CARISMA SOLUTIONS

2025 Tax updates

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Changes in Resident Tax Rates

Resident tax rates 2023-24

Taxable income	Tax on this income
0 – $18,200	Nil
$18,201 – $45,000	19c for each $1 over $18,200
$45,001 – $120,000	$5,092 plus 32.5c for each $1 over $45,000
$120,001 – $180,000	$29,467 plus 37c for each $1 over $120,000
$180,001 and over	$51,667 plus 45c for each $1 over $180,000

Resident tax rates 2024-25

Taxable income	Tax on this income
0 – $18,200	Nil
$18,201 – $45,000	16c for each $1 over $18,200
$45,001 – $135,000	$4,288 plus 30c for each $1 over $45,000
$135,001 – $190,000	$31,288 plus 37c for each $1 over $135,000
$190,001 and over	$51,638 plus 45c for each $1 over $190,000

Changes in Foreign Resident Tax Rates

Foreign resident tax rates 2023-24

Taxable income	Tax on this income
0 – $120,000	32.5c for each $1
$120,001 – $180,000	$39,000 plus 37c for each $1 over $120,000
$180,001 and over	$61,200 plus 45c for each $1 over $180,000

Foreign resident tax rates 2024-25

Taxable income	Tax on this income
0 – $135,000	30c for each $1
$135,001 – $190,000	$40,500 plus 37c for each $1 over $135,000
$190,001 and over	$60,850 plus 45c for each $1 over $190,000

Changes on Income Labels

There are no changes to the structure, content, or reporting requirements of Income Labels 1 to 24 for individual tax returns for the 2024–25 financial year. The only changes affecting individuals relate to the tax rates and thresholds applied to the amounts reported at these labels, not to the labels themselves or the types of income that must be declared

Rates Changes on Deduction Labels:

Label	Deduction Type	2025FY Change/Update
D1	Work-related car expenses	Cents per km rate increased to 88c/km (from 85c/km in 2023–24). Max 5,000 km per car. No change to logbook method.
D2	Work-related travel expenses	No change.
D3	Work-related clothing, laundry	No change.
D4	Work-related self-education	No change.
D5	Other work-related expenses	Fixed rate for work from home increased to 70c/hour (from 67c/hour). Covers energy, phone, internet, stationery, and computer consumables. Must keep records of actual hours worked from home.
D6–D15	Other deductions	**Personal super contribution (concessional) cap increased to $30,000 (from $27,500 in 2023–24)** [1] [5] **. SG rate increased to 11.5% (from 11% in 2023–24)** [3] **.** No other structural or rate changes for 2025FY.

Other Changes on Deduction Labels:

- **Electric vehicle home charging rate – plug-in hybrid electric vehicles:**

Employees and individuals who use PHEVs for work-related travel and claim car expenses (typically under the logbook method) can now use the 4.20 cents per kilometre rate to estimate the electricity cost for home charging their PHEV

This guidance doesn't apply to electric motorcycles or electric scooters.

- **ATO Interest:**

Interest on ATO late-payment debt becomes non-deductible from 1 July 2025 **(from 2026FY – early update)**

Changes on Medicare Levy:

Category	2025 FY Threshold (AUD) (2024-25 Income Year)	2024 FY Threshold (AUD) (2023-24 Income Year)
Singles	$27,222	$26,000
Families	$45,907	$43,846
Single Seniors and Pensioners	$43,020	$41,089
Family Seniors and Pensioners	$59,886	$57,198
Each Dependent Child/Student	$4,216	$4,027

Changes on Medicare Levy Surcharge:

Tier	Category	2025 FY Threshold (AUD) (2024-25 Income Year)	2024 FY Threshold (AUD) (2023-24 Income Year)	MLS Rate
Base Tier	Single	$97,000 or less	$93,000 or less	0%
	Family	$194,000 or less	$186,000 or less	0%
Tier 1	Single	$97,001 – $113,000	$93,001 – $108,000	1%
	Family	$194,001 – $226,000	$186,001 – $216,000	1%
Tier 2	Single	$113,001 – $151,000	$108,001 – $144,000	1.25%
	Family	$226,001 – $302,000	$216,001 – $288,000	1.25%
Tier 3	Single	$151,001 or more	$144,001 or more	1.50%
	Family	$302,001 or more	$288,001 or more	1.50%

Changes on offsets:

Offset Name	FY2024 Offset Limit / Eligibility / Thresholds	FY2025 Offset Limit / Eligibility / Thresholds	Changes for FY2025
Low and Middle Income Tax Offset (LMITO)	Not available (ceased after 2021–22)	Not available	No changes
Low Income Tax Offset (LITO)	Max $700; phases out $37,500–$66,667 income	Max $700; phases out $37,500–$66,667 income	No changes
Spouse Superannuation Contribution Offset	Up to $540; eligibility based on spouse income	Up to $540; eligibility based on spouse income	No changes
Zone Tax Offset	Based on zone residency; eligibility unchanged	Based on zone residency; eligibility unchanged	No changes
Overseas Forces Tax Offset	For eligible defence/UN service; criteria unchanged	For eligible defence/UN service; criteria unchanged	No changes

Changes on offsets – Continuation:

Lump Sum Payment in Arrears Offset	Offset available; Medicare levy applied	Offset available; now exempt from Medicare levy if eligible	Medicare levy exemption applies from FY2025
Foreign Income Tax Offset	Offset for foreign tax paid; rules unchanged	Offset for foreign tax paid; rules unchanged	No changes
Early-stage Venture Capital/Investor Offset	Offset for eligible investments; rules unchanged	Offset for eligible investments; rules unchanged	No changes
Invalid/Carer Tax Offset	For maintaining invalid/carer; criteria unchanged	For maintaining invalid/carer; criteria unchanged	No changes
Senior Australians and Pensioners Tax Offset (SAPTO)	Max $2,230 (single); shade out $34,758; cut-out $52,141 (single); couples: max $1,602 each, shade out $30,593, cut-out $43,445	Max $2,230 (single); shade out $34,919; cut-out $52,759 (single); couples: max $1,602 each, shade out $30,994, cut-out $43,810	Thresholds slightly increased for indexation

Other changes and points to be noted.

- The capital works tax deduction rate has been increased from 2.5% to 4% per year, but only for active new build-to-rent developments. This change does not apply to all rental property improvements—only to qualifying new build-to-rent projects.
- Rental Properties (Repairs vs. Capital Improvements): ATO closely monitors classification; costs to fix pre-existing defects or immediate post-purchase renovations are generally treated as capital, not repairs.
- Cryptocurrency: ATO extensively matches data; all crypto transactions must be reported for CGT or income, with detailed records required.
- Sharing and Gig Economy: All income from platforms (Airbnb, Uber, online selling) must be declared; ATO can access platform data.
- Livestock Values (2025): Standard values unchanged from 2024 (e.g., Sheep: $4.00, Cattle: $20.00).

Summary of Key Changes – Recall.

- Reduce resident and Non-resident Tax rates
- No Direct changes on Income Labels
- Cents per km for a car increased from 85c to 88c.
- Fixed rate for work from home increased to 70c from 67c.
- Concessional contribution increased to $30,000 from $27,500.
- ATO interests are non-deductible from FY2026 (early update)
- Medicare levy and surcharge threshold increased.

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