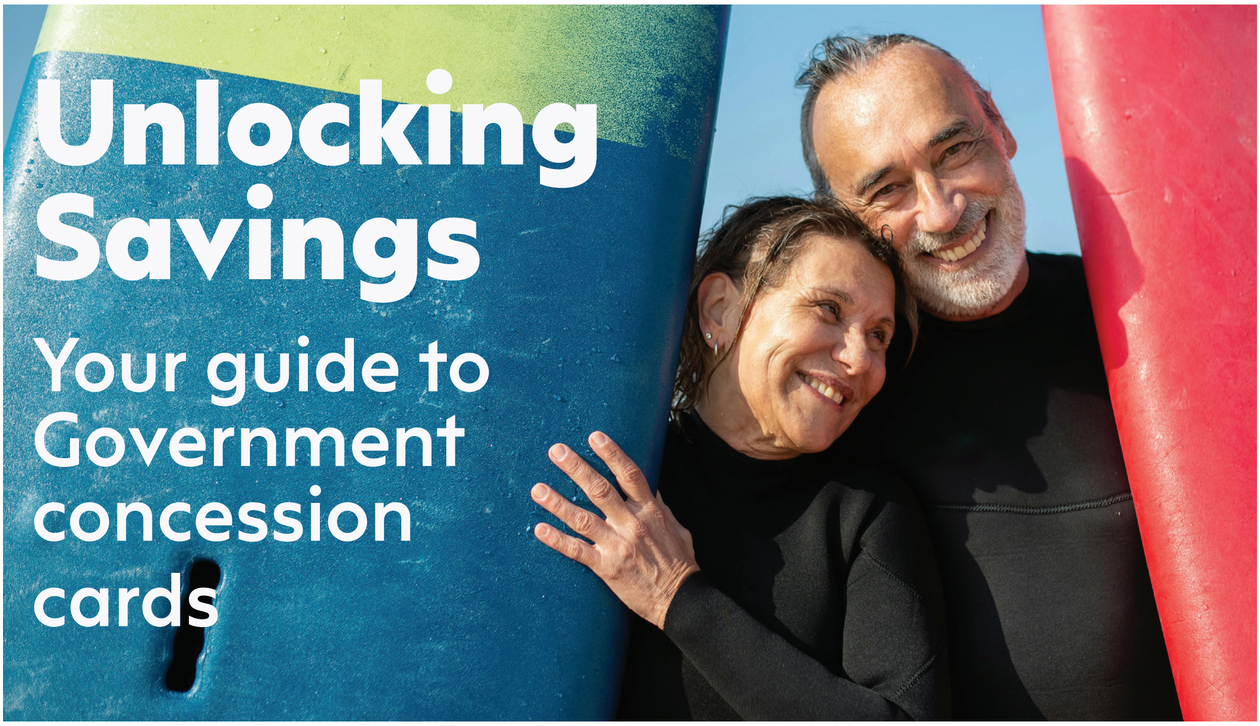
GIBBACCOUNTANTS

The Tax and Super Monthly

August 2025

Unlocking Savings

Your guide to Government concession cards



Government concession cards, including the Commonwealth Seniors Health Card, Pensioner Concession Card, Health Care Card and state-based Seniors Cards provide significant savings. These cards help you reduce costs on healthcare, prescriptions, and daily expenses, making life more affordable.

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.

t: 07 3816 2777
e: admin@gibbaccountants.com.au
a: 152 Brisbane Street Ipswich QLD 4305
p: PO Box 200 Booval QLD 4304

Federal Government concession cards

These cards offer lower prescription costs of $7.70 compared to the general rate of $31.60. Also, once you reach the Pharmaceutical Benefit Scheme (PBS) Safety Net of $277.20 annually, your PBS medications are free.

The Commonwealth Seniors Health Card (CSHC) is for self-funded retirees aged 67 or older not receiving a Centrelink pension. Your income must be below $99,025 (singles) or $158,440 (couples) indexed annually. With no asset test, it's ideal for retirees with retirement savings.

