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Understanding the new 20% student loan reduction

The Australian government's promise to cut student loan debts by 20% has now become law. If you're one of more than three million Australians who have a student loan, you're probably wondering what this means for you and when you'll see the benefits.

The change applies to all types of student loans, including VET Student Loans, Australian Apprenticeship Support Loans, and even older schemes like the Student Financial Supplement Scheme.

If you had an outstanding student loan debt on 1 June 2025, you're eligible. The reduction is calculated on your debt balance as at that date, before the annual indexation was applied. Even if you've made payments since June or completely paid off your loan after that date, you'll still receive the full 20% reduction based on what you owed on 1 June.

If you've already paid off your loan since 1 June, the reduction might actually put your ATO account into credit, potentially resulting in a refund to your bank account (as long as you don't have tax debts owing).

If you'd already paid off your student loan completely before 1 June 2025, unfortunately you won't benefit from the 20% reduction. The relief only applies to debts that existed on that date.

The ATO's responsible for applying the change, and is currently updating its systems to process these reductions. Most people should see their 20% reduction applied before the end of 2025.

You don't need to do anything to receive the reduction – it will be applied automatically. The ATO will notify you when it's been processed, and you'll be able to see your new lower balance through your myGov account or the ATO app.

Don't delay lodging your tax return while you wait for your changed loan balance to appear in your MyGov account. There's no benefit in waiting, and you should continue with your normal tax obligations.

Remember to update your bank details with the ATO if you're expecting a potential refund, and if your loan gets paid off completely, don't forget to tell your employer to stop withholding additional amounts from your pay.

Productivity Commission recommends business tax reform

As part of a major review requested by the government to find ways to boost Australia's productivity and economic resilience, the Productivity Commission has released an interim report that recommends company tax reform aimed at encouraging businesses to invest more and help the economy grow.

The report notes that Australia has a relatively high company tax rate compared to similar countries, and suggests that the current system makes it harder for new and smaller businesses to compete with large established firms. Tax rules on claiming deductions for investments (like equipment or buildings) are complicated, making investment less attractive, and the system tends to favour companies that borrow (use debt) over those that raise money from investors (equity), which can disadvantage smaller businesses.

The Commission's interim report recommends a new approach to company tax, including:

- lowering the company tax rate for most businesses from the current 25% (for most small to medium businesses) or 30% (for larger companies) to 20% for all companies with annual revenue below $1 billion – only the largest companies (with over $1 billion in revenue) would stay on the 30% rate; and
- introducing a new net cashflow tax (NCT) of 5% on company profits; and
- allowing businesses to immediately deduct the full cost of investments (like equipment, technology or

buildings) in the year they buy them, rather than spreading deductions over several years.

Importantly, these are only draft recommendations in an interim report. The Productivity Commission is seeking public feedback until 15 September 2025 and will produce a final report with more refined recommendations by the end of the year.

The government would then need to consider, accept and legislate any changes. If adopted, reform measures could be phased in or introduced at once. So, there's currently no fixed date for when changes would take effect; at the earliest it could be sometime in 2026, depending on government decisions.

Since the report's release, the government has responded cautiously. Treasurer Jim Chalmers acknowledged the tax reform proposals as "an important input" into policy discussions that would feed into the Economic Reform Roundtable in late August 2025, but hasn't endorsed or rejected the specific recommendations.

Your guide to the ATO super clearing house closure

If you're a small business owner who's been using the ATO's Small Business Superannuation Clearing House (SBSCH) to pay your employees' super, we've got some news that might make you reach for another coffee. The free service that's been making your life easier is closing down, and you'll need to find an alternative before July 2026.

The government has announced that the SBSCH will be shutting down as part of the new "payday super" reforms. Here are the key dates:

- *1 October 2025:* no new businesses can register for the SBSCH;
- *30 June 2026:* last day existing users can use the service; and
- *1 July 2026:* the SBSCH closes completely.

The closure coincides with new legislation that will require employers to pay super contributions at the same time as wages (payday super), rather than using the current quarterly system. Under these new rules, super contributions must reach your employees' funds within seven days of each payday.

The ATO is pulling the plug because the SBSCH was designed for the old quarterly super payment system, and it simply doesn't fit with the new payday super world we're heading into.

If you're one of the over 200,000 small businesses currently using the SBSCH, this change will impact you in several ways:

- You'll need to find a new solution before the June 2026 deadline.
- Costs might increase – the SBSCH is free to use, but many alternative solutions charge fees.
- Timeframes will be tighter – under the new rules from 1 July 2026, super contributions must reach funds within seven days of payday.
- Your processes will change because you'll need to integrate super payments into every pay run.

