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IN THIS ISSUE:

- The ATO Credit Card Backflip: Who Really Pays
- Bought a Car? The ATO Will Know
- Division 7A: You Are Not Saving Tax, You Are Borrowing It
- We Want to Help With Your Loan — We Just Cannot Be Made Responsible for Repaying It

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The ATO Credit Card Backflip: Who Really Pays



What the reversal tells us about who the Tax Office answers to, and what it means for how you pay your tax.

The Australian Taxation Office had planned to stop accepting credit card payments after 30 November 2026. On 9 October, after strong backlash from small business, it backed down. The ATO will now keep accepting credit cards until 30 June 2027 and use the extra time to consult on what happens next.

It looks like a win for taxpayers. It is worth understanding why it really happened.

Why the ATO Wanted Out

It helps to remember who the ATO actually works for. Its job is to collect revenue on behalf of the Government, and it does that on an operating budget the Government sets. None of the tax it collects is its own money to spend.

Since 1 October, businesses and agencies can no longer add a surcharge to Visa, Mastercard or eftpos payments. That meant the merchant fees on card payments to the ATO, around $200 million a year, came straight out of its own budget. The ATO explored options with the card companies, but they did not offer fees low enough to make card payments viable.

That left three choices: absorb the cost, ask the Government for more funding, or stop accepting credit cards. The ATO chose the third.

What changed on 9 October was not the ATO's view. The Government agreed to provide transitional funding to cover the fees. The problem was solved by a change in who pays.

The Same Sum Every Business Now Faces

Every small business owner is now working through exactly the same calculation. You can no longer surcharge card payments, but the fees have not gone away. You can absorb them, or you can recover them from your customers through your prices.

The difference is what happens if you simply stop taking cards. The ATO could do so without losing a single dollar, because every taxpayer still has to pay it. A small business that does the same risks losing

customers to a competitor down the road who still accepts cards. For a government agency, refusing cards is a cost saving. For a small business, it can be a way of losing clients.

What This Means for You

You can keep paying the ATO by credit card until 30 June 2027. After that, the ATO will still accept low-cost options such as debit cards and bank transfers, but credit card payments will only be possible through third-party providers, which charge their own fees.

> *If you rely on a credit card to manage the timing of your tax payments, or you are still working out how to handle card fees in your own business now that surcharging has ended, talk to us. We can help you put a cash flow plan in place that does not depend on either.*

Bought a Car? The ATO Will Know



A data-matching program now running until 2030 gives the Tax Office the details of every vehicle sale worth $10,000 or more.

If you buy or sell a car, ute, van or truck over the next few years, the Australian Taxation Office will receive the details automatically, without you ever being asked.

What Is Happening

In August 2026 the ATO confirmed it will collect vehicle data from all eight state and territory registries for every financial year from 2025–26 through to 2029–30. That means the program already covers vehicles bought since 1 July 2025, and it will run until 30 June 2030.

Data is collected whenever a vehicle is newly registered or transferred and the purchase price or market value is $10,000 or more. The ATO expects to capture records on around 2.5 million people each year.

What the ATO Receives

The registries hand over buyer and seller details (names, addresses, dates of birth, phone numbers, email addresses, ABNs and ACNs), plus the sale price, market value, where the vehicle is garaged, whether it was registered for private or business use, the make, model, engine type and weight, and whether a stamp duty exemption was claimed.

What the ATO Does With It

The data is matched against what you have already told the ATO. It is looking for:

- people whose vehicle purchases do not fit the income they report;
- businesses claiming GST credits or deductions on vehicles that do not stack up;
- employers providing cars without lodging FBT returns;
- luxury car tax and fuel tax credit errors; and
- people regularly buying and selling vehicles without being registered for tax.

The ATO will also look at whether vehicles are being held in someone else's name to disguise who really owns the wealth. Each year's data is kept for five years, so a purchase made today can be revisited well into the next decade.

What It Means for You

If you are doing everything correctly, there is nothing to fear. The ATO says good data actually reduces the chance of an unnecessary contact. But a few things are worth checking:

- If you registered a vehicle for business use, your tax return, BAS and logbook should tell the same story.
- If your company or trust owns a car you drive privately, fringe benefits tax is likely to apply.

- If you have claimed GST on a vehicle, it must genuinely be used in the business, and the credit is capped on more expensive passenger cars.
- If you are making a large purchase, be ready to show where the money came from.

Where the ATO finds a mismatch, it will usually contact you by letter, phone or email and give you 28 days to respond before taking action.

> *Thinking about buying or selling a vehicle, or putting one in the name of your company or trust? Talk to us first. It is far easier to get the paperwork and the tax treatment right at the start than to explain it to the ATO later.*

Division 7A: You Are Not Saving Tax, You Are Borrowing It



Taking money out of the company as a loan defers the tax. It does not remove it, and it charges you for the privilege.

