END OF YEAR UPDATE '25

THE END OF YEAR GUIDE FOR YOU & YOUR BUSINESS

van dyk newbold & co

IN THIS ISSUE:

Happy Holidays

We would like to take this opportunity to wish all of our clients and their families a happy holidays.

We will be taking a short break over the Christmas period.

OUR CLOSEDOWN DATES ARE:
19 DECEMBER 2025 => 5 JANUARY 2026

FBT Implications Of Workplace Giving Programs – What Employers Need to Know This Christmas

*The Christmas season is a time when generosity often takes centre stage. Many employees may want to support charities and community causes, and employers can play a role in facilitating this through a **workplace giving program**.*

But while the spirit of giving is straightforward, the tax implications - particularly around Fringe Benefits Tax (FBT) - are not always as clear.

HOW WORKPLACE GIVING WORKS

Workplace giving allows employees to make regular donations to registered charities directly from their pre-tax salary.

Instead of receiving the cash and then making a donation themselves, the employer makes the contribution on their behalf. These donations are deducted before tax is calculated, giving employees immediate tax benefits without the need to claim deductions at year-end.

FBT IS FBT TRIGGERED?

One of the key advantages of workplace giving is that it is not considered a fringe benefit. The donations are treated as having been made by the employee, not the employer, so there is no FBT liability for the business.

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However, things can get more complicated if employers try to use workplace giving in connection with salary packaging or performance bonuses.

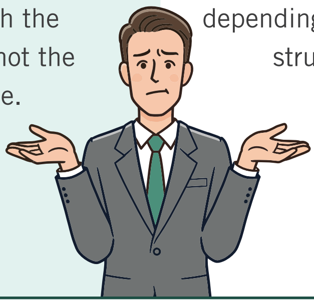
WHAT IF A CHRISTMAS BONUS IS REDIRECTED?

This is a common scenario during the festive season. An employee may receive a Christmas or performance bonus and ask that it be paid directly to a workplace giving program rather than into their bank account.

THE CRITICAL DETAIL HERE IS
WHO HAS THE CHOICE.

If the employer unilaterally decides to donate a set amount to charity instead of paying the employee a bonus, the employee never derives the income and it is treated as an employer donation - not workplace giving. This donation does not attract FBT, but the tax benefit (deduction) stays with the employer, not the employee.

If the employee has the entitlement to a bonus and then elects to redirect it through workplace giving, the ATO generally considers that the bonus was derived by the employee and then sacrificed. This falls under **salary sacrifice arrangements**, and in this case, FBT implications can arise depending on how it's structured.



Some employees may prefer their donation to be reflected on their tax return. Others may question whether the donation was actually made if it falls to the employer to make the donation on their behalf.

While there are no net income tax differences between the two options (which would impact their tax return), it ultimately comes down to a matter of personal choice and trust in the employer regarding how they would like to proceed.

KEY CHRISTMAS CONSIDERATIONS

1. **Cash vs. non-cash benefits** – Genuine cash donations to registered charities made through workplace giving will not trigger FBT. But if instead of cash, an employer provides a non-cash benefit (e.g., tickets to a charity gala), FBT may apply.

2. **Salary sacrifice arrangements** – If an employee sacrifices future entitlements (such as a bonus not yet paid), these can be structured to go directly into workplace giving without FBT. However, once the entitlement has already been accrued, redirecting it can be viewed as income already earned, and the FBT treatment differs.

3. **Record-keeping** – To ensure correct treatment, employers must maintain clear records of employee elections and ensure the donation is made to a deductible gift recipient (DGR).

Workplace giving programs are an excellent way to encourage generosity at Christmas and beyond, with tax advantages for employees and minimal compliance burden for employers. But when bonuses and other entitlements are involved, the line between straightforward giving and FBT exposure can blur.

If you're considering offering staff the option of channelling Christmas bonuses or other payments into workplace giving, it's worth seeking advice to ensure the arrangements are set up correctly and remain FBT-free.

Alternative Christmas Gift Ideas: Turning A Card With Cash Into Something More Meaningful

When it comes to Christmas, many of us resort to the simplest option: giving cash. While practical, it often gets absorbed into everyday spending and quickly forgotten.

If you'd like your gift to have a longer-lasting impact, there are innovative alternatives that still use the money you would have handed over - but in ways that could benefit your loved ones financially.