The Pensioner Concession Card (PCC) is automatically issued to those on the Age Pension, Disability Support Pension, or Carer Payment. It lasts two years, and is renewed around your birthday. If your social security pension stops permanently due to high income or assets, you must stop using it.

The Health Care Card (HCC), including the Low-Income Health Care Card, is for those on Centrelink payments like JobSeeker, or meeting low-income criteria. Many doctors bulk bill HCC and PCC holders, further cutting healthcare costs.

continued overleaf

Unlocking savings... cont

Extra benefits of your federal concession cards

Many states offer concession card holders discounts on utilities such as water, electricity and gas. To find out what concessions are available to you, check out the link to your relevant State Government (see table below).

State-based seniors cards

Alongside federal concession cards, state-based Seniors Cards offer additional discounts. These cards unlock savings on public transport, dining, entertainment and local services, helping you enjoy a more affordable and active lifestyle. From discounted public transport fares with Victoria's Seniors myki, Queensland's go card or NSW's Gold Opal card to special offers at participating businesses, Seniors Cards make everyday experiences more accessible.

Who is eligible

State-based seniors' cards are generally available for residents over 60 who are no longer working full time. For example, in New South Wales, those 60 or older working 20 hours or less weekly qualify for a Seniors Card, while those working more hours can apply for a Senior Savers Card.

The Victorian Seniors Card is available for Victorians aged 60 or older, working less than 35 hours per week.

In Queensland, you qualify for a Seniors Card or Seniors Card+go if you're 65 or older and work less than 35 hours per week (averaged over 12 months), or if you're 60–64, work under 35 hours weekly and hold a PCC, HCC, or eligible Department of Veteran Affairs card. A Queensland Seniors Business Discount Card is available for those aged 60 or older.

Take advantage of your concession cards

Federal and state-based concession cards help you save where it matters most. Whether it's lower-cost medications, bulk-billed doctor visits, discounted transport or savings on local services, these cards support your lifestyle and budget. Speak to us about applying for a concession card if you think you may be eligible.

State	Webpage
New South Wales	https://www.service.nsw.gov.au/campaign/savings-finder
Victoria	https://services.dffh.vic.gov.au/concessions-and-benefits
Queensland	https://www.concessionsfinder.services.qld.gov.au/
Western Australia	https://concessions.communities.wa.gov.au/
South Australia	https://www.sa.gov.au/topics/care-and-support/concessions/concession-finder
Tasmania	https://www.concessions.tas.gov.au/

Some CGT consequences of divorce and relationship breakdown

If you are getting divorced or separated from your spouse, this may involve the transfer of real estate or other assets as part of the settlement of things. Technically, that transfer will trigger capital gains tax (CGT) because there will be a change in ownership of the property.

However, in this case the CGT rules will provide rollover relief so that there will be no CGT to the person who transfers the property (the transferor) to the other party. And that other party will "step into the shoes" of the transferor – so that they will be deemed to have acquired the property at the same time and for the same cost as the transferor.

But this rollover rule is subject to a number of important conditions and provisos.

Firstly, the transfer of the property must take place by way of a relevant court order or a court-sanctioned agreement – or even a pre-nuptial agreement or the like. But the rollover does not apply to transfers under any private arrangement.

Secondly, the transfer can only be made to the former spouse or partner – it can't be made to their family company or family trust; nor to their estate if they die in the meantime (subject to an apparent exception if the property is transferred to a child maintenance trust).

Thirdly, if an investment property is transferred to a spouse and it becomes their home, then on its sale by that spouse there is a partial CGT liability to take into account the fact that it wasn't always a CGT-exempt home. And this rule also applies in reverse.

Fourthly, if an asset (eg, shares or real estate owned by the company) is transferred out of a family company to a spouse, then there must be a corresponding reduction in the value of the shares held in the company to reflect the market value of that property transferred.

Fifthly, the rollover is available to the divorce or separation of any type of spouse, including de facto and same sex spouses – provided the divorce or separation is "bona-fide"! And note that the Commissioner has in the past successfully challenged the bona-fides of a divorce (albeit, that was done in connection with a taxpayer trying to move assets out of reach of his creditors).

