June 2026

byfields business advisers

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2026 FEDERAL BUDGET REVIEW

Scott Smith | Director

The 2026 Federal Budget has been described as one of the most significant changes to tax rules in over 25 years. The major changes impacting businesses will be on capital gains tax (CGT) and discretionary trusts.

This is not panic stations. There is time to assess, plan, and adjust structures if required.

Capital Gains Tax

From **1 July 2027**, the 50% CGT discount is proposed to be replaced with indexation (based on CPI), together with a minimum 30% tax rate on capital gains. Importantly, these changes are intended to apply **only to gains accruing after 1 July 2027**.

- The new rules **do not apply to the entire gain from acquisition**
- For assets held before 1 July 2027 and sold after that date, the gain is split:
- Growth up to 1 July 2027 retains the 50% CGT discount
- Growth after that date is subject to indexation and the new minimum tax

The same principle applies to **pre-CGT assets** (acquired before September 1985). Gains up to 1 July 2027 remain outside the CGT system, with only post 1 July 2027 gains subject to the new rules.

This means **historical gains are largely preserved**. While calculations will become more complex, the outcome is generally less severe than early commentary suggested.

There is an expectation that taxpayers will need to determine the value of assets at **1 July 2027**, either through valuation or an apportionment method.

Trusts

From **1 July 2028**, discretionary trusts are proposed to face a **30% minimum tax at the trustee level**, with individuals receiving a non-refundable tax credit.

However:
- Legislation has not yet been released
- Planning decisions should be **measured, not reactionary**

Importantly for farmers:
- **Primary production income is excluded** from the proposed rules
- Farm profits should continue to flow to individuals and be taxed under the **averaging system**

This carve-out is significant and suggests many farming operations may see **limited direct impact** from the trust changes.

It remains unclear whether the primary production exemption will also extend to distributions made to **corporate beneficiaries** — this will be a key issue to monitor once legislation is released.

Important for all:
- **Low-income beneficiaries** (those paying tax at rates below 30%) are expected to be affected the most by the proposed changes, as trust income is subject to a minimum 30% tax rate regardless of their personal tax bracket.
- Distributions from a trust to a **corporate beneficiary** or **bucket company** are not proposed to receive the tax credit. This means an element of double tax, potentially as high as 51% tax.

Other Key Measures
- **Restructuring relief** is expected to apply for three years from 1 July 2027, supporting structural changes (if required)
- The **$20,000 instant asset write-off** is to be made permanent
- Small business CGT concessions remain unchanged

Summary
- There is no need to restructure immediately
- Trust changes do not commence until **1 July 2028**
- Existing CGT concessions and transitional rules reduce the need for rushed asset sales

Keep your powder dry — once the trust legislation is released, meet with your accountant before 1 July 2028 to discuss the impact and any changes required (if any) to your business structure.

BENDEL'S CASE - WHAT IS A LOAN?

MKT Taxation Advisors

High Court confirms unpaid present entitlements are not Division 7A loans

On 10 June 2026, the High Court delivered its decision in Commissioner of Taxation v Bendel, dismissing the Commissioner's appeal and rejecting the ATO's longstanding view that unpaid present entitlements (UPEs) owed to corporate beneficiaries may, without more, be treated as loans for Division 7A purposes.

The High Court held that a corporate beneficiary's UPE does not, of itself, constitute a "loan of money" and does not amount to the provision of "financial accommodation" under section 109D(3)(b) merely because the corporate beneficiary does not call for payment of that amount.

The decision overturns the Commissioner's longstanding administrative approach to UPEs and provides welcomed clarity for private groups that use trust and company structures. It also marks a significant development in an area that has been the subject of sustained uncertainty yet has been a compliance focus of the ATO for many years.

What does this mean in practice?

In practical terms, trustees may retain funds within a trust without automatically triggering Division 7A, and an unpaid UPE alone will not give rise to deemed dividend consequences for a corporate beneficiary, subject to applicable fiduciary and commercial constraints.

The ATO will issue a Decision Impact Statement to outline its views on the decision, which may be that the decision is specific to the facts of Bendel. Advisers and clients would then need to determine whether to continue with the status quo or challenge the ATO's long held view.

Alternatively, the ATO may accept that the decision applies broadly, in which case the ATO will need to update its published guidance on UPEs, including revising or withdrawing administrative practices and Taxation Rulings that will now be inconsistent with the High Court's decision.

Taxpayers may also be able to amend prior returns or lodge objections where assessments were based solely on the Commissioner's former position on UPEs.

That said, the position may not end here. In addition to the recent Budget announcements relating to the taxation of trusts, legislative change remains possible, and we will continue to monitor developments closely.

For now, watch this space. There is likely more to come on this matter.

If you would like to know more or have any questions, please contact your Byfields Accountant.

UPCOMING CHANGES TO IDENTIFICATION REQUIREMENTS - WHAT YOU NEED TO KNOW

Jan Norberger | Chief Operating Officer

You may start to notice some changes in the information we request from you over the coming months.