01 A SUPERANNUATION CONTRIBUTION

For adult children or young relatives, a personal super contribution can be an unexpected yet valuable gift. Even small amounts compound over decades, boosting their retirement savings. If they're eligible, they may also benefit from government co-contributions or tax offsets - turning your thoughtful gift into even more.

02 EDUCATION OR INVESTMENT BONDS

Rather than cash, consider setting up an investment bond for a child or grandchild. It's a tax-effective way to save for their education or future expenses, and it shows you're thinking long-term about their security.

03 PRE-PAID SERVICES OR SUBSCRIPTIONS

Instead of handing over cash, you might use it to pay for something they already need - like car registration, health insurance, or professional subscriptions. This frees up their own income for savings, while still giving them a very practical gift.

04 PAYING DOWN DEBT

Making an extra repayment on a mortgage, credit card, or personal loan can be a huge help, especially if high interest is involved. It's a way of using your cash gift to reduce financial stress and create breathing room.

05 CONTRIBUTIONS TO A SAVINGS OR INVESTMENT ACCOUNT

Helping a family member kick-start an investment portfolio or add to their savings account can encourage positive money habits and provide a foundation for future growth.

This Christmas, if you are financially able, consider stepping beyond a card with cash.

By redirecting the same funds into a super account, debt repayment, or future-focused investment, you're giving more than money - you're giving a head start.

Future-Proofing Your 2026 Finances

As the calendar year winds down, December offers the perfect moment to pause and reflect - not just on what has passed, but on what lies ahead. From an accounting perspective, this is a natural checkpoint to ensure your finances, business goals, and retirement planning are aligned for 2026.

Start by looking at the big picture. For individuals, that might mean **reviewing your income, spending habits, and savings progress over the year**. For business owners, it's a chance to step back from day-to-day operations and **consider whether your growth strategy, cash flow, and structures still suit your long-term plans**. This reflection doesn't need to be overwhelming - it's about identifying what's working and what could be improved.

Superannuation is another area worth revisiting at this time of year. While December isn't a traditional tax deadline, it's still an excellent opportunity to check whether your contributions, fund performance, and insurance settings are aligned with your retirement goals. Even minor adjustments can add up significantly over time, so it's worth staying mindful of this area.

For businesses, December is also a good time to **tidy up financial records, reconcile accounts, and ensure employee superannuation obligations are on track.** Having clean, accurate records not only helps with compliance but also gives you clearer insight for setting next year's targets.

Finally, think about the year ahead in practical terms. What challenges might arise, and how can you prepare? Whether it's setting aside reserves, exploring ways to diversify income, or simply putting systems in place for better time management, small steps taken now can make the transition into 2026 smoother and less stressful.

The end of the calendar year isn't just about wrapping things up - it's about setting yourself up for what comes next. By using December as a checkpoint, you give yourself the clarity and confidence to move into the new year with a stronger financial foundation.

Preparing Your Business for an Office Shutdown

As the end of the year approaches, many businesses prepare for an office shutdown. Whether you're closing for a few days or a few weeks, planning ahead helps ensure a smooth transition for both staff and clients.

The first step is **communication**. Let employees know the exact dates of closure well in advance so they can plan their leave and workload. Clients, suppliers, and contractors should also be notified early - ideally through email, website updates, or automated messages - so expectations are clear.

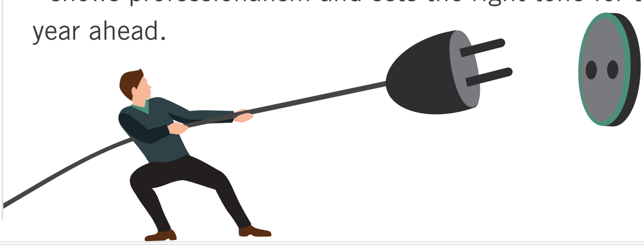
Next, think **operationally**. Payroll, superannuation, and supplier invoices should be scheduled ahead of time to avoid missed deadlines. If staff are required to use annual leave during the shutdown, ensure this complies with workplace agreements and has been properly documented. Don't forget practical matters too: security arrangements, IT backups, and redirecting phones or emails can prevent disruptions.

It's also important to acknowledge that n**ot every industry follows the same pattern**. For example, retail and hospitality often see their busiest season when offices close, while healthcare and essential services continue operating with adjusted rosters.

For these businesses, **preparation might focus more on staffing levels, rostering, and managing increased demand rather than shutting down completely**.

A little preparation goes a long way - whether you're closing the doors or gearing up for your busiest season.