Every year, someone asks whether they can take money out of the company as a loan rather than a dividend. The answer is yes. The better question is whether they should.

The appeal is obvious. The company has already paid tax at 25% or 30%. If you take the profits as a dividend, you top that up to your marginal rate — at the top rate, another 17 to 22 cents in the dollar. Put the money on a Division 7A loan instead and that top-up tax simply does not happen this year.

This year. That is the whole trick, and it is worth being clear-eyed about it. Division 7A does not save you tax. It defers it, and it charges you interest along the way.

The Repayment Has to Come From Somewhere

A complying Division 7A loan needs a written agreement, interest at the benchmark rate, and a minimum repayment every single year for seven years — or twenty-five years if the loan is secured over real property.

So where does the repayment money come from? For most people, a franked dividend. Which means you pay the top-up tax anyway, later, and with interest added. If the borrowed money went on a holiday, a car or school fees, that interest is not deductible. You have converted a tax bill into a bigger tax bill with a repayment schedule attached.

The Stacking Problem

Year one is manageable. So you do it again in year two, and again in year three. By year five you are servicing five separate amortising loans at once, and the annual repayment demand can exceed what the business is actually earning.

Worse, you have spent five years living on pre-tax dollars. Your lifestyle is now calibrated to an income you were never really entitled to keep. The tax arrives at precisely the moment you can least afford it, and it arrives all at once.

The cheapest course was always the one nobody took: pay the tax as you go.

And No, Bendel Does Not Fix It

There has been a genuine win in the Bendel case. In June 2026 the High Court confirmed that an unpaid present entitlement owed to a corporate beneficiary is not, by itself, a loan for Division 7A purposes. That is a meaningful result, although the ATO has signalled it may look to other rules where money owed to a company is simply kept in the trust and used as working capital.

But read what it actually gives you. The money still has to sit in the trust. The moment it leaves the trust for private use, you are back inside Division 7A. Bendel protects the structure. It does not fund the boat.

The Rule of Thumb

If you intend to spend it, pay the tax on it now.

A Division 7A loan is only sensible where you can genuinely afford the repayments — usually because the money has gone into something that earns income. If it has gone into your lifestyle, you have not deferred the tax. You have taken out an expensive loan and built a life you cannot sustain.

> *If you are carrying Division 7A loans, or you are about to draw on the company again this year, let us model what the repayments look like across the next five years before you take the money. It is a very different conversation before the funds leave the account.*

We Want to Help With Your Loan — We Just Cannot Be Made Responsible for Repaying It



Why we say no to accountant's letters, and what we can do for you instead.

When a client asks us for a letter to support a loan application, our instinct is to say yes. You have asked for help, we hold the information, and the application is almost always time-critical. So it is uncomfortable to have to say no, and worth explaining properly why we do.

It comes down to what these letters actually ask for. Most are not asking us to confirm facts we can verify. They ask us to certify that you can afford the repayments, often on the lender's own form, sometimes in wording that quietly hardens into a guarantee. That is not a statement about your accounts. It is a credit decision, and it belongs to the lender.

Why the Risk Moves

Lenders hold an Australian Credit Licence and carry their own legal obligations to assess whether you can service a loan. When a lender asks us to certify that instead, the risk moves. If the loan later runs into difficulty, the accountant who signed becomes the party the lender can pursue — and our professional indemnity insurance does not extend to work of this kind. Where the borrowing is consumer credit, signing can also amount to credit assistance we are not licensed to give.

The banking industry accepts the point. Clause 78 of the Banking Code of Practice provides that a subscribing bank will not ask a third party such as your accountant to certify that you can repay a loan. Not every lender subscribes, though. Non-bank lenders, brokers and lessors are not bound, which is why the requests keep arriving.

The professional accounting bodies updated their guidance in August 2026, and it now reaches beyond finance. Agencies increasingly ask for a letter attesting to financial viability when you apply for a licence or permit. We can only give an opinion of that kind off the back of a full audit, and that applies whatever the opinion is for. For most businesses an audit costs far more than the licence is worth, so we would rather test what the agency actually needs first.

What We Can Do Instead

None of this leaves you stranded. With your written authority we will provide your financial statements, activity statements, lodged tax returns and notices of assessment. We will confirm your gross taxable income after adding back non-cash items such as depreciation, set out your principal sources of income, the years we have acted for you, and whether your accounts have been audited. We will send it directly to the lender or agency ourselves, under a covering letter. In practice that satisfies most requests once the recipient sees what is properly available.

There is also an open letter from the chief executives of the three professional bodies setting out the profession's position, which we are happy to send on your behalf. It usually settles the matter.

> *Please send us the request early, before you sign a contract or commit to a settlement date. The limit here is not on how much we want to help you. It is on our being made responsible for repayments that only you and your lender can properly judge.*