Now, such matters require careful consideration to take into account the particular circumstances of both parties. For example, the transfer of an investment property which will then be used as a home by the other spouse will require negotiation between the parties for adjustment to the settlement amounts to reflect the CGT liability that that spouse will be responsible for in the future.

And this can be difficult – even if the separating parties are actually talking to each other!

And where, say, one of the parties owns an asset on which they will make a capital loss, they can perhaps agree to transfer that property to the other party to realise the loss – but only if they transfer it under a private agreement independent of any court-approved transfer, etc.

In summary, there are lots of important tax issues associated with transferring assets between former spouses under a divorce or a relationship breakdown that require good advice.

So come and speak to us if you find yourself in this situation.

The great wealth transfer: Are you ready?

Over the next few decades, Australia is expected to witness one of the biggest intergenerational wealth transfers in history with between $3.5 trillion and $5 trillion changing hands as baby boomers pass on their wealth to children and grandchildren.

If you're expecting to inherit from your parents or grandparents, or you're thinking about the legacy you'll leave to your loved ones, it's important to understand the tax traps and planning strategies that come with this enormous transfer of wealth. While there's no inheritance tax in Australia, there are other hidden tax pitfalls that can reduce the value of what's passed down.

The tax traps you should know

Capital gains tax (CGT)

Receiving cash doesn't attract tax but inheriting property, shares or other investments can trigger capital gains tax (CGT), depending on how and when those assets are sold. For example, if you inherit a home and it's sold within two years of the deceased's passing, the sale may be exempt from CGT – provided the home was the person's main residence.

If you keep the property for longer or it was being used to produce income, CGT could apply down the track when you sell.

Superannuation

Super is another area full of complexity. When someone inherits super, whether or not they pay tax on it depends on a few things – like **who** they are and **how** the money is paid.

If the person receiving the super is a "tax dependent" – for example, a spouse or a child under 18 – they usually won't have to pay any tax if the super is paid as a lump sum. However, if the person inheriting the super death benefit isn't a tax dependent (such as an adult child), your super fund will withhold tax before paying the money out. This can range from 17% to 32% (including Medicare levy), depending on the type of contributions that were made to your account (eg, concessional or non-concessional contributions).

Getting advice about how super is structured and who your beneficiaries are can make a big difference in how much tax is paid.

continued overleaf ⇨

The great wealth transfer... cont

Gifting assets before death

Some people choose to give assets like property or shares to their children while they're still alive – either to help them out financially or to reduce the size of their estate. While this can be a thoughtful move, it can also lead to an unexpected tax bill.

That's because giving away certain assets (like an investment property or shares) is treated like selling them, which means CGT may apply. The tax is worked out based on the difference between what the asset is worth now and what you originally paid for it.

However, if the person giving the gift has made a loss on other investments in the past, they may be able to use those losses to cancel out some or all of the gain, reducing or even eliminating the tax they have to pay.