By tailoring your approach to your industry and planning early, you can give your team a well-deserved break, keep clients informed, and start the new year with confidence. An organised shutdown - or alternative holiday strategy - shows professionalism and sets the right tone for the year ahead.



Holiday Travel or Business Expense? Avoiding Tax Trouble

It's not unusual for work and leisure to overlap during the festive season. You might attend a client meeting while away on holiday, or extend a business trip with some personal downtime.

While this mix is fairly common, it's also an area the Australian Taxation Office (ATO) pays close attention to - especially when holiday travel expenses are claimed as business deductions.

THE RULE IS SIMPLE:

If an expense is primarily private, it can't be claimed. But things get murky when business activity and leisure overlap. For example, flying interstate for a two-day conference and then staying on for a week of personal holidays doesn't make the entire airfare, accommodation, or meals deductible. Unless you can clearly separate business costs from private ones, the ATO is likely to treat the whole trip as private.

WHAT HAPPENS IF YOU GET IT WRONG?

Claiming personal travel as a business deduction can lead to serious consequences. The ATO may disallow the deduction, issue penalties, and charge interest on underpaid tax. In more significant cases, penalties can be up to 75% of the shortfall amount, depending on whether the claim was deemed careless, reckless, or deliberate.

HOW TO STAY ON THE RIGHT SIDE

The key is evidence and clarity. To strengthen your position:

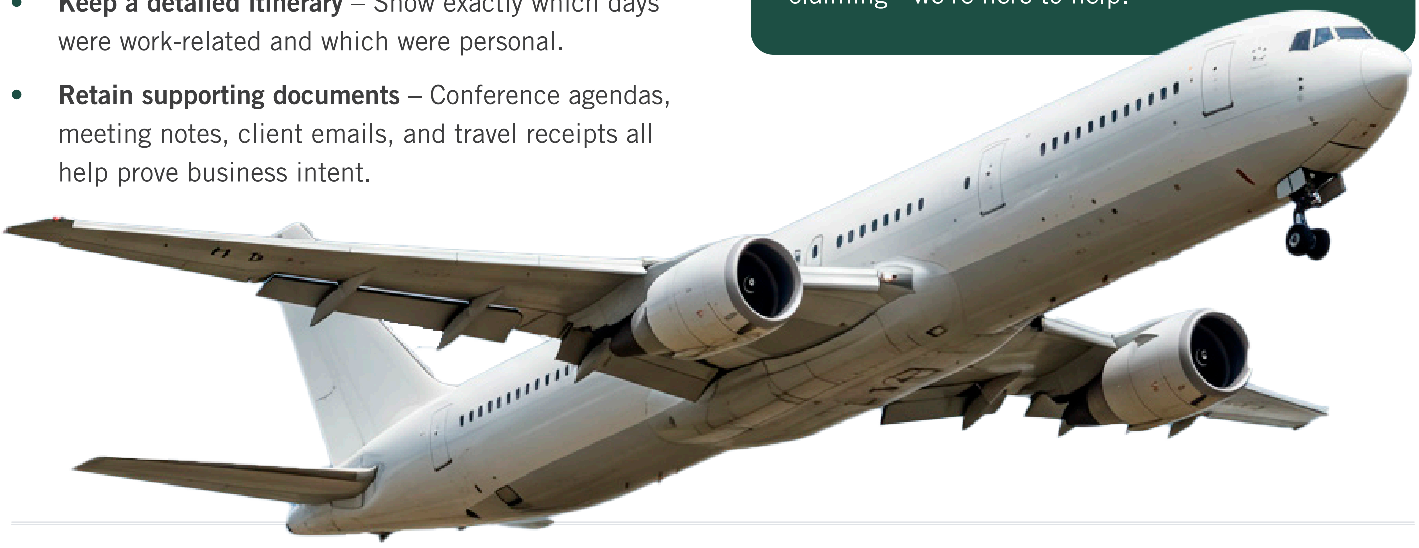
- **Keep a detailed itinerary** – Show exactly which days were work-related and which were personal.
- **Retain supporting documents** – Conference agendas, meeting notes, client emails, and travel receipts all help prove business intent.
- **Allocate costs correctly** – If only part of the trip is work-related, apportion expenses fairly between business and private.
- **Avoid "bundling" claims** – Don't include personal accommodation, family flights, or sightseeing costs under the business ledger.