If you're already using payroll software for wages, payroll software with built-in super payments might be your easiest transition. Many popular accounting packages now include super payment features that let you pay contributions directly through the same system you use for payroll. The beauty of these integrated solutions is that once you've run payroll, paying super can be as simple as clicking a button.

Most super funds also offer free clearing house services to employers. These typically require you to register as an employer with that fund, but then you can manage contributions to multiple funds in one place. The main trade-off is that you'll need to use a separate web portal and either upload data from your payroll system or enter it manually.

There are also independent commercial providers. These tend to offer more sophisticated features and can handle high volumes of transactions. Commercial providers often charge fees, but they typically offer robust compliance features and reliable processing.

The ATO recommends starting your transition early – don't wait until 2026. This gives you time to test your new process and iron out any issues before the deadline.

Looking to invest ethically? There's a lot to think about

If you're considering investing your money or your super in line with your values, you're certainly not alone. A growing number of Australians want their investment to reflect what matters to them, and the marketplace is responding with "socially aware", "responsible", "sustainable" or "ethical" options. But with so many choices and claims out there, how can you tell if a company or super fund's strategy genuinely lives up to what they're promising?

When researching ethical investments, you'll often come across the abbreviation "ESG". ESG means "environmental, social and governance", but different funds and companies may define ESG differently, and the term can cover a wide range of factors:

- "Environmental" may include pollution control, biodiversity protection, carbon emissions reduction, or sustainable agriculture.
- "Social" encompasses gambling exclusions, labour standards, diversity and inclusion, human rights, or military contracting policies.
- "Governance" often covers board diversity, business ethics, whistleblower protection schemes and anti-bribery and corruption measures.

Because ESG can mean different things to different organisations, you'll need to very carefully examine each fund's investment strategy and product descriptions to understand the claims they are making and how their business practices align with those claims.

Think hard about what you personally want to achieve with your investments. What ESG factors are most important to you? How much weight do you want to give those factors? This will give you a solid foundation to work from when you're comparing different products.

Look for clear, specific claims rather than vague, overarching statements. Check company reports, market announcements or their website for information.

Be wary of vague terms like "green", "eco-friendly", "zero emissions" or "carbon neutral" without supporting details. Do you understand the ESG or sustainability-related terms the fund or company are using? Are they backed up with evidence?

You may have heard about "greenwashing" in the news. Greenwashing (or greenhushing) describes false or misleading claims made by companies or products to make them seem more environmentally friendly, sustainable or ethical than they are. Sometimes, information about specific investments that don't align with the expectations of ethically minded investors might be omitted or obscured.

Every fund operates differently. Some funds may exclude products that don't meet certain ESG criteria (negative screening) or seek products that do meet a set ESG criteria (positive screening). Look for clear and detailed information about revenue thresholds, investment selection methodology, and which sectors or themes the investments are focused on.

Higher fees may be charged for management of ESG investments when compared to traditional options, so make sure you understand the full fee structure.

Timing's everything: SMSFs and minimum pension payments

As an SMSF trustee, it's your responsibility to ensure that all members receiving an account-based pension are paid their minimum pension amounts by 30 June each financial year. If you don't meet the minimum pension payment amounts in full and on time, this could result in adverse tax consequences for the member.

The minimum pension payment amount is calculated using a formula that takes into account the member's age, their account balance, and the start date of the pension:

Minimum payment amount = account balance × percentage factor

The percentage factor is set according to your age on 1 July in the financial year the pension amount is to be paid. Once an income stream is started, minimum annual payments are calculated using your account balance on 1 July each year, multiplied by a percentage factor that increases as you age.

To ensure the minimum pension standards are met, you must ensure that the minimum payment is received before the financial year ends. You must make payments at least once per financial year, and the first payment must be made no later than the end of the financial year in which the pension commences.

Failing to meet the minimum pension standards means the income stream will be taken to have ceased at the start of the year for income tax purposes; payments made during the year will be considered to be super lump sums for both income tax and super purposes and taxed accordingly; the fund won't be able to claim exempt current pension income (ECPI) for that year or subsequent years; and there will be transfer balance account consequences for the member.

To restart a member's payments, a new income stream will need to be recommenced, requiring asset revaluations, recalculations of the minimum pension payment, recalculation of the tax-free and taxable components of the new income stream, and new transfer balance account reporting.