



Autumn 2025

As we say goodbye to the heat of summer, we can look forward to enjoying the cooler days ahead. Along with the drop in temperature, the RBA brought much relief to mortgage holders and dropped the cash rate by 25 basis points in February. The cash rate is now sitting at 4.10 per cent following the first rate-reduction since November 2020.

Inflation remained steady in February, at 2.5 per cent and core inflation at 2.8 per cent; however, the RBA remains cautious and has not guaranteed further cash rate cuts in 2025. Some economists are predicting further cuts in 2025, but time will tell.

While there is ongoing tension between Russia-Ukraine and the Middle East, and a looming trade war due to Trump's proposed tariffs, the global economic outlook continues to remain unpredictable.

US markets reacted to the lower-than-expected consumer spending and continued geopolitical issues, with another month of volatility.

It's also been volatile on the Aussie share market, with the ASX 200 losing ground earlier in the month, bouncing back to reach an all-time high, only to start falling again to close at it's lowest point in two months.

A similar pattern has been happening with the Aussie dollar, reaching a high of \$0.64US cents mid-February, then losing momentum, and now hovering around \$0.62US cents.

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Turbocharge your super before 30 June

More than half of us set a new financial goal at the beginning of 2025, according to ASIC's Moneysmart website. While most financial goals include saving money and paying down debts, the months leading up to 30 June provide an opportunity to review your super balance to look at ways to boost your retirement savings.

What you need to consider first

If you have more than one super account, look at consolidating them to one account. Consolidating your super could save you paying multiple fees and it will be easier to keep track of.

When transferring super into one account, do your homework and shop around, your current fund may not be your best option.ⁱ

How to boost your retirement savings

Making additional contributions on top of the super guarantee paid by your employer could make a big difference to your retirement balance thanks to the magic of compounding interest.

There are a few ways to boost your super before 30 June:

Concessional contributions (before tax)

These contributions can be made from either your pre-tax salary via a salary-sacrifice arrangement through your employer or using after-tax money and depositing funds directly into your super account.

Apart from the increase to your super balance, you may pay less tax (depending on your current marginal rate).ⁱⁱ

Check to see what your current year to date contributions are so any additional contributions you may make don't exceed the concessional (before-tax) contributions cap, which is \$30,000 from 1 July 2024.ⁱⁱⁱ

Non-concessional contributions (after tax)

This type of contribution is also known as a personal contribution. It is important not to

exceed the cap on contributions, which is set at \$120,000 from 1 July 2024.^{iv}

If you exceed the concessional contributions cap (before tax) of \$30,000 per annum, any additional contributions made are taxed at your marginal tax rate less a 15 per cent tax offset to account for the contributions tax already paid by your super fund.^v

The non-concessional contributions cap (after tax) is set at \$120,000 from 1 July 2024.

Exceeding the non-concessional contributions cap will see a tax of 47 per cent levied on the excess contributions.

Carry forward (catch-up) concessional contributions

If you've had a break from work or haven't reached the maximum contributions cap for the past five years, this type of super contribution could help boost your balance – especially if you've received a lump sum of money like a work bonus.

These contributions are unused concessional contributions from the previous five financial years and only available to those whose super accounts are less than \$500,000.

There are strict rules around this type of contribution, and they are complex so it's important to get advice before making a catch-up contribution.

Meanwhile, the fate of a proposed new tax, known as Division 296, applying to super balances over \$3 million is still unknown. It has yet to be debated and go to a vote in the Senate.

Downsizer contributions

If you are over 55 years, have owned your home for 10 years and looking to sell, you may be able to make a non-concessional super contribution of as much as \$300,000 per person – \$600,000 if you are a couple. You must make the contribution to your super within 90 days of receiving the proceeds of the sale of your home.

Spouse contributions

There are two ways you can make spouse super contributions, you could:

- split contributions you have already made to your own super, by rolling them over to your spouse's super – known as a contributions-splitting super benefit, or
- contribute directly to your spouse's super, treated as their non-concessional contribution, which may entitle you to a tax offset of \$540 per year if they earn less than \$40,000 per annum

Again, there are a few restrictions and eligibility requirements for this type of contribution.

Get in touch for more information about your options and for help with a super strategy that could help you achieve a rewarding retirement.

ⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/keeping-track-of-your-super/transferring-or-consolidating-your-super>

ⁱⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/how-to-save-more-in-your-super/salary-sacrificing-super>

ⁱⁱⁱ <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/concessional-contributions-cap>

^{iv,v} <https://www.ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/growing-and-keeping-track-of-your-super/caps-limits-and-tax-on-super-contributions/non-concessional-contributions-cap>

>> TAX ALERT

March 2025

New year, new rules: ATO's 2025 focus areas for small businesses

The Australian Taxation Office has kicked off 2025 by announcing its major areas of interest when it comes to small businesses. It has also highlighted a tougher stance when it comes to super guarantee (SG) compliance and GST fraud.

Here's a roundup of the latest tax news.

The regulator has announced its key small business tax issues for this financial year.

The three main areas the ATO is focusing on are:

- deductions and concessions (non-commercial losses and small business CGT concessions)
- incorrect use of business income (business money and assets used for personal use of benefit), and
- businesses operating outside the system (GST registration and income for taxi, limousine and ride-sourcing services).

The ATO intends to review and publish quarterly focus themes to help small businesses work on fixing issues in these areas.

GST fraud warning

The ATO-led Serious Financial Crime Taskforce is warning businesses against trying to cheat the tax and super system by committing GST fraud, saying it is on the lookout for potentially fraudulent activities.ⁱ

New information shared between government agencies shows some businesses are using complex financial arrangements to disguise transactions with the aim of obtaining larger GST refunds.

The arrangements include false invoicing between related entities, deliberately misaligning GST accounting methods across a group, duplicating GST credit claims, and claiming for fake purchases.

Tax penalties increase

The cost of penalty units imposed by the ATO if you fail to meet your tax obligations has increased again, rising from \$313 to \$330 per penalty unit.ⁱⁱ

The new rate applies to infringements occurring on or after 7 November 2024. For example, the penalty for failing to keep or retain tax records as required is 20 penalty units (20 units x \$330 = \$6,600).

Other penalties apply to missed and late SG payments, individual and corporate SMSF trustees and GST when buying or selling new residential premises.

SG compliance under scrutiny

With more timely data now available from Single Touch Payroll reporting, SG reporting and payments have become a priority area for the ATO. It is reminding employers to keep good records, report accurately and pay their obligations on time.

As part of its firmer response towards non-payment of SG contributions, the ATO issued 8,710 director penalty notices relating to 6,500 companies during 2023-24.ⁱⁱⁱ

Although the regulator found 92.4 per cent of employers paid their SG obligations without intervention, it still collected and paid \$932 million in SG entitlements into the super accounts of 797,000 employees.

GST and fuel tax credit time limits

The ATO is encouraging businesses eligible for GST and fuel tax credits to claim their credits within four years of the due date of the earliest Business Activity Statement (BAS) where a claim could have been made.

Once the time limit passes, you are no longer eligible to claim the credits. Lodging an amendment to an original assessment or requesting a private ruling are not considered as claiming.

Old credits can be claimed in your next BAS (provided it is within the eligibility period), by lodging a revised BAS for the original period via ATO Online Services, or by lodging a valid objection during the time limit to preserve your entitlement to the credits.

Change to myGovID

The Australian Government's digital ID app myGovID, used to access government services, has been renamed myID.

The app provides secure access to government services using your existing login details (including email address), with the identity strength remaining the same. Existing app users should find the app automatically updated on their smart device, or it can be manually updated from the Apple app store or Google Play.

The ATO is warning users that scammers are seeking to take advantage of the name change. Any message or email asking you to set up a new myID or reconfirm your details is a scam.

ⁱ <https://www.ato.gov.au/businesses-and-organisations/small-business-newsroom/taskforce-issues-gst-fraud-warning-to-dishonest-businesses>

ⁱⁱ <https://www.ato.gov.au/individuals-and-families/paying-the-ato/interest-and-penalties/penalties/penalty-units>

ⁱⁱⁱ <https://www.ato.gov.au/businesses-and-organisations/small-business-newsroom/our-sg-compliance-results-are-here>



How POLITICAL EVENTS affect the markets

From the economy bending policies of Trump 2.0 to the growing strength of the far right in Europe, the new alliance between Russia and the United States, the wars in Ukraine and the Middle East, and the US President's vow to upturn world trade rules, the markets are certainly navigating tricky times.