For Example
Let's say you travel to Sydney for a three-day industry event and stay an additional four days for a family holiday. You may be able to claim your flights (if the main purpose of travel was business) and accommodation for the three conference days. The extra four nights' accommodation and related costs, however, are private and should not be claimed.

The ATO looks closely at travel deductions around the festive season because it's a time when business and leisure often blur.

By keeping thorough records and being disciplined about what you claim, you can enjoy your holiday travels without the risk of a nasty tax penalty.

Is that work trip actually deductible? Why not speak to one of our team to ensure you're on the right foot before you start claiming - we're here to help.



End-Of-Year Work Parties: What Employers Need to Know

The end-of-year party is a great way to thank your team for their efforts throughout the year.

But while the festive season is about celebration, employers also need to keep an eye on the responsibilities that come with hosting staff events.

From tax implications to legal obligations, there are a few key points to keep in mind.

TAX CONSIDERATIONS

One of the most significant areas of concern is Fringe Benefits Tax (FBT). If you provide food, drinks, or entertainment to staff and their families, it may be subject to FBT unless specific exemptions apply.

For example, holding the party on your business premises during a working day may fall under the "minor benefits exemption," provided the cost per head is below $300. Once you move offsite or the cost per person exceeds this threshold, the rules change, and you may be liable.

Keeping accurate records of costs and attendees will help you determine if FBT applies.

Client gifts or staff presents also need to be carefully considered. Cash bonuses are always taxable, but non-cash gifts can sometimes fall under the minor benefits exemption. Recording these appropriately will avoid surprises at tax time.

LEGAL ISSUES

Beyond tax, there are legal obligations to consider. Employers have a duty of care to provide a safe environment, even at a party.

This includes managing alcohol consumption, preventing harassment, and ensuring responsible behaviour. Clear communication about expected conduct, along with practical measures such as limiting drink service or providing transportation options, helps reduce risks.

Failing to manage these responsibilities can expose a business to legal claims, reputational damage, or employee disputes that may persist long after the event. Avoid potential liability concerns by making sure there is a clear expectation and understanding of the behaviour to be had at the party, that everyone can get home safely, and that there is a duty of care to your employees.

WHAT TO ACCOUNT FOR

As an employer, your checklist should include:

- Reviewing FBT thresholds and exemptions before booking the event.
- Recording expenses and distinguishing between staff and client costs.
- Setting clear behavioural guidelines for employees.
- Considering practical measures such as responsible service of alcohol, safe transport options, and accessibility.

A Christmas party should be a time of connection and celebration, not compliance stress. By keeping both tax and legal obligations in mind, you'll protect your business while still giving your team the festive send-off they deserve.

Are You A Sole Trader? Here's What You Need To Address Before The End Of The Calendar Year...

For sole traders, the end of the calendar year can be a hectic time - faced with wrapping up the work for the previous year and preparing for .

For sole traders, the end of the calendar year can be a hectic time.

While you may not face the same reporting requirements as companies, there are still key financial and practical issues worth addressing before heading into 2026.

CASH FLOW PRESSURES

December often brings mixed cash flow. Some clients shut down and delay payments, while others may settle invoices early. To manage the ups and downs, review your receivables before the break, follow up on overdue invoices, and set aside funds for January obligations such as GST or PAYG instalments.

SUPERANNUATION CONTRIBUTIONS

Unlike employees, sole traders need to manage their own retirement savings. The end of the calendar year is a great reminder to check your super contributions. Even small, consistent payments can build long-term security, and December is a natural checkpoint to review progress.

EXPENSE MANAGEMENT

It's easy to blur business and personal costs during the festive season - especially when travel, gifts, or entertaining clients overlap with personal activities. Keeping clear, accurate records helps you avoid disallowed deductions and makes tax time far less stressful.

RECORD-KEEPING AND ORGANISATION

Use the quieter period to tidy up paperwork. Reconcile bank accounts, update bookkeeping systems, and ensure receipts are stored properly. Good habits now mean less scrambling later.

