GIBB ACCOUNTANTS
The Tax and Super Monthly
October 2025

Protecting your super from scams

With more than $4 trillion in superannuation, it's no surprise scammers see it as a goldmine. ASIC has warned Australians to be on high alert after a rise in pushy sales tactics and false promises designed to lure people into risky super switches. Since your super is one of the biggest investments you'll ever make, protecting it is crucial. Here's what you need to know to keep your nest egg safe.

About this newsletter

For over 30 years Gibb Accountants have been providing professional tax, accounting and financial services to individuals and businesses. The Tax & Super Monthly is designed to keep you up to date with all the latest information on these topics.

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Why scammers target super

Superannuation accounts often hold large balances, which makes them a prime target. Fraudsters know that many people don't regularly check their super fund or may feel uncertain about whether they're getting the best deal. This makes them vulnerable to slick sales pitches that promise "better returns" or "lost super recovery."

ASIC has noticed a rise in schemes where consumers are encouraged to switch super funds quickly, often through high-pressure phone calls, clickbait advertising, or "free" online super health checks.

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Protecting your super from scams... cont

The red flags to look out for

Not every call or offer about super is a scam, but there are some big warning signs to watch out for:

- **High-pressure tactics** – being told you must act immediately. Remember, a genuine super opportunity won't disappear overnight.
- **Cold calls or unexpected emails/messages**, especially if you've never contacted the provider before.
- **"Free super health checks" or prizes** – these are often advertised through social media or websites.
- **Offers to "find lost super for free"** – while this sounds helpful, scammers often use it as a hook. (Tip: you can safely track down lost super yourself via the ATO.)
- **Unlicensed advisers** – people giving advice without proper authorisation.
- **Mostly phone-based dealings** – with little or no opportunity to meet a qualified financial adviser in person.
- **Promises of guaranteed or high returns** – if it sounds too good to be true, it probably is.

Why these tactics are dangerous

These schemes don't always look like traditional scams. In fact, they often feel legitimate. A salesperson may sound knowledgeable, polite, and genuinely interested in helping you. Some even refer you to an adviser during the call to make the process seem credible.

The catch? The investments may be complex, high risk, or poorly explained. Even experienced investors can find it hard to spot the pitfalls. Once you've switched your super, it can be very difficult and sometimes impossible to reverse the decision.

> A salesperson may sound knowledgeable, polite, and genuinely interested in helping you. Some even refer you to an adviser during the call to make the process seem credible.

How to protect yourself

Here are a few simple steps you can take to keep your retirement savings safe:

1. **Don't rush.** Take your time when making decisions about super.
2. **Hang up on pressure.** If you feel pushed or uncomfortable, end the call.
3. **Check credentials.** Make sure anyone giving financial advice is licensed with ASIC.
4. **Do your own research.** Use trusted resources like ASIC's Moneysmart website to learn about your options.
5. **Talk to your accountant or adviser.** Before making changes, get independent advice from someone who knows your situation and isn't tied to the sales pitch.
6. **Be cautious online.** Avoid clicking on random ads or pop-ups offering "free" super reviews.

The bottom line

There can be legitimate benefits to switching or consolidating super, but only after careful consideration of the risks and fees involved. The key is to make sure any decision is made on your terms, not under pressure from a cold call or pushy salesperson.

Your super is too important to risk on false promises. Stay alert, ask questions, and if you're ever unsure, speak with us before making any changes.

This information has been prepared without taking into account your objectives, financial situation or needs. Because of this, you should, before acting on this information, consider its appropriateness, having regard to your objectives, financial situation or needs.

Family trusts are great, but beware of disadvantages

The tax advantages of using a family trust are well known – in particular, the ability to split income among family members so that a lower effective tax rate applies to the income. This is unlike the case where one person derives all the income or the trust itself is liable to pay tax on it.

A family trust, like a company, is also a good way to protect assets from potential creditors in the case of financial trouble – or from other parties as the need may arise (eg, when a family member gets married and may be gifted property or money to buy a house).

So, even though a home held by a family trust is not entitled to the capital gains tax (CGT) main residence exemption, there may be other non-tax benefits that carry greater weight.