In recent months we've seen volatility in some areas but cautious optimism in others in a reflection of the hand-in-glove relationship between politics and markets.

Of course, economic policies, laws and regulations – think tax increases or decreases, new business regulations or even referendums – have a big effect on how investors allocate their portfolios and that impacts market performance.

In 2016, when the United Kingdom voted to leave the European Union, the UK pound plunged and more than US\$2 trillion was wiped off global equity markets.ⁱ

In the following four years until Brexit was finally achieved in 2020, the FTSE 100 performed poorly compared to other markets as domestic and international investors looked elsewhere to avoid risk. While it has risen since a massive drop during the coronavirus pandemic, the exodus of companies from the London Stock Exchange continues with almost 90 departures in 2024.ⁱⁱ

Interest rate movements and any hint of political instability can also bring about a sell off or a rally in prices, with companies holding off on capital investment and causing economic growth to slow.ⁱⁱⁱ

Global oil prices rose 30 per cent in 2022 when Russia invaded Ukraine causing European stock markets to plunge 4 per cent in a single day.^{iv} Since then, oil prices have fluctuated and are now back to pre-war levels and gold has reached new heights as investors globally look for a safe haven from high geopolitical risks.

Do elections have an effect?

Elections, which almost always cause market disruptions during the uncertainty of the campaign period and shortly after the vote is known, have featured strongly in the past six months or so.

A review of 75 years of US market data has found that, while there may be outbursts of volatility in the lead up to the vote, there's minimal impact on financial market performance in the medium to long term. The data shows that market returns are typically more dependent on economic and inflation trends rather than election results.^v

Nonetheless, the noisy 2024 US Presidential campaign saw some ups and downs in markets during the Democrats' upheaval and the switch to Kamala Harris as candidate. Donald Trump's various policy announcements on taxes, immigration, government cost cutting and tariffs both buoyed and dismayed investors.

Analysis by Macquarie University researchers of the three days before and after election day found significant abnormal returns in US equities immediately after the vote.^{vi}

But the surge was short-lived as investor sentiment fluctuated. Small cap equities with more domestic exposure experienced the highest returns while the energy sector also saw substantial gains, in anticipation of regulatory changes.

While currently the S&P500 and the Nasdaq have both gained overall since the election, there's been extreme share price volatility.

How Australia has fared

Meanwhile, any impact on markets ahead of Australia's upcoming federal election has so far been muted thanks to the volume of world events.

The on-again off-again US tariffs are causing more concern here for both policymakers and investors. Tariffs on our exports could mean higher prices and a drop in demand for our goods and services, leading to economic uncertainty.

In early February, the Australian share market took a dive immediately after President Trump's announcement of tariffs on Mexico, Canada and China, wiping off around \$50 billion from the ASX 200. They recovered slightly only to fall again later as the Reserve Bank cut interest rates. In the US, some tech companies delayed or cancelled their listing plans because of the volatility and uncertainty caused by the announcements.^{vii}

Amid a turbulent start to 2025, most economists agree the markets are unlikely to hit last year's 7.49 per cent achieved by the S&P ASX 200.

Reserve Bank of Australia governor Michele Bullock is similarly downbeat on the prospects for the year, saying uncertainty about the global outlook remains 'significant'.^{viii}

Please get in touch if you're watching world events and wondering about the impact on your portfolio.

ⁱ <https://finance.yahoo.com/news/post-brexit-global-equity-loss-203340844.html?guccounter=1>

ⁱⁱ <https://www.ft.com/content/ae053ce-c94d-4a72-8dce-bdbf56dd67e1>

ⁱⁱⁱ <https://www.stlouisfed.org/publications/review/2023/12/01/policy-instability-and-the-risk-return-trade-off>

^{iv} <https://www.analyticinsight.net/finance/why-financial-markets-are-sensitive-to-political-uncertainty>

^v <https://www.usbank.com/investing/financial-perspectives/market-news/how-presidential-elections-affect-the-stock-market.html>

^{vi} <https://theconversation.com/2024-presidential-election-u-s-equities-surged-then-retreated-after-trumps-victory-243778>

^{vii} <https://www.nytimes.com/2025/02/18/technology/tech-ipo-delays.html>

^{viii} <https://www.rba.gov.au/media-releases/2025/mr-25-03.html>