



## October 2025

TAX NEWS, VIEWS & CLUES FROM AUSWILD & CO  
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### **Deeming rate changes from 20 September: will your pension be affected?**

If you're receiving the Age Pension or other social security payments, you've likely heard about changes to "deeming rates" taking effect on 20 September 2025.

Deeming rates are part of how the government calculates your Age Pension and other social security payment entitlements. When you have financial assets like savings accounts, term deposits, shares or managed funds, the government and Services Australia don't assess your actual investment returns for pension purposes. Instead, they assume (or "deem") that your investments earn a set rate of return, regardless of what they actually earn.

There are two deeming rates: a lower rate that applies to the first \$64,200 of your financial assets if you're single (the first \$106,200 for couples), and an upper rate that applies to amounts above that threshold.

From 20 September 2025, these rates each increase by 0.5%: the lower deeming rate will rise from 0.25% to 0.75%, and the upper rate from 2.25% to 2.75%. This marks the end of a freeze that's been in place since May 2020, when rates were reduced as an emergency COVID-19 measure.

### **Vouchers and GST in your business**

If your business sells or buys vouchers, it's essential to understand how to account for and report GST correctly.

A voucher is a document or an electronic record that represents a right to receive goods or services. This includes physical gift cards, digital vouchers and even prepaid phone cards. When your business sells a voucher, you're essentially providing the recipient with a promise to supply goods or services in the future, and it's at this future point that the GST implications come into play.

### **The ATO recognizes two distinct types of vouchers:**

#### **Face value vouchers**

Face value vouchers can be redeemed for a reasonable choice of goods and services – for example, a \$50 supermarket gift card that works across all store locations. The voucher sale isn't considered a GST taxable supply, so you don't charge GST at the point when you sell the voucher. Instead, you account for GST when the voucher's redeemed and the goods or services are supplied. For instance, if you sell that \$50 gift card, you don't charge GST on the gift card sale, but when the gift card's redeemed to purchase goods worth \$50, you charge GST on the supply of those goods.

There's one exception: if you sell a face value voucher for more than its face value, you must account for GST on the excess amount immediately.

#### **Non-face value vouchers**

Non-face value vouchers are restricted to specific goods or services – like a voucher specifically for a spa treatment, purchased for \$100. With these, you account for GST (e.g. on the \$100 price) at the time of sale, but only if the voucher is redeemable for taxable supplies.

If the voucher is only redeemable for GST-free or input-taxed supplies, there's no GST to account for.

#### **Note on expired vouchers**

Here's something business owners often overlook: if you've sold face value vouchers that expire or remain unredeemed, and you write back the unused amount to your current income for accounting purposes, you need to make an "increasing adjustment" on your Business Activity Statement (BAS). This adjustment is 1/11th of the unredeemed balance.

#### **Buying vouchers for your business**

If your business buys vouchers, you may be able to claim a GST credit – but timing matters. For face value vouchers, you claim the credit when you redeem the voucher, not when you buy it. For non-face value vouchers, you claim the credit when you purchase the voucher. Remember, you can only claim credits for GST-inclusive purchases used in your business.

## Keep accurate records

To account for GST on vouchers you sell, you need to keep accurate records including dates of sale, redemption and/or expiration, and the amounts of GST payable. Importantly, specific rules and exceptions apply to certain types of vouchers. For example, if you sell vouchers that can be redeemed for a combination of goods and services, you need to apportion the GST accordingly. You may also need to issue a tax invoice to the customer when a voucher's redeemed, and keep a copy of this invoice for your records. And finally, of course, you need to report GST on vouchers in your BAS in accordance with ATO guidelines.

## \$20,000 instant asset write-off due for extension to 30 June 2026

Are you a small business owner planning to invest in new equipment or technology? The government is planning to extend the \$20,000 instant asset write-off by a further 12 months until 30 June 2026.

This measure was announced by the Treasurer as an election commitment on 4 April 2025 and is contained in a recently introduced Bill, so it's not yet law.

Once this Bill is passed, the \$20,000 threshold will apply until 30 June 2026. Without this amendment, the threshold would have dropped back to the ongoing legislated level of \$1,000 from 1 July 2025.

The extension would apply to eligible depreciating assets costing less than \$20,000 each; eligible amounts included in the second element of an asset's cost (cost additions); and general small business pools (enabling full write-off where the pool balance is below \$20,000 at year end).

Small businesses that use the simplified depreciation rules and have an aggregated turnover of less than \$10 million can continue to immediately deduct the business portion of the cost of eligible assets first used or installed ready for use by 30 June 2026. The write-off can apply to multiple assets, provided each individual asset is under the \$20,000 limit.

## Unlock the benefits of downsizer super contributions

If you're nearing retirement and looking for ways to boost your superannuation savings, downsizer super contributions might be the perfect solution for you. These allow eligible Australians aged 55 and over to contribute proceeds from selling their home into their superannuation fund.

A downsizer contribution allows an eligible individual to contribute an amount equal to all or part of the sale proceeds (up to \$300,000 each) from the sale of their home into their superannuation fund. The

contribution must not exceed the sale proceeds of the home.

The great advantage is that downsizer contributions aren't restricted by any other contribution caps or your total superannuation balance; there are no work tests; and there's no upper age limit. It's one of the rare ways you can contribute large amounts to your super even after the age of 75.

Downsizer contributions can also be used alongside other strategies. For example, someone under age 75 can potentially combine the following three strategies to contribute up to \$690,000 to super in a single year, if eligible and if timed correctly:

- a \$300,000 downsizer contribution; and
- up to \$360,000 of personal after-tax contributions under the "bring-forward rule"; and
- up to \$30,000 of personal deductible contributions.

## Eligibility

To make a downsizer contribution, you must:

- be 55 years or older at the time of contribution;
- have owned the home for 10 years or more (the owner can be you or your spouse);
- sell your home that is in Australia and is not a caravan, houseboat or mobile home;
- ensure the sale is exempt or partially exempt from CGT for you under the main residence exemption;
- make the contribution within 90 days of receiving the sale proceeds (usually settlement date);
- not have made a downsizer contribution previously from another home; and
- provide your super fund with the *Downsizer contribution into super form* (NAT 75073) either before or at the time of making the contribution.

Failure to submit the *Downsizer contribution into super form* on time may result in your fund rejecting the contribution or treating it as a standard non-concessional contribution, which could have adverse tax implications.

The 90-day deadline from the date of settlement is also strict. If you need more time (e.g. due to delays in purchasing a new home), you must apply to the ATO for an extension. Extensions are granted only in limited circumstances, such as settlement delays due to council approvals.