A family trust can also be used to help in business succession matters, for example, where farmland is held by a family trust where successive generations of a family can continue to farm it for their benefit.

Of course, to effectively use a family trust you need to have assets it can hold or acquire. It is of no use in trying to obtain tax advantages in respect of personal services income per se. You need for it to be able to hold assets – and preferably good income-producing assets.

However, for all their benefits there are a few demands associated with using a family trust.

For a start, if you wish to "stream" capital gains and/or franked dividends to certain beneficiaries – so that they retain their character as concessionally taxed amounts in the beneficiary's hands – then there are some complex rules that must be followed. And if they are not followed properly you can end up getting a tax result far removed from what you intended. Oh, and the trust deed must allow streaming of gains (so you may need an updated deed).

Secondly, if a trust has capital losses it cannot, unlike a partnership, distribute those losses to beneficiaries. They instead remain in the trust – and furthermore can only be used to reduce future taxable income or capital gains if certain "continuity of ownership" tests are met. And this often involves the need to make an irrevocable family trust election which locks the trust into distributing all its income to certain beneficiaries only.

Thirdly, contrary to common knowledge, distributions to children are not tax-effective in that they are usually taxed at penalty rates which equate to the top tax rate in most cases (albeit, you do get the benefit of a tax-free threshold of some $700).

Fourthly, trusts do not generally last forever (although in some state jurisdictions it is possible). At some stage the trust has to be wound up (usually after 80 years) and assets held by the trust have to be distributed to certain beneficiaries. And this can often trigger a CGT liability (and a large one at that). Just ask Gina Rhinehart and her family.

And there is also the question currently before the High Court of whether a company will be liable for Div 7A tax in respect of "unpaid present entitlements" made to it by a trust. This too is a hot issue in relation to if and how to use a family trust effectively for tax purposes.

So, the issue of whether to use a family trust is not always straightforward. Therefore, if you intend to use one, or think your current one needs some revisions, come and chat to us.

THE CGT RETIREMENT EXEMPTION CONCESSION:

What a boon!

If you run a small business and sell it – or some of its asset(s) – and make a capital gain, the CGT "retirement exemption" may be invaluable to reduce or eliminate the tax payable on the gain.

The funny thing is that you don't have to retire to use the CGT retirement exemption. Rather, it just means if you are under 55 years of age you have to pay the exempt gain into your superannuation (and the amount is exempt from the non-concessional contributions cap). On the other hand, if you are 55 years of age or over you can take the gain in your hands tax-free.

Furthermore, if you are under 55 and have to pay it into super, you could use the related rollover concession to defer the taxation of the gain for two years – and this may allow you then to use the retirement exemption for the reinstated gain when you are 55 years or over.

However, there is a limit on the amount of capital gain that is entitled to the retirement exemption. You only have a lifetime exempt limit of $500,000 – whether you take it into your hands tax-free or you put it into super (or you take it as a stakeholder payment in a company or trust where a company or trust make a gain).

It should also be noted that if you are going to use the CGT small business concessions (and there are four specific concessions which can be used, including the "15 year exemption" and the "50% reduction"), then if you meet the conditions for the 15 year exemption, it must be used in preference to any other concession. And one of the advantages of this concession is that it exempts the whole capital gain (regardless of how big it is) – unlike the retirement exemption which is subject to the lifetime limit of $500,000.

Crucially, there are special rules that apply if a company or trust makes the gain and you wish to use the retirement exemption. And if you don't meet these rules – especially the payment rules – then the retirement exemption is not available at all.

These payment rules are, broadly, that the payment must be made to the relevant stakeholder by seven days after the company or trust lodges its return.

And another great thing about the concession in this case is that the payment of the exempt gain to a stakeholder does not have to be in proportion to their interest in the company or trust. This allows excellent tax planning opportunities.

These are just a few of the "ins and outs" about using the retirement exemption. But there are also important eligibility rules to be met in the first place.

So, if you are thinking of selling your small business come speak to us first so that we can help you maximise the benefit of the concession, and make sure you qualify for them in the first place.

Helping your kids buy their first home using super

If you want to give your children a head start on saving for their first home, the First Home Super Saver Scheme (FHSSS) is worth considering. It offers a tax-effective way for young people to grow a deposit more quickly and is open to anyone who meets the eligibility rules and has never owned property.