PLANNING AHEAD

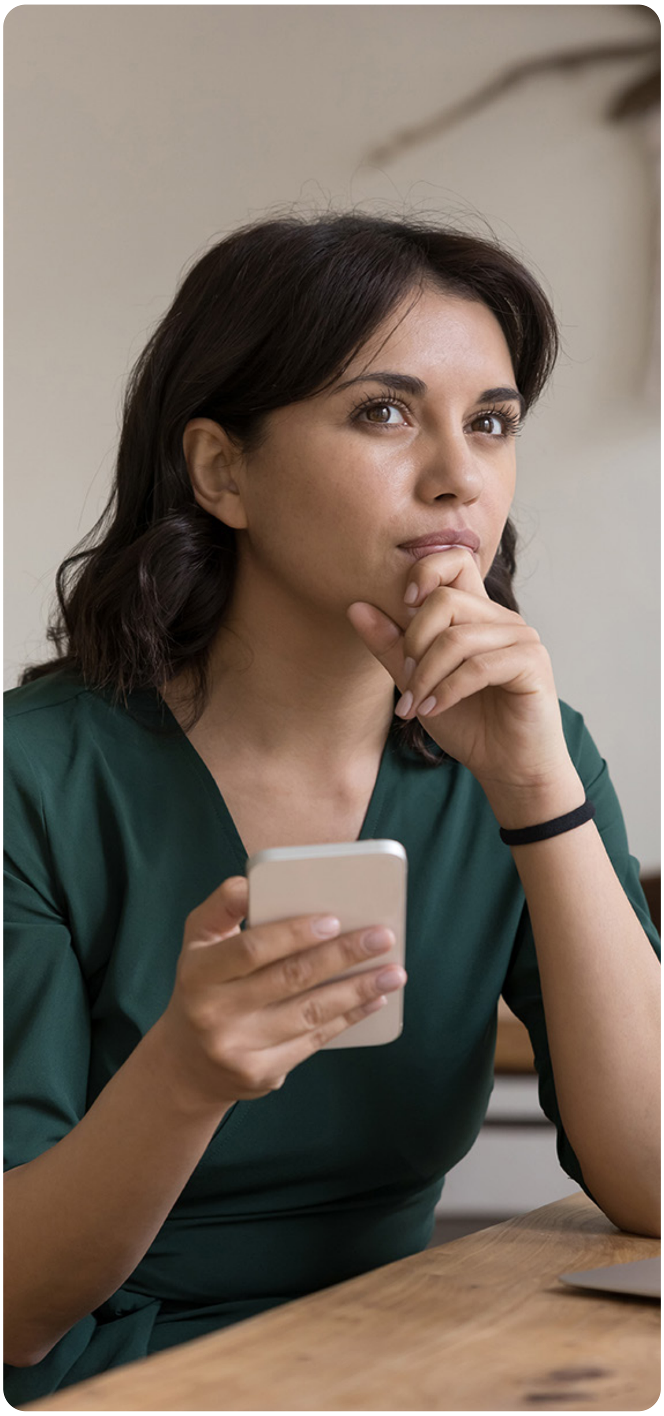
Sole traders don't usually get the luxury of a full office shutdown, but stepping back to review your pricing, workload, and business goals for 2026 is invaluable. A short pause to set intentions will make the new year feel more manageable.

LAST BUT NOT LEAST

The end of the calendar year isn't just about finishing jobs - it's about positioning yourself for a smoother start. By addressing cash flow, super, and record-keeping now, you'll give yourself the best chance to begin 2026 with clarity and confidence.

Staying Top of Mind with Clients Before the Year Ends

The end of the calendar year is a busy and often overwhelming period - for both businesses and their clients. As an owner, it's easy to get caught up in finalising your own deadlines, but this time of year is also an opportunity to strengthen client relationships. A little engagement now can ensure you remain top of mind when the new year begins.



SEND A PERSONALISED THANK YOU

A simple message of appreciation goes a long way. Whether it's a handwritten card, a short email, or a quick call, acknowledging your clients' support shows you value the relationship beyond transactions.

SHARE USEFUL INSIGHTS

December is a natural time for reflection and planning. Offering a short newsletter, checklist, or resource relevant to your clients' needs demonstrates thought leadership and positions your business as a trusted partner heading into 2026.

CELEBRATE RESPONSIBLY

If you're hosting an end-of-year event, make it inclusive and thoughtful. Not every client celebrates Christmas, so framing the occasion as a "year-end thank you" keeps the focus on partnership rather than the holiday itself.

STAY VISIBLE ONLINE

Many clients slow down in December and spend more time online. Sharing a few well-timed updates or tips on your social channels helps maintain visibility without being intrusive.

LOOK AHEAD

Finally, plant the seed for the new year. Let clients know when you'll be back after the break, and if appropriate, suggest booking meetings or projects early in 2026.

By combining gratitude, value, and visibility, you'll strengthen connections now and set the tone for continued collaboration in the year ahead.