



# client alert

## tax news | views | clues

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### Will the proposed \$1,000 instant tax deduction benefit you?

The Federal Government has released draft legislation for a new “instant” standard tax deduction that would allow eligible taxpayers to claim work-related expenses at tax time without receipts. This would replace the current \$300 no-receipt immediate deduction limit.

However, this is still just a proposal. The draft legislation’s been released for comment, so isn’t before Parliament yet. If passed in its current form, the changes would apply from the 2026–2027 financial year. This means it won’t help with your 2025–2026 return, but could be available next year.

It’s important to understand that a tax deduction doesn’t simply put a cash amount back in your pocket. Instead, deducting it offsets the tax you pay, so the actual benefit depends on your tax rate. For someone on the 32.5% tax rate, a \$1,000 deduction would reduce their tax by about \$325. Higher income earners could save up to \$450 (or \$470 including Medicare levy).

The government estimates about 6.2 million taxpayers could benefit, with average savings of around \$205.

Here’s a key point, though: if you already claim more than \$1,000 in work-related expenses, you may be better off sticking with keeping receipts and claiming your actual expenses. The ATO says the average Australian claims \$2,739 in work-related expenses, and the median claim is \$1,338. This means many taxpayers already claim more than the proposed \$1,000 and wouldn’t financially benefit from the change.

However, people whose claims are usually close to \$1,000 or who like the idea of a predictable deduction may find it saves some record-keeping effort.

The standard deduction would cover typical work expenses like:

- home office costs;
- work clothing and uniforms;
- tools and equipment;
- car expenses for work travel; and

- stationery and work supplies.

Certain deductions would be claimable on top of the \$1,000, including charitable donations, union fees, income protection insurance, and investment-related expenses.

From 2026–2027, you also wouldn’t be able to add new work equipment costing between \$300 and \$1,000 to a “low-value pool” for depreciation purposes. This could slow down tax deductions for items like computers or tools, reducing the benefit you receive in earlier years.

### What should you do?

First, remember this is still just a proposed change to the law. Second, consider whether you typically claim more or less than \$1,000 in work-related expenses. If you claim more, the change likely won’t help you.

However, changes like this can have unexpected consequences, so third, consider seeking professional advice at tax time. If you want to optimise your deduction strategy, contact our office to discuss your circumstances and ensure you’re maximising your legitimate tax benefits.

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### ASIC launches new range of tools and resources for retirement planning

National research carried out by the Australian Securities and Investments Commission (ASIC) has shown that many pre-retirees are worried that they won’t have enough money in retirement, report low financial literacy and have low confidence in managing their retirement finances.

ASIC commissioned research that surveyed 2,065 Australians aged 45–75 to understand retirement planning and any readiness gaps. Focusing on the 50–66 age group, covering a range of retirement stages including respondents with retirement over 10 years away, nearing retirement (within nine years), and fully retired, the research showed that 48% of respondents were worried they’d run out of money in retirement; 32% felt they were already behind in retirement

planning; and only 18% had a clear retirement plan in place.

Only a third of the pre-retirees in the age group felt confident that they would be financially comfortable in retirement, with female pre-retirees and renters in particular reporting low confidence in their ability to manage their finances or live comfortably in retirement.

Financial literacy and low confidence in managing retirement income was also a concern for 46% of the age group. Nearly 60% reported that they wanted to learn more about super and retirement.

In response, ASIC has developed practical tools, calculators and guidance to support financial literacy and retirement planning in a new Retirement Hub on Moneysmart. The launch offers a great opportunity to review your understanding before seeking advice about what will suit your circumstances.

The resources are available in segments reflecting the key questions uncovered in the research:

- *How much will I need?* – covers retirement costs, retiring with debt, planning retirement goals and lifestyle and working out your living expenses.
- *How can I make my money last?* – budgeting, understanding different sources of income (eg super, Age Pension, account-based pensions or annuities), government benefits and how to decide what to do with your super.
- *How do I stay on track?* – how to check and keep track of your super and insurance, tackle debt, and stay aware of scams.

An upgraded Retirement Planner is designed to walk you through where your super is at, project how much income you could have in retirement, work out how much you'll need based on your goals or lifestyle choices, and allow you to review your options and test different scenarios to assess if you're on track to reach your financial goals.