What is the First Home Super Saver Scheme?

The FHSSS allows first-home buyers to make voluntary contributions into their super fund and later withdraw those funds, plus earnings, to put toward a home deposit.

Here's how it works:

» They can contribute up to $15,000 per financial year, and up to a maximum of $50,000 across all years in voluntary contributions.

» These contributions can be either:

- Concessional contributions (CC) such as salary sacrifice or personal deductible contributions
- Non-concessional contributions (NCC) which is after-tax money contributed from their own savings for which no deduction will be claimed

Children 18 or over can apply to withdraw the total voluntary contributions up to $50,000, plus notional earnings (currently 6.61%) on these contributions, to buy their first home. Whilst children must be at least 18 to withdraw an amount for their first home, they can start saving earlier.

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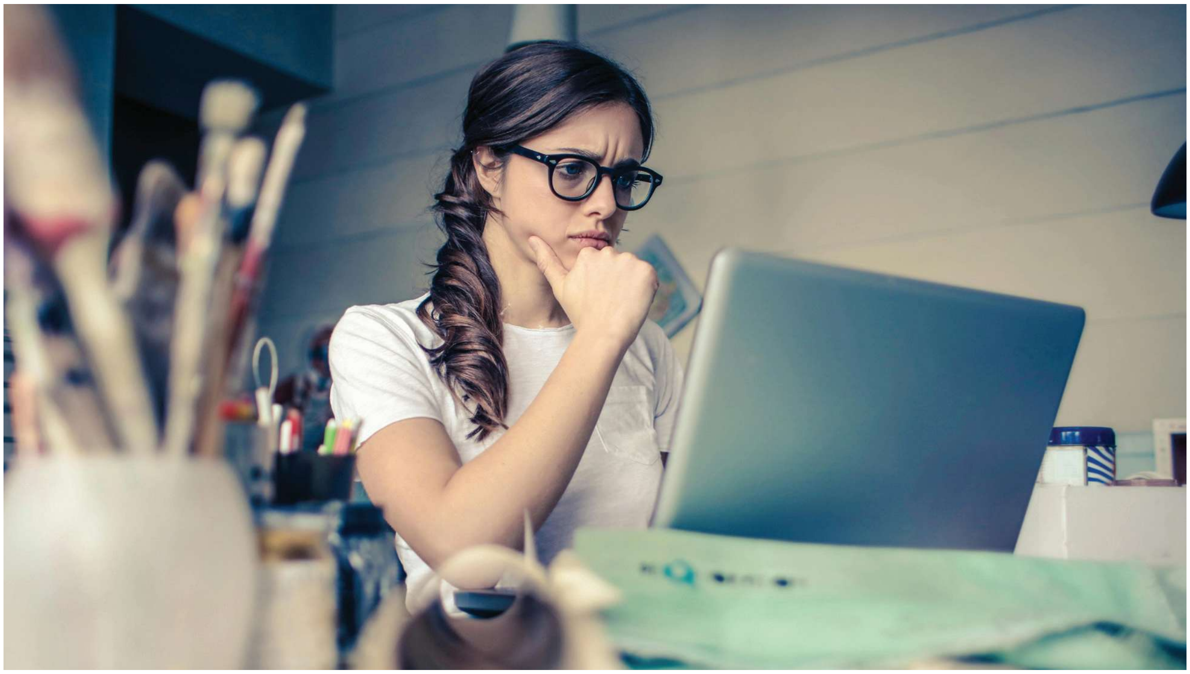

Tax on redundancy payments explained

If you're made redundant, you may receive a lump sum payout. While this can provide financial breathing room, it's important to understand how that money is taxed. Not all parts of a redundancy payment are taxed the same and how it is taxed can make a big difference to what you actually take home.

If your position is terminated, you might receive various payments, including:

» Unused annual or long service leave

» Payment in lieu of notice

» A severance payout

» Additional "ex-gratia" or goodwill payments

Some of these are taxed as regular income, others may be taxed concessionally and some may even be tax-free if it is treated as a 'genuine redundancy' amount.

What is a *genuine* redundancy?

