reduction targets, including the National Electric Vehicle Strategy and net zero by 2050.



PM leaves possibility for negative gearing open

Anthony Albanese Prime Minister Anthony Albanese has left the possibility open for revisiting negative gearing reforms, following reports that Treasury is drafting options. While Labor previously proposed limiting negative gearing in the 2019 election, Albanese emphasised the government's current focus on increasing housing supply. The Coalition opposes any negative gearing changes, warning they could reduce rental supply and increase rents. The Greens are pressuring Labour to implement tax reforms, including changes to negative gearing, in exchange for supporting stalled housing bills in the Senate.

Tax Deductions for ATO Interest Charges to End from 1 July 2025

Starting 1 July 2025, taxpayers will no longer be able to claim deductions for ATO interest charges, including general interest charges (GIC) and shortfall interest charges (SIC). This change, announced in the 2023–24 Mid-Year Economic and Fiscal Outlook (MYEFO), is not yet law. Additionally, any GIC or SIC that is later remitted will no longer be required to be included as assessable income.

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