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client alert

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Don't rush to lodge too early this tax time!

You may be tempted to lodge your tax return on 1 July to tick that job off the list, or to chase a refund to help with cost-of-living pressures. However, the ATO has a clear message this year: slow down and get it right. Early lodgers are far more likely to make mistakes, but patience and taking time to get all your financial information together usually leads to a smoother result.

The ATO automatically pre-fills information from your employer, banks, government agencies and health funds into your tax return to help you get it right the first time. While some pre-fill data trickles through from 1 July, most reporting and information is finalised later in the month.

If you wait until late July to lodge, most pre-fill information about your wages, bank interest, government payments and private health insurance details will be pre-filled. You can (and should!) still check it against your own records, add anything that is missing and include any deductions or offsets you're eligible for.

While you wait for pre-fill to be complete:

- check your contact details and bank account information are up to date, so corrections after lodgment don't delay your refund;
- collect receipts, logbooks and any private health insurance details so you have them ready to check against pre-filled information;
- review the ATO's occupation guides to confirm which deductions apply to your line of work; and
- download or check the ATO app to track employment income, store your expense records and receive ATO account notifications.

Once pre-filled data is available, don't just accept it on face value. Cross-check the figures against your own records, particularly for bank interest, dividends and government payments. If something looks wrong, contact the provider so corrections can flow through to the ATO.

If you realise after lodgement that something's missing or incorrect, you can fix it through the ATO online amendment process via MyGov once the original return has been processed, or by speaking with your registered tax agent.

Tax hacks, half-truths and what the ATO's watching

Scrolling social media for a quick tax win? You're not alone, but you may be heading for trouble. Incorrect claims are firmly on the ATO's radar this tax time, and it's outlined the key areas it'll be watching when returns start landing.

The ATO is urging the community to be wary of incorrect or misleading information, particularly claims promising bigger refunds, shortcuts or

hacks. A lot of the bad advice doing the rounds is coming from third-party sources: AI tools, social media "finfluencers", and even well-meaning family and friends, who may unintentionally pass on information that simply doesn't apply to your circumstances.

The key is, you remain responsible for what's on your return. Taxpayers are accountable for ensuring the information they or their agents give the ATO is accurate, regardless of whether it came from a mate, a website or a chatbot. Penalties and interest can apply where claims can't be substantiated.

Focus area 1: work-related expenses

Overclaimed work-related deductions are once again under the microscope. Every work-related claim must meet three tests:

- the expense must directly relate to earning your income;
- you must have paid for it yourself and not been reimbursed; and
- you must have a record, such as a receipt, invoice or logbook, to back it up.

If you work from home, the fixed rate method lets you claim 70 cents for every hour worked from home, which already covers running costs such as internet, phone usage, electricity and stationery. A common mistake is "double-dipping" – using the fixed rate and then separately claiming items it already includes. Keeping a clear record of your hours worked from home throughout the year will make this far easier to substantiate.

Focus area 2: omitted income

The ATO is also reminding taxpayers to declare all sources of income on their return, including side-hustles, cash jobs, interest and rental income. With extensive data matching now in place across banks, sharing economy platforms and property managers, undeclared income is far more visible to the ATO than many people realise.

The flip side is that legitimate deductions are often broader than expected. The ATO's occupation and industry specific guides – or a quick chat with your registered tax professional – can help you identify everything you're properly entitled to claim.

Juggling multiple jobs without a tax time shock

Picking up a second job, holding multiple part-time roles, or doing gig work is now part of everyday life. But the way tax is withheld across multiple payers can lead to a surprise when you lodge your tax return. Making a plan can help avoid a lump sum bill later.

As an Australian resident for tax purposes, you're generally entitled to the $18,200 tax-free threshold. This means you can earn up to $18,200 in an income year before paying income tax. Income from employers, taxable government payments, sole trader or contractor work under an Australian Business Number (ABN), gig work and some investment income can all count towards your total taxable income.

If you have more than one payer or employer at a time, you can generally only claim the tax-free threshold from one payer. Usually, this is the payer who pays you the highest salary or wage. If you're certain your total combined income from all sources will be $18,200 or less, you can choose to claim the tax-free threshold from each payer.

A common mistake is claiming the tax-free threshold from every employer or payer. Each employer or payer then calculates your tax to be withheld on the basis that the tax-free threshold applies. At tax time, the ATO combines your income from all sources to work out how much tax you owe and if not, enough tax has been withheld, you may receive a tax bill.

If you have more than one job and expect to earn more than $18,200 in total income, you should ask your other employers or payers to withhold tax at the higher "no tax-free threshold" rate.

If you drive for a ride-share platform, deliver food, earn gig economy income, rent out assets or run a side business, tax may not be automatically withheld from this income.