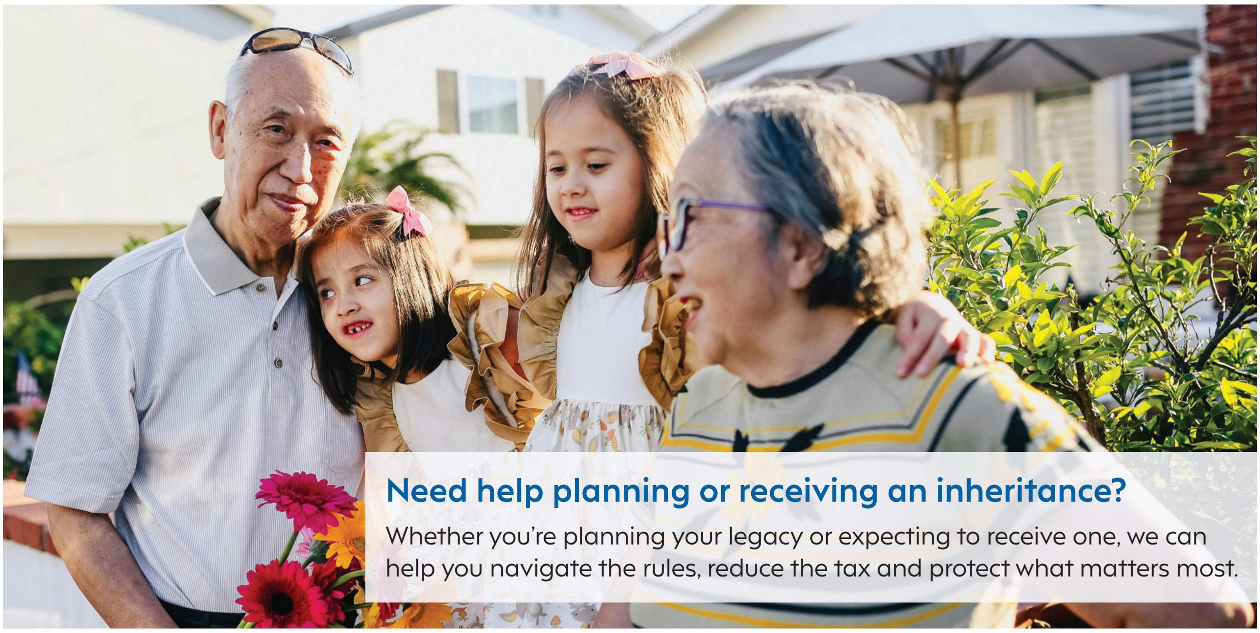
This is why it's important to get advice before making any big gifts – so you know exactly what the tax consequences might be.

Trusts and family structures

Using a family trust or testamentary trust (a trust set up under a will) can offer flexibility and tax savings. These structures allow more control over who receives income and when – which can help manage tax across the family group and avoid disputes. But they need to be set up correctly and in line with your wishes.

Tips to protect your family's wealth

1. **Get your will and estate plan in order** – having a legally binding will is the foundation of a good wealth transfer plan. It's also wise to appoint a power of attorney and an executor who understands your wishes and has the emotional and practical ability to carry them out.
2. **Talk openly with your family** – the emotional side of inheritance is just as important as the financial side. Discuss your intentions early to avoid surprises and prevent family conflict down the line.
3. **Understand the tax implications** – don't assume everything passes tax-free. Ask questions about CGT, super and gifting – especially if you're likely to inherit property, shares or other non-cash assets.
4. **Review your super nominations** – make sure your beneficiaries are up to date and that you've completed the right type of nomination form (binding vs non-binding). This helps ensure your super goes where you want it to, without unnecessary tax or delay.
5. **Seek professional help** – the rules are complex, and mistakes can be costly. Getting the right advice from a professional who understands estate planning and tax can help you make smarter decisions and keep more money within your family unit.



Need help planning or receiving an inheritance?

Whether you're planning your legacy or expecting to receive one, we can help you navigate the rules, reduce the tax and protect what matters most.

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.

Self-managed super funds: A suitable path to retirement control?

Self-Managed Super Funds (SMSFs) are a key part of Australia's superannuation system, offering control over retirement savings. As of March 2025, about 650,000 SMSFs managed $1 trillion in assets – a quarter of the $4.1 trillion superannuation pool. Let's take a quick look at who uses SMSFs, why they're chosen, costs and setup essentials for those considering this option.

Who uses SMSFs?

SMSFs attract people who want to manage their retirement funds. As of March 2025, there were around 1.2 million SMSF members. About 68% of funds have two members (often couples), 25% have one member, and 7% have three to six members. Most members (85%) are over 45, with the average member holding over $800,000 in assets.

Why choose an SMSF?

The main appeal of an SMSF is control. Unlike industry or retail funds, SMSF members act as trustees, tailoring their investment strategies. This allows investments in assets like real estate, cryptocurrencies, or unlisted assets, often unavailable elsewhere.