The Australian Government has introduced new Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) laws, which will apply to a broad range of professional service providers, including accounting firms. From 1 July 2026, these laws will extend to certain services provided by accountants, lawyers, real estate agents and other professional advisers.

These changes are mandated by Federal legislation and will apply across the entire industry, not just Byfields. Where we provide services that fall within the scope of the legislation (known as designated services), we may be required to collect and verify identification documents, ask additional questions about ownership structures or the source of funds, and maintain records in line with regulatory requirements.

For most clients, the impact will be limited. However, depending on the nature of the services we provide to you, there may be instances where we request additional identification or supporting information, and these requests may occur earlier in the engagement process than in the past. In some cases, we may also need to periodically update this information over time.

We understand this may feel like an additional administrative step, particularly for long-standing clients. Our priority is to make this process as simple and efficient as possible. Where required, we will keep our requests targeted and proportionate, streamline how information is collected wherever possible, and work with you to minimise disruption to your business activities.

Any personal or business information we may request will be handled in accordance with our existing privacy obligations, including compliance with the Australian Privacy Act. Appropriate safeguards are in place to ensure your information is secure and used only for its intended purpose.

We will continue to provide further updates as more guidance becomes available. In the meantime, if you have any questions about how these changes may affect you, please contact your Byfields accountant.

FAREWELL BYFIELDS | FROM SIMON NORTHEY

Well, after almost 40 years at Byfields and 33 of them spent as a partner it's time to call it a day!

My Background

I'm a Northam boy born and bred, did my schooling locally and then attended Curtin University to complete my Bachelor of Business. My parents were in business and were clients of the then Byfield Beavis & Co. My father played golf with Ken Byfield and whilst Ken had retired, he put a good word in for me with the current partners of the firm. A meeting was arranged during my third year of Uni and Steve Bowen (then Partner) offered me a job to start in January the following year, consequently, I've never completed a resume!

That start date was 19th January 1987 and back then everything was processed manually, no computers except for data entry to produce financial statements. Electric typewriters were the latest office equipment, correspondence were manually typed, tax returns were hand typed in triplicate from ATO supplied returns and financial statement workpapers were completed manually as well. I remember lots of paper and noise in the office, but our systems were well organised and very efficient.

I was offered the premature opportunity to manage and run our recently acquired Merredin office in July 1989. I took up the challenge and in hindsight this was the making of me, I learnt quickly and worked with some of the best clients you could ever meet.

With our firm continually expanding I then came back to Northam office in 1992 to take up an associate role and became a partner on 1 July 1993 at the age of 26. I would spend the rest of my career with Byfields as a partner, now called directors, in our Northam office.

I have always thought being involved in the local community was very important and as such I've worked at committee level, with business associations such as Northam Chamber of Commerce and Avon Community Development Foundation and personal clubs including Northam Running Club, Northam & Districts Little Athletics to name a couple.

Highlights

Becoming one of the youngest people to become a partner in the firm and now the longest serving person of the firm's history is something I'll treasure for the rest of my life. Having the unwavering support of my lovely wife Larissa and family is definitely another personal highlight.

From a business perspective being part of the group that has driven significant growth of the firm is a definite highlight and working with such wonderful clients is another. Being part of people's business journey, watching them achieve their goals and having a hand in their success is the real buzz in this industry.

Listening to clients, showing genuine interest in their business, and helping them navigate through the many business hurdles, is what I call getting your hands dirty!

I believe you need to be hardwired to help people to truly get the most out of this public accounting profession.

Things I've learnt

I've been privileged to work with many successful people and learnt the following;

- Continued hard work is the cornerstone of achievement.
- Doing something you have a flair for and love means you will invest the necessary time and energy.
- Setting goals and revisiting them often keeps your vision on track.
- Understanding what drives your profit and seeking to improve those drivers maximises yearly results.
- Staying up to date is imperative and changing with the times keeps your business relevant.
- Seeking and accepting sound advice from your partners in business makes the journey easier.
- Finally, spend less than you make, invest the balance and then let time and compound interest do the rest to become financially independent.

Thank you and Farewell

I want to sincerely thank past and present directors for their friendship and unconditional support, the great staff I've worked with, and all the wonderful clients that have included me in their business journey.

No doubt we will bump into each other as my wife and I have no plans to leave Northam just yet, but we are looking forward to our next chapter.

Farewell and stay safe.

UPCOMING KEY DATES

WHAT IS DUE?	DUE DATE:
PAYROLL TAX - JUNE	7 JULY
STP FINALISATION	14 JULY
ANNUAL PAYROLL TAX	21 JULY
JUNE QUARTER - BAS	28 JULY
PAYROLL TAX - JULY	7 AUGUST
PAYGW - JULY	21 AUGUST
PAYROLL TAX - AUGUST	7 SEPTEMBER
PAYGW AUGUST	21 SEPTEMBER
PAYROLL TAX - SEPTEMBER	7 OCTOBER
PAYROLL TAX - SEPTEMBER QUARTER	7 OCTOBER
SEPTEMBER QUARTER - BAS	28 OCTOBER
SUPER FOR EMPLOYEES	EVERY PAYRUN PAYMENT DATE