A redundancy is considered ***genuine*** if your role no longer exists and is not being replaced. You must also be under age 67 at the time of termination to access tax-free benefits. If you're dismissed due to poor performance or you resign voluntarily, it doesn't count as a genuine redundancy.

Tax-free threshold for genuine redundancy

If your redundancy is genuine, part or all your payout can be received tax-free.

For the 2025–26 financial year, the tax-free amount is $13,100 + $6,552 for each full year of service.

For example, if you've worked 10 years, your tax-free threshold is:

$13,100 + ($6,552 × 10) = $78,620

Any payment above that amount may be taxed as an ***employment termination payment*** (ETP).

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Helping your kids buy their first home using super...

Why use super to save for a home?

One advantage of using the FHSSS is the tax savings. Contributions made by way of personal deductible contributions or salary sacrifice reduce taxable income, which can mean less tax to pay.

In addition, any investment earnings on those contributions are taxed at only 15% inside super, compared to the saver's marginal tax rate. When the funds are withdrawn under the FHSSS, the assessable portion is taxed at the saver's marginal tax rate, but with a 30% offset applied. This means less tax and more savings to put toward a deposit. All this can mean more money is saved compared to saving in a regular bank account.

How parents can help

If your child is working and has a super fund, you can give them money, which they can then contribute themselves to their super fund. They may claim a tax deduction on the contribution and this may boost their after-tax income. Alternatively, they may choose not to claim a tax deduction. If your child is earning a low income and makes a personal after-tax contribution to super, they may be eligible for a government co-contribution of up to $500. Whilst this is a nice freebie, it cannot be withdrawn under the FHSSS, as it is not a personal contribution.

Important note: You cannot contribute directly on your child's behalf. The ATO requires the contribution to come from your child's own bank account to be eligible for the FHSSS withdrawal.

When your child is ready to buy their first home, they apply through myGov to find out the maximum amount they can access under the scheme. Once they have this determination from the ATO, they can then request to withdraw up to that amount to use as part of their deposit.

The FHSSS comes with strict eligibility rules and timeframes, so it's important to get the details right. If you're thinking about helping your child save a deposit this way, give us a call. With some forward planning and the right contribution strategy, your child could boost their savings, cut down their tax bill, and step into their first home sooner.

Tax on redundancy payments explained... cont

How are ETPs taxed?

ETPs can include payments like severance pay, golden handshakes, or unused sick leave. How these are taxed depends on your age and how much you receive.

If you're under 60, payments under the ETP cap ($260,000 in 2025–26) are taxed at up to 30%. If you're 60 or older, the rate drops to 15%. Anything above the cap is taxed at 45%.

On top of the ETP cap, there is also a 'whole-of-income cap' that applies to high income earners. This cap limits how much certain termination payments can qualify for concessional tax treatment.

Unused leave is taxed differently

Payments for unused annual or long service leave are taxed at different rates depending on whether your termination is a genuine redundancy or not. Generally, these are taxed at a maximum rate of 30% if it is a genuine redundancy. If you resign or retire, your unused leave payments will generally be taxed at your marginal tax rate, plus Medicare levy.

Some tips to reduce tax

You may be able to contribute part of your redundancy payment to super and claim a tax deduction, especially if you have unused concessional cap space from previous years. The catch-up rules allow you to use any unused portions of the concessional contributions cap (currently $30,000) from the past five financial years, as long as your total super balance was under $500,000 at the previous 30 June.

This strategy can help offset the taxable portion of your redundancy payment, lowering your overall tax bill while boosting your retirement savings.

Key message

Redundancy payments can be complex, with different components taxed in different ways. Knowing the rules and using strategies like super contributions can make a big difference to what you keep. If you're facing redundancy and want to understand your options, give us a call. We can help you plan ahead, minimise tax, and make the most of your payout.

Car claims for electric vehicles

Working out the cost of electricity used to run your electric vehicle (EV) where you use the vehicle for business purposes and you use the logbook method for making your claim for car expenses is a little more complex than monitoring the cost of fuel used to run an all petrol vehicle. You need to keep certain records and make some choices along the way.

But first, a quick look at some of the basic rules around tax claims for the business use of cars, including EVs.

What trips are eligible?

