This month we cover the High Court's Bendel decision, the ATO's growing focus on sharing economy income, updated 2026–27 car thresholds, and new SMSF borrowing rules – including a transitional deadline just days away.

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HIGH COURT DECISION

High Court brings greater clarity on trust distributions

The High Court has rejected the ATO's long-standing view that an unpaid trust distribution automatically constitutes a Division 7A loan.

CASE	HANDED DOWN	AFFECTS
Bendel [2026] HCA 18	**10 June 2026**	**Div 7A, UPEs, trusts**

The High Court has handed down an important decision that will impact many private business groups using discretionary trusts and corporate beneficiaries.

> *10 June 2026 – In Commissioner of Taxation v Bendel [2026] HCA 18, the High Court rejected the ATO's long-standing view that an unpaid trust distribution automatically constitutes a Division 7A loan.*

The rules in Division 7A target situations where private companies provide benefits to shareholders or their associates through payments, loans or forgiven debts. When triggered, the rules apply as if the company had paid an unfranked dividend to the recipient of the benefit.

Why this matters

The upshot: an unpaid distribution will not necessarily amount to a Division 7A loan simply because the corporate beneficiary hasn't demanded payment. Many private groups distribute income to a corporate beneficiary so it is taxed at the corporate rate (25% or 30%) while cash stays in the trust to fund working capital and growth.

What happens with existing loan arrangements?

The ATO has released a Decision Impact Statement (26 June 2026), confirming it will generally administer the law in line with the Court's decision – but with important caveats.

- ✓ **Existing agreements stay in force.** Formal written loan agreements put in place under the ATO's previous view can't simply be unwound because of the Bendel decision.
- ✓ **Minimum repayments still apply.** Trusts must keep making minimum loan repayments each year until the loan period ends or the loan is repaid in full.
- ✓ **Other integrity rules still bite.** Later loans to a shareholder or their associate can still trigger a deemed dividend.
- ✓ **Section 100A remains in play.** Where another party enjoys the real benefit of a distribution, adverse tax outcomes can still apply.

Looking ahead: proposed trust tax reforms

The Federal Budget announced a **30% minimum tax rate for discretionary trusts from 1 July 2028**, and income distributed to corporate beneficiaries will generally face double taxation. A Treasury consultation paper also suggests Division 7A could be extended to unpaid distributions.

Questions about how this affects your structure? **Contact us** or **book an appointment**.

TAX TIME FOCUS

Don't let sharing economy income catch you off guard

Uber, Airbnb, freelance platforms and more all generate income the ATO increasingly cross-checks against your tax return.

REGIME	PLATFORMS	ACTION
SERR data-matching	**Uber, Airbnb, freelance**	**Declare, keep records**

The sharing economy has created new ways for Australians to earn extra income – driving for a ride-share service, renting out a holiday property, freelancing, hiring out equipment, or creating digital content. This income generally needs to be declared, and unlike salary and wages, it isn't always pre-filled in your tax return.

> *Data-matching is expanding. Under the Sharing Economy Reporting Regime (SERR), many platform operators must report transaction information directly to the ATO, increasingly compared against amounts reported in tax returns.*

What counts as sharing economy income?

- Ride-sourcing services such as Uber or DiDi
- Short-term accommodation through platforms like Airbnb or Stayz
- Hiring out assets such as vehicles, caravans, tools, parking spaces or storage areas
- Freelance or task-based work, including deliveries, cleaning or graphic design
- Creating digital content, streaming, or receiving tips online

Practical tips to stay on top of your tax

✓ **Keep good records.** Track platform fees, vehicle costs, repairs and equipment purchases to support any deductions you claim.

✓ **Understand what's deductible.** Talk to us to ensure claims are appropriate and supported.

✓ **Plan ahead for your tax bill.** Tax usually isn't withheld from sharing economy earnings.

✓ **Don't overlook other obligations.** Ride-sourcing always requires GST registration regardless of income.

Need help declaring platform income correctly? **Contact us** or **book an appointment**.

2026–27 THRESHOLDS

Navigating the 2026–27 car thresholds

Updated car limit, GST credit cap and luxury car tax thresholds apply to vehicles first used from 1 July 2026.

CAR LIMIT	MAX GST CREDIT	LCT, OTHER VEHICLES
$69,883	**$6,353**	**$80,809**

If you're thinking about purchasing or leasing a business vehicle in the new financial year, it's worth understanding the updated car thresholds that apply from 1 July 2026.

> *Effective 1 July 2026 – new car limit, GST credit cap and LCT thresholds apply to vehicles first used or leased from this date.*

THRESHOLD	2026–27 AMOUNT
Car limit (depreciation cap)	**$69,883**
Maximum GST credit (passenger vehicles)	**$6,353**
Luxury Car Tax threshold – fuel-efficient vehicles	**$91,661**
Luxury Car Tax threshold – all other vehicles	**$80,809**

The car limit

The car limit is the maximum value used to calculate tax depreciation deductions for a passenger vehicle, regardless of the actual purchase price. If a vehicle is used for both business and private purposes, you can typically only claim the business-use portion.

GST credits – also subject to a cap

Where the price exceeds the car limit, the GST credit is capped at $6,353 – one-eleventh of the car limit – even if the vehicle costs considerably more.

Before you commit

- ✓ **Total after-tax cost.** Consider depreciation deductions, GST credits and any LCT together, not just the sticker price.
- ✓ **Purchase vs lease.** Work out which is more suitable for your circumstances.
- ✓ **Expected business use.** Plan for the records you'll need to maintain, including a logbook.
- ✓ **Cash flow fit.** Check how the purchase fits within your broader cash flow and business plans.

Planning a vehicle purchase? **Contact us** or **book an appointment**.

SMSF TRUSTEES

Changes to SMSF borrowing rules

LRBAs must now meet the business real property definition — and the transitional period ends 10 August 2026.

LAW EFFECTIVE	TRANSITION ENDS	NEW TEST
26 June 2026	**10 August 2026**	**Business real property**

To secure passage of the negative gearing and CGT discount changes announced in the May 2026 Federal Budget, the Government agreed to amend the SMSF borrowing rules.

SMSFs can borrow in restricted circumstances, including under a limited recourse borrowing arrangement (LRBA) to purchase a single acquirable asset – most commonly property. Previously, there were no specific restrictions on the type of real property an SMSF could borrow to purchase.

> *Transitional period ends 10 August 2026 – only days away. When SMSF trustees want to borrow to purchase a property, it must now meet the business real property (BRP) definition – based on how the property is used, not its zoning or original design.*

Arrangements currently being implemented on non-BRP assets may still be allowable where settlement occurs after 10 August 2026, provided the arrangement to purchase was entered into on or before that date. Trustees currently implementing LRBAs on non-BRP assets should seek specialist SMSF legal advice now.

Not a simple ban on residential property

A residentially designed property – such as a medical practice operating from a terrace dwelling – could still meet the BRP definition. Conversely, a mixed-use residential and retail property on a single title may not qualify even though it looks commercial.

Existing arrangements

- ✓ **Existing LRBAs continue.** Current arrangements over non-BRP assets can continue under the updated rules.
- ✓ **Refinancing is possible.** Existing arrangements can be refinanced, subject to lender availability and approval.
- ✓ **New LRBAs need advice.** Trustees entering new arrangements should seek specialist legal and financial advice.

Reviewing an SMSF borrowing arrangement? **Contact us** or **book an appointment**.

The information in this newsletter is general in nature and does not take into account your personal circumstances. Please contact Jewell Moore before acting on anything contained in this publication.

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