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Practice Update

Know when a new logbook is required

Editor: Keeping a car logbook may be required to accurately calculate the business-use percentage of vehicle expenses (e.g., fuel, registration, insurance and depreciation) for tax deductions.

Taxpayers can keep the same logbook for their car for five years, but there are circumstances where they may need a new one during that period.

Relying on a logbook that no longer represents a client's work-related travel may result in them claiming more, or less, than they are entitled to.

A new logbook may be required when a taxpayer:

- ◆ moves to a new house or workplace — updating their residential or work address may then be necessary;
- ◆ has changes to their pattern of use of the car for work purposes — checking that they are still doing the same role and routine may then be necessary.

Taxpayers using the logbook method for two or more cars need to keep a logbook for each car and make sure they cover the same period.

Clients who purchase a new car during the income year and want to continue relying on their previous car's logbook must make a nomination in writing. The nomination must be made before they lodge their tax return and state:

- they are replacing their original car with a new car; and
- the date that nomination takes effect.

Taxpayers should remember that, if their **employer** provides them with a car or they **salary sacrifice** a car using a novated lease, they are not entitled to claim work-related car expenses using



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April 2026

the logbook **or** cents per kilometre method, as they do not own the car.

When claiming car expenses using the logbook method, taxpayers also need to keep various types of other records, including (among other things) odometer records for the start and end of the period they own the car, proof of purchase price, decline in value calculations, and fuel and oil receipts (or records of a reasonable estimate of these expenses based on odometer readings).

Editor: Please contact our office if you require assistance regarding the above, including in relation to claiming car expenses using the logbook method or determining if a new logbook is required.

Reminder of March 2026 Quarter Superannuation Guarantee ('SG')

Employers are reminded that employee super contributions for the quarter ending 31 March 2026 must be **received** by the relevant super funds by Tuesday, 28 April 2026.

If the correct amount of SG is not paid by an employer on time, they will be liable to pay the SG charge, which includes a penalty and interest component.

The SG rate is 12% for the 2026 income year (increased from 11.5% for the 2025 income year).

When a hobby becomes a business

Taxpayers may not think they are running a business from their hobby or 'side hustle' activities. However, if they start to earn money from doing these activities regularly, they may be carrying on a business without realising it.

Generally, carrying on a business involves ongoing and repeated activities with the intention of making a profit. These activities can include:

- ❑ regularly providing goods or services;
- ❑ obtaining and maintaining any necessary licences or permits; and/or
- ❑ keeping records of their work.

However, a taxpayer's activities may indicate that they are **not** operating a business where:

- ◆ their transactions are one-off;
- ◆ they do not intend to make a profit; and/or
- ◆ they work solely as an employee rather than independently.

Editor: Please keep us informed of all your income-earning and side hustle activities so we can help with this distinction.

Hybrid vehicles and FBT changes

Employers that provide plug-in hybrid electric vehicles ('PHEVs') to employees (or associates) for personal use should remember the following.

Home-charging expenses — new shortcut method

The ATO has updated its guidelines to include a new method to make it easier to calculate PHEV electricity costs when a vehicle is charged at an employee's home.

To use the shortcut home-charging rate, employers and other individual taxpayers must meet the relevant eligibility requirements (or they can still choose to calculate the actual electricity costs instead of using this optional method).

Eligibility for FBT exemption

Since 1 April 2025, PHEVs are not considered a zero or low emissions vehicle under FBT law and no longer qualify as exempt. Employers that provide PHEVs to their employees for private use, or that have PHEVs that are available for private use, may now have FBT obligations for the 2025/26 FBT year (subject to transitional arrangements).

Taxable payments annual report lodgment reminder

Businesses that pay contractors for 'Taxable payments reporting system services' may need to

lodge a 'Taxable payments annual report' ('TPAR') by 28 August each year.

Editor: This includes businesses paying contractors in the building and construction, cleaning and IT industries (among others).

The ATO will apply penalties to businesses that have not lodged their TPAR from 2025 or previous years, and/or that have been issued three reminder letters about their overdue TPAR.

Businesses that do not need to lodge a TPAR can submit a 'non-lodgment advice ('NLA') form'. Businesses that no longer pay contractors can also use this form to let the ATO know that they will not need to lodge a TPAR in the future.

Expenses incurred to obtain employment were non-deductible

The Administrative Review Tribunal ('ART') recently held that medical expenses incurred by a taxpayer to obtain (or regain) employment were not deductible as they were not incurred in gaining or producing his assessable income.

The taxpayer was an airplane pilot. In July 2021, the Civil Aviation Safety Authority advised the taxpayer of the steps that he needed to take to regain the medical certificates that were a prerequisite to him holding a licence to work as a pilot.

The taxpayer incurred expenses relating to this between July 2021 and May 2022, and he claimed a deduction for these expenses in his tax return for the 2022 income year.

The ATO disallowed these deductions, and the ART affirmed the ATO's decision.

The ART noted that the medical expenses incurred by the taxpayer "*merely put him in a position to undertake employment as a pilot, and as such are not deductible.*"

That is, the expenses were not deductible because they were incurred to put the taxpayer in a position to earn income (i.e., to regain his certification), rather than in the course of earning that income, and they were therefore incurred "too soon" (despite some being incurred **after** his employment commenced in March 2022).

Please note: Many of the comments in this publication are general in nature and anyone intending to apply the information to practical circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances.