Costs incurred in running your car for business purposes can be deducted using one of several methods. The term "business purposes" includes:

» Attending meetings or conferences away from your usual place of work

» Collecting supplies or delivering items

» Travel between two separate places of work (eg, for a second job)

» Travel from your home or your usual place of work to an alternative worksite (eg, a client's office or worksite), and

» Itinerant work, where the job requires you to work at more than one location each day before going home.

Travel between your home and your usual place of work is only deductible in quite limited circumstances – eg, when transporting bulky equipment to and from a worksite.

Cents per kilometre up to 5,000 business kilometres per year

For many taxpayers, the statutory safe harbour rate of 88 cents per kilometre for the 2025-26 income year for up to 5,000 business kilometres can be the best way of claiming their car expenses. It gets you a deduction of up to $4,400 without having to keep any receipts.

The cents per kilometre method covers all car expenses, including depreciation, registration and insurance, repairs and maintenance, and fuel costs. If you use this method, you can't add any of these costs on top of the cents per kilometre amount. The cents per kilometre method applies to EVs (including plug-in hybrids – PHEVs) as well as petrol-only cars.

If you use this method, you will need to keep records that show how you have worked out your business-related kilometres. That can be done by way of a travel diary that covers the entire income year. You also need to show that you own or lease the car.

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Car claims for electric vehicles .. cont

Logbook method

The cents per kilometre method will not always be optimal for everyone. If you have a high percentage of business use of the car, the logbook method may well give you a better result. But you will need to keep receipts or other evidence of all your car expenses, as well as completing a logbook for a representative and continuous 12-week period. The logbook needs to show the destination and purpose of each business trip, as well as the total kilometres travelled. It also needs to show the opening and closing odometer readings for the logbook period. The percentage of business use is worked out using the logbook and is applied to the total costs attributable to running the car.

The logbook can be relied upon for five years, unless your pattern of use changes significantly (eg, if you move house or the nature of your job changes). If that happens, you will have to complete a new 12-week logbook.

Having completed the logbook, and for a non-electric car, you then need to keep receipts for fuel and oil expenses, or make a reasonable estimate of those expenses based on opening and closing odometer readings, standard fuel use by your car (per the manufacturer) and average petrol prices for the income year (per the Australian Institute of Petroleum website). You should also keep receipts or other evidence of what you've spent on registration and insurance, repairs and maintenance, lease payments and interest charges. You should also have a record of the cost of the car and show how you have worked out your depreciation claim.

You then apply your business use percentage to the total running costs and there's your claim for car expenses.

Electric vehicles

EVs are typically charged at both commercial charging stations and using home chargers. You need to keep a record of the cost of using commercial charging stations, which should be straight-forward enough.

For home charging, however, the electricity usage for charging EVs is combined with the total electrical consumption of the household, and cannot generally be separately identified.

> Travel between your home and your usual place of work is only deductible in quite limited circumstances – eg, when transporting bulky equipment to and from a worksite.

Unless your EV is capable of reporting the percentage of home charging, the best basis for claiming electricity costs is to use the Commissioner's home charging rate of 4.2 cents per kilometre to the total distance travelled by the EV during the year of income. The 4.2 cents per kilometre home charging rate covers all electricity costs for the EV, so if you use this method, you cannot also claim the cost of using commercial charging stations.

Where you are able to determine the home charging vs commercial charging station percentage, you can work out the total number of kilometres attributable to your home charging, multiplying those kilometres by the 4.2 cents EV home charging rate and then adding any commercial charging station costs.

You must still keep receipts substantiating your commercial charging station costs, keep an electricity bill and record your opening and closing odometer readings. Having calculated your electricity costs you add it to all the other car running costs (including depreciation) and claim the business proportion as per your logbook.

Plug-in Hybrids (PHEV)

PHEVs are trickier than EVs since they use petrol as well as electricity. The ATO has come up with a seven-step method statement for calculating the combined petrol and electricity costs applicable to a PHEV which we won't bore you with here.

What you need to keep for our lodgement meeting are:

» Your PHEV's actual petrol and oil costs for the period

» Opening and closing odometer readings, and

» Your PHEV's Condition B test cycle fuel economy figure (per the manufacturer).

We will do the rest and ensure you are claiming your legitimate entitlement.