SMSFs also offer transparency and tax benefits. For example, trustees can time when they sell assets and realise profits. SMSFs also provide flexibility in estate planning with bespoke binding death benefit nominations not ordinarily offered by large super funds.

Setting up and ongoing administration

Creating an SMSF involves some paperwork but is manageable with clear steps. Working with an SMSF professional can make the process smoother and ensure everything is set up correctly.

Here's how to get started:

- **Choose Your Trustee Structure**: Opt for individual trustees (up to six, with all members as trustees) or a corporate trustee (members as company directors, each needing a Director Identification Number from the Australian Business Registry Service). For single-member funds, individual trustees require a second trustee, and members can't be employees of each other unless related.
- **Verify Trustee Eligibility**: Ensure no trustee is bankrupt or has a dishonesty conviction.
- **Create a Trust Deed**: Work with a professional to draft a trust deed outlining your fund's rules, ensuring compliance with superannuation laws.

continued on page 8

What to expect from tax reform

Given past history, not very much, unfortunately.

The Treasurer, Jim Chalmers, has convened a Productivity Roundtable for late August, with three main areas of focus – productivity, economic resilience and budget sustainability. He has sought ideas and proposals from stakeholders, which should be:

» in the national interest;

» fiscally responsible – ie, revenue positive or at least revenue neutral; and

» specific and practical.

Increasing Australia's productivity, which is the economic output produced by a given set of inputs, is a key factor in improving living standards. Australia's productivity performance has been lagging behind comparable economies for some years now.

The Treasurer has specifically called for tax reform ideas that are likely to boost our productivity. What sort of tax policy changes are likely to fit the bill, and what are the chances of them being adopted?

One of the many problems in tackling tax reform is that most people's idea of tax reform is for somebody else to pay more tax. And not everybody even agrees that we should raise more tax, saying we should curb our spending instead. Others think it should be a bit of both.

This turns tax reform into a political exercise and in spite of some people urging the government to use its strong Parliamentary majority to make brave decisions about tax, the government didn't run on a platform of major tax reform at the recent election and can't claim to have a mandate for tax reform.

You don't need to have a long memory to recall the unexpected federal election loss suffered by the ALP in 2019. Many political pundits attributed that loss to some unpopular tax policies in Labor's platform – restricting negative gearing, the capital gains tax discount and refundable franking credits. A highly effective scare campaign run by opponents of those policies was partly blamed for the election outcome.

Labor would be unlikely to serve up those specific policies again unless there was strong community and bi-partisan support for them, which seems unlikely. Instead, we are likely to see further scare campaigns from those with a vested interest in maintaining our existing policy settings.

Another candidate for major tax reform is already looking like being a non-starter.

Some are urging the government to consider reducing direct taxes such as personal and company income tax and increasing the GST (with appropriate compensation for low income families).

continued overleaf

What to expect from tax reform... cont

> Major tax reform has always been challenging because it invariably involves winners and losers.

All taxes have a negative impact on economic activity. Taxing something means there will be less of it, but the "dead-weight" cost of imposing a consumption tax is less than it is for income tax, resulting in increased economic activity, which boosts the tax base while improving living standards.

While the Treasurer has signaled he is not attracted to increasing the GST's base or rate, he wants to avoid ruling anything in or out at this early stage. The Prime Minister has no such qualms and has made it clear in recent comments that the GST will not be increased on his watch. The rule in/rule out game is off to an early start.

Major tax reform has always been challenging because it invariably involves winners and losers. The losers tend to be well represented and loud, while the winners tend to be more diffused and quieter. All these things are built up by the media, who love nothing better than public policy controversy around tax.

And the final obstacle to comprehensive tax reform is that, in the context of deficits stretching as far as the eye can see, there is no spare money with which to compensate the losers.

Whether the Roundtable can agree on other tax policy changes that can be fairly labeled as reform remains to be seen. We wish the Treasurer well in his endeavours, but we won't be expecting any miracles.