If you're eligible, voluntary pay as you go (PAYG) instalments or tax prepayments can help you prepay your tax in manageable chunks throughout the year. This can also help you manage cash flow for extra tax liabilities like the Medicare levy or compulsory study loan repayments. If PAYG instalments are not available or suitable for you, set aside a portion of your income in advance to help meet your liabilities.

If you have a study or training support loan (eg HECS/HELP), take extra care. Your compulsory repayments are based on your total repayment income, not just your main wage. Earning income from additional jobs, self-employment, side hustles or investments can increase your repayment. Tell each employer or payer about your loan so they withhold the right amounts.

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What to check with your employer and payslips as payday super begins

Payday super is now law, and, from 1 July 2026, employers must pay super at the same time as wages. Contributions your employer makes will generally need to reach your fund within seven business days of each payday.

Payday super doesn't change how often you're paid wages. Payday frequency is still set by employment contracts, awards or enterprise agreements. What changes is when your super must be paid. If you're paid weekly, super is paid weekly. If you're paid fortnightly, super is paid fortnightly.

In the lead-up to payday super, your employer may ask you to confirm your super fund details. This gives them a chance to update their records and reduces the risk of contributions being sent to the wrong place once the new rules begin. If you've changed super funds recently, or are thinking about it, now's the time to make sure your employer has the correct fund details on file.

The first time you're paid after 1 July 2026, you should see super listed on your payslip alongside your wages. Shortly after, check your super fund account to confirm the contribution has been received and allocated.

Employers generally need pay contributions in time for them to be received by your fund within seven business days of payday. However, funds may have their own processing time before amounts appear in your member account.

A few simple habits will help you stay across your entitlements:

- check that each payslip shows a super amount;
- log in to your super fund and confirm contributions are arriving regularly;
- compare the amount received against the amount shown on your payslip; and
- watch for any unexplained gaps between pay cycles.

If you decide to change super funds, tell your employer promptly. A delay in passing on new fund details could lead to a contribution being missed, delayed or sent to an old account by mistake.

If super isn't showing on your payslip, or hasn't landed in your fund, start by speaking with your employer. Useful questions include:

- which fund the contribution was sent to;
- what date the payment was made; and
- whether any error messages came back from the fund.

If you don't get a clear answer, or the issue isn't resolved, you can raise it with the ATO. Under payday super, the ATO will have earlier visibility of unpaid or late super, so issues can be identified and corrected sooner.

Fixing rejected payday super contributions from 1 July 2026

From 1 July 2026, when you're required to pay your employees' superannuation will change. Under the new payday super rules, super guarantee (SG) contributions must reach your employees' funds within seven business days of each payday. With this much tighter window, knowing how to spot and fix a rejected contribution quickly is essential to avoid penalties.

The key change is speed. If a super fund rejects your contribution through Super Stream, it will generally need to allocate or return the payment within three business days. A rejection doesn't by itself satisfy the seven-business-day receipt requirement; you need to resolve issues and resubmit in time for the fund to receive the

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contribution by the original due date, unless an extended timeframe applies.

Most rejections come down to data quality. The ATO and SuperStream identify incorrect fund details, unique superannuation identifiers (USIs), member numbers or tax file numbers (TFNs) as frequent culprits. Where SuperStream's used (as is generally required for employer contributions), your clearing house or digital service provider should provide clearer error messaging from 1 July 2026 under the SuperStream v3 upgrade.

If a contribution bounces back, you should:

- check the error message from your clearing house or digital service provider straight away;
- review and correct employee data such as TFNs, names and fund details;
- use a member verification request (MVR) to confirm fund details before resubmitting;
- resubmit the contribution within the original seven business day window; and
- if the stapled fund rejects the payment, follow ATO choice-of-fund rules and pay to an eligible alternative fund.

Extended 20-business-day timeframes apply in some specific circumstances, such as where you're changing the fund you contribute to for an employee.

If the seven-business day window closes before the contribution lands, the super guaranteed charge (SGC) begins to apply. The SGC now includes the shortfall, daily compounding notional earnings, and an administrative uplift amount of up to 60% (subject to reductions for voluntary disclosure). The good news is the SGC is tax deductible from 1 July 2026 (although penalty and ATO general interest charges on unpaid amounts remain non-deductible).

You should still pay the late contribution directly to the employee's super fund before the ATO issues an assessment, as this can reduce (but not eliminate) the SGC.

The ATO's signalled a risk-based, facilitative approach during 2026–2027 for employers making genuine efforts to comply. Occasional late payments arising from rejected funds or incorrect details, where promptly fixed, are likely to be treated as low risk under this approach. Deliberate or serious non-compliance, however, will attract firmer action.

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