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## Young adult workers win equal pay rights

The Fair Work Commission has delivered a landmark decision that will significantly impact junior wage rates across three major industries, with changes set to begin in December 2026.

On 31 March 2026, a Full Bench of the Fair Work Commission handed down its decision in response to an application by the Shop, Distributive and Allied Employees' Association. The decision affects junior employees under the General Retail Industry Award 2020, Fast Food Industry Award 2020 and Pharmacy Industry Award 2020.

The key change is that junior employees aged 18 and over who have been employed by their current employer for more than six months will eventually receive the full adult minimum wage rate. This

represents a significant departure from the current system, where these employees receive between 70% and 90% of the adult rate depending on their age.

The changes will apply to employees in general retail, fast food and community pharmacy industries. However, the decision creates different outcomes for different age groups:

- employees aged under 18 will see no changes to their current rates;
- employees aged 18–20 with less than six months' experience with their current employer will continue to receive their current percentage rates; and
- employees aged 18–20 with more than six months' experience will gradually move to full adult rates through a phased implementation.

The provisional implementation schedule begins 1 December 2026, phasing the changes in across two and a half years:

- 18-year-olds will move from 70% to full adult rates by July 2029;
- 19-year-olds will reach full adult rates by July 2028; and
- 20-year-olds will achieve full adult rates by July 2027.

The rates will increase incrementally every six months during this transition period.

The Commission considered extensive evidence from 87 witnesses, including witnesses who shared their workplace experiences and expert economists who analysed potential impacts. The Commission found that for adult junior employees, the variation was justified for work value reasons, considering the nature of work, skills, responsibility and working conditions.

Fairness to junior employees weighed heavily in the decision. The Commission took into account factors such as the value of junior employees' work and young people's labour market disadvantage. However, it also considered fairness to employers and likely business impacts.

Importantly, the Commission maintained current rates for employees under 18, recognising factors such as employment restrictions, availability constraints, and differences in maturity and work experience.

This decision will have significant cost implications for businesses in the affected industries. The phased implementation provides time to adjust business models and budgets, but employers should begin planning now for the increased wage costs.

The Commission will issue further directions soon, providing additional opportunities for parties to be heard regarding the implementation details.

**Important:** Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore it should be regarded as confidential and not be made available to any person without our prior approval.

## Next steps

If your business employs junior staff in retail, fast food or pharmacy industries, this decision will likely affect your wage costs and workforce planning. The complexity of the new age- and experience-based criteria means careful attention to payroll systems and employee records will be essential. Given the significant financial implications and implementation complexities, consider seeking our advice to understand how these changes will specifically impact your business and ensure your compliance with the new requirements.

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## Payday super changeover requires careful cash flow planning

The transition to payday super is just months away, and employers need to prepare for a complex changeover period that could significantly impact cash flow during July 2026.

From 1 July 2026, employers must pay superannuation guarantee each payday instead of quarterly. Super payments must reach employees' funds within seven business days after payday, marking the end of the current quarterly system that's operated for decades.

July 2026 presents unique cash flow pressures as employers navigate dual payment obligations. You'll need to make your final quarterly payment for the April to June period by 28 July, while simultaneously beginning payday super payments for July pay runs.

The timing is important. Super payments for July paydays may be due before the final quarterly payment deadline of 28 July.

Any contributions received on or before 28 July will first reduce amounts owing for the June quarter, with remainders then applied under payday super rules.

The final quarterly payment for the June quarter must reach employees' super accounts by 28 July 2026. Missing this deadline triggers super guarantee charge obligations, with statements due by 28 August. Importantly, the late payment offset won't be available for this final quarterly payment.

For tax deductibility, any superannuation guarantee contributions must be received by the fund by 30 June 2026 if you want them to be tax deductible in the 2025–2026 income year. This rule hasn't changed under payday super.

From 1 July, super calculations change from ordinary time earnings to qualifying earnings.

Critically for the transition, the payment date is what counts: even for work performed before July, super is calculated under payday super rules when contributions are paid from 1 July onwards.

The ATO recommends reviewing expected pay cycles for July to understand cash flow impacts. Consider setting aside additional funds to meet dual obligations during the changeover.

If cash flow permits, paying your June quarter super on or before your first July payday offers a smoother transition with time to correct any rejected payments before the 28 July deadline. Additionally, all June quarter super contributions will be tax deductible in 2025–2026 if funds receive them by 30 June 2026.

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