Self-managed super funds: A suitable path to retirement control?... cont

- **Establish an Australian Fund**: Set up the SMSF in Australia, with management and assets based locally, to meet Australian super fund requirements.
- **Register with the ATO**: Within 60 days, apply for an Australian Business Number (ABN) and Tax File Number (TFN) through the Australian Taxation Office (ATO).
- **Open a Bank Account**: Set up a dedicated SMSF bank account to manage contributions and investments, kept separate from personal finances.
- **Set Up SuperStream and Investment Strategy**: Obtain an Electronic Service Address (ESA) for SuperStream compliance and develop an investment strategy tailored to your retirement goals.

SMSFs require ongoing management which includes maintaining records, filing annual tax returns and conducting audits. An SMSF professional can help you stay compliant and make the most of your fund.

Costs involved

SMSFs can involve significant administrative work and be time-consuming to manage. Professional advice and administration can increase expenses but reduce workload. Keep in mind that insurance premiums, such as life or disability cover, are typically higher in SMSFs as they do not benefit from bulk discount arrangements. Trustees can lower costs by handling some administration, requiring time and expertise.

Is an SMSF right for you?

SMSFs offer control and flexibility, ideal for those with financial literacy, time, and larger balances, as lower balances may not justify the associated costs. However, they also come with responsibilities, including the risk of potential investment losses and the need to meet compliance obligations. If you're considering an SMSF and want to understand more about how they work, feel free to give us a call – we can help you explore whether it might be a suitable structure for your needs.

Tax deductibility of CLOTHING

The tax deductibility of clothing is a topic that often confuses taxpayers, as the rules are specific and nuanced.

However, the ATO sets clear guidelines on when clothing expenses can be claimed as tax deductions, and understanding these rules is essential for individuals and businesses seeking to maximise their tax benefits while remaining compliant.

As a broad principle, the ATO allows deductions for expenses that are directly related to earning assessable income, but excludes categories of expenditure which are regarded as being of a private or domestic nature – which clothing prima-facie falls into.

Generally, the ATO takes the view that clothing expenses are deductible if the clothing is:

» **Occupation-specific:** The clothing must be uniquely associated with a particular profession or occupation and not suitable for everyday wear.

» **Protective:** The clothing must provide a necessary level of protection against workplace hazards.

» **Compulsory:** The clothing must be a compulsory uniform with a logo or design that identifies the wearer as an employee of a specific organisation.

» **Registered with the ATO's Industry Clothing Register:** Non-compulsory uniforms must be included on this register to qualify for deductions.

Conversely, conventional clothing (eg, business suits, or general workwear) is typically not deductible, even if required by an employer, unless it meets one of the above criteria.

It is also important to note that taxpayers can claim expenses for laundering, dry cleaning, or repairing work-related clothing where the cost of purchasing is deductible. The ATO provides a standard rate of $1 per load for work-related clothing washed separately, or 50 cents per load if mixed with other laundry. Alternatively, taxpayers can claim actual expenses if they keep receipts and can substantiate the costs.

And of course, to claim clothing deductions, taxpayers must maintain proper records, such as receipts or invoices for purchases and evidence of laundry expenses. Additionally, taxpayers must demonstrate that the clothing is used primarily for work purposes. For example, if protective clothing is also worn outside of work, only the work-related portion of the expense may be deductible.

By way of example, consider a construction worker who purchases steel-capped boots for $150. These boots are deductible as protective clothing, and the worker can also claim laundry costs for cleaning them. Conversely, a corporate employee who buys a $500 suit for client meetings cannot claim a deduction, as the suit is conventional clothing. A flight attendant required to wear a branded uniform with the airline's logo can claim the cost of the uniform and its maintenance, as it is a compulsory uniform.

The tax deductibility of clothing in Australia is governed by strict ATO guidelines, focusing on occupation-specific clothing, protective gear, and compulsory or registered non-compulsory uniforms. Taxpayers must ensure that their claims meet these criteria and are supported by proper documentation.

So, always consult with us first for personalised advice to ensure compliance with current regulations.